

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

July 28, 2000 (Jul 14, 2000)

Date of Report (Date of earliest event reported)

TRIMBLE NAVIGATION LIMITED  
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	0-18645 (Commission File Number)	94-2802192 (I.R.S. Employer identification No.)
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645 North Mary Avenue, Sunnyvale, California (Address of Principal Executive Offices)	94088 (Zip Code)
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(408) 481-8000

(Registrant's telephone number, including area code)

Not Applicable  
(Former name, former address and former fiscal year,  
if changed since last report)

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Actual results could differ materially from those indicated in the forward-looking statements due to a number of factors including, but not limited to, as a result of the risk factors set forth below in this report as well as those set forth in the Company's Annual Report on Form 10-K, quarterly reports on Form 10-Q, and the other reports and documents that the Company files from time to time with the Securities and Exchange Commission.

Item 2. Acquisition.

Acquisition Completion:

Effective as of July 14, 2000, Trimble Navigation Limited, a California Corporation ("Trimble" or the "Company") completed the acquisition of the Spectra Precision wholly owned businesses formerly owned by Thermo Electron Corporation ("Thermo Electron"), collectively known as the "Spectra Precision Group" for an aggregate purchase price of approximately \$294 million, which is subject to a final adjustment in the purchase price as provided for in the acquisition agreements. The increase of \$14 million from the previously announced estimated purchase price is a result of adjustments to net working capital and net debt from a reference balance sheet, made pursuant to the terms of the original Agreement and Plan of Acquisition signed on May 11, 2000 by and among Trimble, the Spectra Precision Group and Thermo Electron. The acquisition includes 100% of the stock of Spectra Precision Inc., a Delaware corporation, Spectra Precision SRL, an Italian corporation, Spectra Physics Holdings GmbH, a German corporation, and Spectra Precision BV, a Netherlands corporation. The acquisition also consists of certain assets and liabilities of Spectra Precision AB, a Swedish corporation, including 100% of the shares of Spectra Precision SA, a French corporation, Spectra Precision Scandinavia AB, a Swedish corporation, Spectra Precision of Canada Ltd., a Canadian corporation, and Spectra Precision Handelsges mbH, an Austrian corporation.

The acquisition will be treated as a purchase for accounting purposes; accordingly, Trimble's consolidated results of operations will include the operating results of the Spectra Precision Group subsequent to the effective acquisition date. The acquisition was financed with \$80 million in seller subordinated debt, \$140 million of cash provided through a syndicate of banks, and \$74 million of the Company's available cash on hand. (See further discussions below under "Acquisition Financing".) The Company acquired approximately \$133 million of identifiable intangible assets as part of the acquisition which the Company expects to amortize over various time periods ranging from 5 to 10 years and expects to record approximately \$81 million of goodwill due to the acquisition which will be amortized over 20 years. The Company also expects to incur \$7 to \$8 million of costs and expenses in connection with the acquisition. The purchase price was arrived at through arm's length negotiations by the parties and was determined to be fair and reasonable by the Board of Directors of Trimble.

#### Acquisition Financing:

In order to finance the acquisition of the Spectra Precision Group, fund the Company's on-going working capital requirements, and pay related fees and expenses of the acquisition, Trimble (i) obtained a new senior secured credit facility, (ii) issued an \$80 million subordinated seller promissory note, (iii) terminated its existing \$50 million unsecured revolving credit facility and (iv) prepaid its existing \$30 million outstanding subordinated promissory notes, as briefly summarized below.

0 New Credit Facilities: In July 2000, ABN AMRO Bank, N.V. led a syndicate of banks which underwrote \$200 million of new senior, secured credit facilities for the Company (the "New Credit Facilities") to support the acquisition of the Spectra Precision Group and to refinance certain existing debt. The New Credit Facilities are comprised of a \$50 million 3-year U.S. dollar only revolver; a \$50 million 3-year multi-currency revolver; and a \$100 million 5-year term loan. Pricing for any borrowings under the New Credit Facilities is fixed for the first 6 months at LIBOR plus 275 basis points and is thereafter tied to a formula, based on the Company's leverage ratio (which is defined as all outstanding debt (excluding the seller subordinated note) over EBITDA). Trimble immediately used approximately \$170 million available under the New Credit Facilities to fund the acquisition of the Spectra Precision Group. \$30 million was used to pay off the principal portion of Company's existing subordinated notes to John Hancock (as described below) and \$140 million was paid in cash to the seller. The balance of the \$294 million aggregate purchase price was paid by the Company with \$74 million of excess available cash on hand and an \$80 million subordinated seller note was issued to effect the acquisition. The New Credit Facilities are secured by all material tangible and intangible assets of the Company, subject to foreign tax considerations. If Trimble is able to achieve and maintain a leverage ratio (Debt/EBITDA) of 2.0x or less for four consecutive quarters, the security for the New Credit Facilities will be released. Financial covenants of the New Credit Facilities include leverage, fixed charge,

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and minimum net worth tests. In addition, Trimble is restricted from paying dividends under the terms of the New Credit Facilities.

0 New Seller Promissory Note: The \$80 million promissory note issued by the Company to the seller is subordinated to the New Credit Facilities and carries a 10% coupon, payable in cash or additional seller paper at the Company's option. The subordinated seller note has a stated two year maturity, but carries an automatic maturity deferral provision which effectively extends the maturity date to that date on which Trimble is allowed to repay the note without triggering a default under the New Credit Facilities. The New Credit Facilities allow Trimble to repay the seller note at any time (in part or in whole), provided that (a) Trimble's leverage ratio (Debt (excluding the seller note)/EBITDA) prior to such repayment is less than 1.0x and (b) after giving effect to such repayment Trimble would have (i) a leverage ratio (Debt (excluding any remaining portion of the seller note)/EBITDA) of less than 2.0x and (ii) cash and unused availability under the revolvers of the New Credit Facilities of at least \$35 million. Although the subordinated seller note will carry certain limited covenants and defaults, the seller will be barred in the event of default from pursuing such rights and remedies for the stated maturity of

the New Credit Facilities (i.e., a five-year standstill). The New Credit Facilities also prohibit cash payments of interest or principal on the subordinated seller note during a period of default. .

- O Prepayment of Existing \$30 million Subordinated Notes: In June 1994, Trimble issued \$30 million of subordinated promissory notes to John Hancock bearing interest at an annual rate of 10%, with principal and interest due on June 15, 2001. Interest payments under such notes were due monthly in arrears. The notes were subordinated to the Company's senior debt, which was defined as all pre-existing indebtedness for borrowed money and certain future indebtedness for borrowed money (including, subject to certain restrictions, secured bank borrowings and borrowed money for the acquisition of property and capital equipment) and trade debt incurred in the ordinary course of business. In order to effect the acquisition of the Spectra Precision Group and as part of obtaining the New Credit Facilities, Trimble prepaid all such outstanding long-term note obligations to John Hancock for a total of \$31,069,108, which consisted of \$30 million in principal, \$183,333 in accrued interest and \$885,775 as a prepayment penalty. Pursuant to the terms of such original notes, any prepayment of any portion of the outstanding principal required Trimble to pay additional amounts if U.S. Treasury obligations of a similar maturity exceed a specified yield.
- O Termination of Existing \$50 million Unsecured Revolving Credit Facility: In August 1997, Trimble entered into a three-year, \$50,000,000 unsecured revolving credit facility with four banks (the "Credit Agreement"). The existing Credit Agreement enabled Trimble to borrow up to \$50,000,000, provided that certain financial and other covenants were met. In October 1999, Trimble and the lenders agreed to change and amend certain covenants for the life of the loan, which was set to expire in August of 2000. The Credit Agreement was also subsequently modified to include Trimble's prior separate \$5,000,000 line of credit and to simplify the entire arrangement. The modified Credit Agreement required the payment of a commitment fee of 0.25% of the available amount and any borrowings under such Credit Agreement bore interest at the following rates: 1% over LIBOR if the total funded debt to EBITDA were less than or equal to 1.0x, or 0.3%, 1.25% over LIBOR if such ratio were greater than 1.0x and less than or equal to 2.0x, or 0.4%, and 1.75% over LIBOR if such ratio were greater than 2.0x. In addition to borrowing at the specified LIBOR rate, Trimble also had the additional right to borrow under the Credit Agreement with interest at the higher of (i) one of the bank's annual prime rate and (ii) the federal funds rate plus 0.5%. Trimble never made any borrowings under such \$50,000,00 unsecured revolving portion of the Credit Agreement, but had issued certain letters of credit amounting to approximately \$1.2 million. In order to effect the acquisition of the Spectra Precision Group, in July 2000 Trimble completely terminated this Credit Agreement in favor of obtaining the New Credit Facilities described above.

#### Integration Plans:

The Company expects that the acquisition of the Spectra Precision Group will strengthen Trimble's position as a leading provider of positioning solutions worldwide. The acquisition also gives Trimble one of the most comprehensive product portfolios in the industry, strengthens its distribution network, and serves as a platform for future growth. The complementary product lines and technologies of Trimble and Spectra Precision Group, will make the combined Company a leader in the Architecture/Engineering/Construction (A/E/C), Agriculture, and Asset Management market segments of the positioning solution industry. There is very little overlap between each of the Companies product offerings. In addition, the Spectra Precision Group's well-established and extensive distribution network should extend Trimble's reach into new segments of its target market segments both domestically and internationally.

Revenues for the Spectra Precision Group for the last six months ended June 30, 2000, were approximately \$117 million. Revenues of Spectra Precision after integration will be combined with current Trimble revenues. The Spectra

Precision Group currently has manufacturing and development centers in Ohio, Sweden, and Germany, and has approximately 1,300 employees.

The Spectra Precision Group develops instruments and systems that provide

positioning solutions for four major customer applications:

1. Surveying -- Spectra Precision AB is a leading supplier of surveying and positioning systems based on both optical measurement and GPS technology. Products are used in highway construction, site development and other infrastructure development projects.
2. Construction Site Positioning -- The Spectra Precision Group is a leading supplier of laser-based positioning instruments which permit the accurate alignment of foundations, sewers, walls, floors and ceilings.
3. Construction and Agricultural Machine Control -- The Spectra Precision Group is a leading supplier of laser systems which correctly position and control heavy construction equipment in construction site preparation, highway construction and agricultural land leveling.
4. Software -- Spectra Precision Software Inc., a subsidiary of Spectra Precision, Inc., is a leading developer of three-dimensional land modeling software for the civil engineering, surveying, construction, GIS and photogrammetry industries.

Trimble's current strategy is to focus on leveraging existing technologies, distribution, and marketing resources and identifying and taking advantage of synergies between the companies. The Company's initial priorities for the combined entities are centered around the alignment of distribution channels, definition of basic corporate organization, reporting and structure, branding and imaging of the company and products. At the present time, there are no immediate plans to integrate the manufacturing of Trimble with those of the Spectra Precision Group.

As part of the acquisition, Trimble has identified approximately \$15 to \$20 million of potential cost reductions which could be achieved over the next two to three years; however, the Company is still in the early stages of combining Trimble and Spectra Precision Group and this involves certain inherent risks, including: the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economies of scale or other value; diversion of management's attention; difficulties in coordinating the management of operations at new sites; and the possible loss of key employees of acquired operations. The Company's profitability may suffer if we are unable to successfully integrate and manage this acquisition, or if we do not generate sufficient revenue to offset the increased expenses associated with this acquisition.

Prior to the execution of the Agreement and Plan of Acquisition, Ulf J. Johansson, a current member of Trimble's board of directors, served as the president and chief executive officer of Spectra-Physics from January 1990 to September 1996 and Steven W. Berglund, Trimble's current President, Chief Executive Officer and member of the board of directors served as the president of Spectra Precision, Inc. from June 1995 to March 1999. In addition, Mr. Berglund served as senior vice president of Spectra Physics AB from April 1991 through June 1995 and from 1985 through 1991 he held various positions with the Spectra Physics AB Company. Spectra Precision was then a subsidiary of Spectra-Physics AB.

The descriptions provided in this Report on Form 8-K of the terms and conditions of the Agreement and Plan of Acquisition and the transactions contemplated thereby as part of Trimble's acquisition of the Spectra Precision Group are summaries only and the full text of the such acquisition agreements are filed hereto as listed below.

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Item 7. FINANCIAL STATEMENTS AND EXHIBITS

(a) Financial Statements of Business Acquired:

The financial statements required by this Item will be filed by amendment no later than 60 days from the date of the earliest event reported by this report.

(b) Pro Forma Financial Information:

The pro forma financial statements required by this Item will be filed by amendment no later than 60 days from the date of the earliest event reported by this report.

(c) EXHIBITS

- 10.72 Stock and Asset Purchase Agreement, dated as of May 11, 2000, between Trimble Acquisition Corp., and Spectra Physics Holdings USA, Inc., Spectra Precision AB, and Spectra Precision Europe Holdings, BV.
- 10.73 Asset Purchase Agreement, dated May 11, 2000, between Trimble Acquisition Corp. and Spectra Precision AB.
- 10.74 \$200.0 million Credit Agreement, dated July 14, 2000, between Trimble Navigation Limited and ABN AMRO Bank N.V., Fleet National Bank, and The Bank of Nova Scotia.
- 10.75 Subordinated Seller Note, dated July 14, 2000, for the principal amount of \$80,000,000 issued by Trimble Navigation Limited to Spectra Precision Holdings, Inc.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned hereunto duly authorized.

TRIMBLE NAVIGATION LIMITED  
(Registrant)

By: /s/ Mary Ellen Genovese

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Mary Ellen Genovese  
(Vice President Finance, Chief Financial Officer, and  
Corporate Controller)

Dated: July 28, 2000

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EXHIBIT 10.72

STOCK AND ASSET PURCHASE AGREEMENT

Between

SPECTRA PHYSICS HOLDINGS USA, INC.,

SPECTRA PRECISION AB, AND

SPECTRA PRECISION EUROPE HOLDINGS, BV,

as SELLERS

and

TRIMBLE ACQUISITION CORP.

as PURCHASER

Dated as of May 11, 2000

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EXHIBITS

- Exhibit 1 Commitment Letter [not submitted in filing]
- Exhibit 2 Form of SPAB Asset Purchase Agreement [not submitted in filing]
- Exhibit 3 Form of Note [not submitted in filing]
- Exhibit 4 Form of Purchaser Parent Guaranty [not submitted in filing]
- Exhibit 5 Form of Sellers' Parent Guaranty [not submitted in filing]

SCHEDULES

- Schedule 1 List GAAP Deviations [not submitted in filing]
- Schedule 1.1(a) Excluded Assets [not submitted in filing]
- Schedule 1.1(b) Material Subsidiaries [not submitted in filing]
- Schedule 2 Working Capital Worksheet [not submitted in filing]
- Schedule 3.1 List of Seller Representatives [not submitted in filing]
- Schedule 3.3 No Repurchases, Redemptions, etc.[not submitted in filing]
- Schedule 3.4(a) List of Subsidiaries [not submitted in filing]
- Schedule 3.4(b) Joint Ventures [not submitted in filing]
- Schedule 3.4(d) Pre-emptive Rights [not submitted in filing]
- Schedule 3.4(g) No Partnerships [not submitted in filing]
- Schedule 3.7(a) Government Consents and Approvals[not submitted in filing]
- Schedule 3.7(b) Consents to Assignment of Material Contracts and Assets [not submitted in filing]
- Schedule 3.8(a) (i) Financial Statements [not submitted in filing]
- Schedule 3.8(a) (ii) Reference Balance Sheet [not submitted in filing]
- Schedule 3.9 No Undisclosed Liabilities [not submitted in filing]
- Schedule 3.10 Receivables List [not submitted in filing]
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- Schedule 3.12(iii) Conduct in Ordinary Course: No Indebtedness [not submitted in filing]
- Schedule 3.12(v) Conduct in Ordinary Course: No Dividends [not submitted in filing]
- Schedule 3.12(vi) Conduct in Ordinary Course: No Material Changes in Operations [not submitted in filing]
- Schedule 3.12(viii) Conduct in Ordinary Course: No Capital Expenditures in Excess of Certain Amounts [not submitted in filing]
- Schedule 3.12(x) Conduct in Ordinary Course: No Sales of Properties or Assets [not submitted in filing]
- Schedule 3.12 (xvi) Conduct in Ordinary Course: Changes in Accounting Methods [not submitted in filing]
- Schedule 3.12(xxi) Conduct in Ordinary Course: No Terminations [not submitted in filing]
- Schedule 3.13 Litigation [not submitted in filing]
- Schedule 3.15(a) (i) Environmental: Permits [not submitted in filing]



Schedule 3.15(a) (ii) Environmental: Practices [not submitted in filing]  
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Schedule 3.18(a) Material Contracts: Effectiveness; List  
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Schedule 3.18(b) Material Contracts: No Defaults [not submitted in filing]  
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Schedule 3.22(b) Employee Benefit Matters': Multi-Employee Plans  
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Schedule 3.22(h) Employee Benefit Matters': ADA [not submitted in filing]  
Schedule 3.22(i) Employee Benefit Matters': Overseas Employees  
[not submitted in filing]  
Schedule 3.23(j) Labor Matters: Unions [not submitted in filing]  
Schedule 3.24 (b) Taxes; Audits; Extensions [not submitted in filing]  
Schedule 3.25 Insurance [not submitted in filing]  
Schedule 3.28(a) Certain Interests: Executives [not submitted in filing]  
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[not submitted in filing]  
Schedule 3.28(c) Certain Interests: No Liabilities  
[not submitted in filing]  
Schedule 4.5 Litigation [not submitted in filing]  
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Schedule 8.2(r) Other Transactions [not submitted in filing]

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STOCK AND ASSET PURCHASE AGREEMENT, dated as of May 11, 2000, between SPECTRA PHYSICS HOLDINGS USA, INC., a Delaware corporation ("SPUSA"), SPECTRA PRECISION AB, a corporation organized and existing under the laws of Sweden ("SPAB"), SPECTRA PRECISION EUROPE HOLDINGS BV, a private limited liability company organized and existing under the laws of the Netherlands ("SPBV") (SPUSA, together with SPBV, and SPAB, the "Sellers"), and TRIMBLE ACQUISITION CORP., a California corporation (the "Purchaser").

=====  
W I T N E S S E T H:

WHEREAS, the Sellers, directly and through the Companies (as herein defined) and

the Subsidiaries (as herein defined) are engaged in the business of laser-based and sonic-based instrumentation surveying systems for the construction, agricultural and surveying industries at various locations in the United States and other countries (which activities, as currently conducted by the Companies and the Subsidiaries, are hereinafter referred to as the "Business"); and WHEREAS, the Sellers wish to sell to the Purchaser, and the Purchaser (directly or through one or more Affiliates of Purchaser) wishes to purchase from the Sellers, the Business, including, without limitation, all right, title and interest of the Sellers in and to the property and assets of the Business, and in connection therewith the Purchaser is willing to assume certain liabilities of the Sellers relating thereto, all upon the terms and subject to the conditions set forth herein; NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the Purchaser and the Sellers hereby agree as follows:

#### DEFINITIONS

Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Acquisition Documents" has the meaning specified in Section 9.1.

"Action" means any claim, action, suit, arbitration, proceeding or announced investigation by or before any Governmental Authority.

"Affiliate" means, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with, such specified Person.

"Agreement" or "this Agreement" means this Stock and Asset Purchase Agreement, dated as of May 11, 2000, between the Sellers and the Purchaser (including the Exhibits and Schedules hereto) and all amendments hereto made in accordance with the provisions of Section 11.9.

"Assets" has the meaning specified in Section 3.19.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in The City of San Francisco. "Business Interruption Costs" shall mean all out-of-pocket manufacturing costs and other out-of-pocket costs (e.g., sales and marketing, shipping and administrative costs) relating to the Purchaser's business from and after the Closing, plus any and all lost before tax profits, resulting from any interruption of the Purchaser's business activities conducted on or from any of the Real Property to the extent caused by any Remedial Actions unless covered by insurance.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended through the date hereof.

"Closing" has the meaning specified in Section 2.3.

"Closing Balance Sheet" means the unaudited consolidated balance sheet of the Business to be prepared pursuant to Section 2.6(a) and to be dated as of the Closing Date.

"Closing Date" has the meaning specified in Section 2.3.

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

"Commitment Letter" means that certain commitment letter and summary of terms and conditions attached hereto as Exhibit 1.

"Companies" means SPINC, the SPBV Companies, SPAB, and the SPAB Companies and "Company" shall mean any one of the foregoing.

"Companies' Accounting Practices" means those accounting practices of the Sellers that are consistent with past practices and methods and in compliance with the Sellers' accounting policies, as modified, if relevant, by the Working Capital Worksheet. Any differences between Companies' Accounting Practices and U.S. GAAP are listed on Schedule 1 hereto.

"Confidentiality Agreement" means the Bi-Lateral Non-Disclosure Agreement between Thermo Instrument Systems Inc. and Trimble Navigation Limited dated as of December 20, 1999.

"Control" (including the terms "controlled by" and "under common control with"), with respect to the relationship between or among two or more Persons, means the possession, directly or indirectly or as trustee or executor, of the power to direct or cause the direction of the affairs or management of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Encumbrance" means any security interest granted in assets located in the United States or similar security right granted outside of the United States, pledge, mortgage, lien (including, without limitation, environmental and tax liens), encumbrance, adverse claim, preferential arrangement or restriction of any kind, including, without limitation, any restriction on the use, voting,

transfer, receipt of income or other exercise of any attributes of ownership.

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"Environment" means buildings and other facilities, surface waters, groundwaters, soil, subsurface strata and ambient air.

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of non-compliance or violation, proceedings, consent orders or consent or settlement agreements relating in any way to any Environmental Law or any Environmental Permit (hereafter "Claims"), including, without limitation, (a) any and all Claims or directions by Governmental Authorities for enforcement, investigation, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law and (b) any and all Claims by any Person seeking damages (including natural resource damages), contribution, indemnification, cost recovery, compensation or injunctive relief (i) resulting from Hazardous Materials; (ii) arising from injury to health, safety or the Environment resulting from the release of Hazardous Materials by the Companies or any Subsidiary; or (iii) otherwise relating to the existence of any Hazardous Materials on or under any Real Property or any Real Property previously owned or operated by the Companies or any Subsidiary.

"Environmental Condition" means a condition relating to or arising or resulting from a failure to comply with any applicable Environmental Law or Environmental Permit or a Release of Hazardous materials in the Environment.

"Environmental Laws" means any Law, now in effect or as hereafter amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or Hazardous Materials, including but not limited to CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C.ss.ss. 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C.ss.ss. 6901 et seq.; the Clean Water Act, 33 U.S.C.ss.ss. 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C.ss.ss. 2601 et seq.; the Clean Air Act, 42 U.S.C.ss.ss. 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C.ss.ss. 300f et seq.; the Atomic Energy Act, 42 U.S.C.ss.ss. 2011 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C.ss.ss. 136 et seq. and analogous state, provincial and foreign laws.

"Environmental Permits" means all permits, approvals, identification numbers, licenses and other authorizations required under any applicable Environmental Law.

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"Environmental Study" has the meaning specified in Section 5.6.

"Excluded Assets" shall mean those assets set out on Schedule 1.1(a).

"ERISA" has the meaning specified in Section 3.22(a).

"Financial Statements" means the unaudited consolidated balance sheet of the Business as of October 2, 1999, and the unaudited statements of income, for the three-month and nine-month periods ended October 2, 1999, of the Business, copies of which are attached as Schedule 3.8(a)(i).

"Governmental Authority" means any United States federal, state or local or any foreign government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"Governmental Order" means any order, writ, judgment, injunction, decree, stipulation, determination or award entered by or with any Governmental Authority.

"Hazardous Materials" means (a) petroleum and petroleum products, radon, radioactive materials, asbestos in any form that is friable, urea formaldehyde foam insulation, and transformers or other equipment that contain polychlorinated biphenyls, and (b) any other chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", or "toxic pollutants" under any applicable Environmental Law.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder.

"Indebtedness" means, with respect to any Person, (a) all indebtedness of such Person, whether or not contingent, for borrowed money (exclusive of trade payables), (b) all obligations of such Person for the deferred purchase price of property or services (exclusive of trade payables), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title

retention agreement with respect to property acquired by such Person (even though the rights and remedies of the Sellers or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all obligations of such Person as lessee under equipment leases that have been or should be, in accordance with U.S. GAAP, recorded as capital leases, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities, (g) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, valued, in the case of redeemable preferred stock, at the greater of its voluntary or involuntary liquidation preference plus accrued and unpaid dividends, (h) all Indebtedness of others referred to in clauses (a) through (f) above guaranteed directly or indirectly in any manner by such Person, or in effect guaranteed directly or indirectly by such Person through an agreement (i) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, (ii) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness or to assure the holder of such Indebtedness against loss, (iii) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered) or (iv) otherwise to assure a creditor against loss, and (i) all Indebtedness referred to in clauses (a) through (f) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Encumbrance on property (including, without limitation, accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness. "Indemnified Party" has the meaning specified in Section 9.2(a).

"Independent Accounting Firm" has the meaning specified in Section 2.6(b)(ii).

"Intellectual Property" means: (a) inventions, whether or not patentable, whether or not reduced to practice, and whether or not yet made the subject of a pending patent application or applications, (b) ideas and conceptions of potentially patentable subject matter, including, without limitation, any patent disclosures, whether or not reduced to practice and whether or not yet made the subject of a pending patent application or applications, (c) national (including the United States) and multinational statutory invention registrations, patents, patent registrations and patent applications (including all reissues, divisions, continuations, continuations-in-part, extensions and reexaminations) and all rights therein provided by international treaties or conventions and all improvements to the inventions disclosed in each such registration, patent or application, (d) trademarks, service marks, trade dress, logos, trade names and corporate names, whether or not registered, including all common law rights, and registrations and applications for registration thereof, including, but not limited to, all marks registered in the United States Patent and Trademark Office, the Trademark Offices of the States and Territories of the United States of America, and the Trademark Offices of other nations throughout the world, and all rights therein provided by international treaties or conventions, (e) copyrights (registered or otherwise) and registrations and applications for registration thereof, and all rights therein provided by international treaties or conventions, (f) computer software, including, without limitation, source code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto, data and documentation, (g) trade secrets and confidential, technical and business information (including ideas, formulas, compositions, inventions, and conceptions of inventions whether patentable or unpatentable and whether or not reduced to practice), (h) whether or not confidential, technology (including know-how and show-how), manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, copyrightable works, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (i) copies and tangible embodiments of all the foregoing, in whatever form or medium, (j) all rights to obtain and rights to apply for

patents, and to register trademarks and copyrights, and (k) all rights to sue or recover and retain damages and costs and attorneys' fees for present and past infringement of any of the foregoing.

"Inventories" means all inventory, merchandise, finished goods, and raw materials, packaging, supplies, manufactured and purchased parts, work in process, and other personal property related to the Business maintained, held or stored by or for the Companies or any Subsidiary and any prepaid deposits for any of the same.

"IRS" means the Internal Revenue Service of the United States.

"Knowledge" means the actual knowledge of the party's current executive officers (or with respect to non-United States entities, persons exercising executive functions sitting on advisory boards, supervisory boards or as directors).

"Law" means any federal, state, local or foreign statute, act, law, ordinance, regulation, rule, code, order, other requirement or rule of law.

"Leased Real Property" means the real property leased by the Companies or any Subsidiary, as tenant, together with, to the extent leased by the Companies or any Subsidiary, all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Companies or any Subsidiary attached or appurtenant thereto, and all easements, licenses, rights and appurtenances relating to the foregoing.

"Liabilities" means any and all debts, liabilities and obligations, whether accrued or fixed, absolute or contingent, matured or unmatured or determined or determinable, including, without limitation, those arising under any Law (including, without limitation, any Environmental Law), Action or Governmental Order and those arising under any contract, agreement, arrangement, commitment or undertaking, which are required to be reflected or reserved on a balance sheet in conformity with U.S. GAAP applied on a basis consistent with the preparation of the Reference Balance Sheet, as modified, if relevant, by Schedule 1.

"Licensed Intellectual Property" means all Intellectual Property licensed or sublicensed to the Companies or any Subsidiary from a third party.

"Loss" has the meaning specified in Section 9.2.

"Material Adverse Effect" means any circumstance, change in, or effect on the Business, the Companies or any Subsidiary that, individually or in the aggregate with any other circumstances, changes in, or effects on, the Business, the Companies or any Subsidiary: (a) is, or could be, materially adverse to the business, operations, assets, employee relationships, customer or supplier relationships, prospects, results of operations or the condition (financial or otherwise) of the Companies and the Subsidiaries, taken as a whole, or (b) could adversely affect the ability of the Purchaser, the Companies and the Subsidiaries, taken as a whole, to operate or conduct the Business in the manner in which it is currently operated or conducted by the Sellers, the Companies and the Subsidiaries.

"Material Contracts" shall mean any of the following agreements entered into by any of the Companies or the Subsidiaries:

1. Any lease for real estate not terminable without penalty upon less than 180 days' notice;

2. Any lease for equipment having lease payments in excess of \$250,000 over the term of the lease;

3. Any purchase order for good or services not in the ordinary course of business and in excess of \$150,000;

4. Any sales representative or distributor agreement not terminable without cause on notice of 180 or fewer days;

5. Any license agreement or other agreement relating to the sale, assignment or transfer of intellectual property rights (other than standard generally available "tear open" license agreements) not entered into in the ordinary course of business;

6. Any agreement limiting any of such entity's right to compete or relinquishing any material Intellectual Property rights;

7. Any employment agreement with any officer or managing director not terminable without cause on at least 90 days' notice;

8. Any guaranty or similar obligation to pay a third party (other than any document evidencing any obligation to pay normal trade payables or to pay compensation and benefits to employees); and

9. Any partnership, joint venture, collaborative research and development, or similar agreement.

"Material Subsidiaries" means all of the Subsidiaries set forth in Schedule 1.1(b).

"Multiemployer Plan" has the meaning specified in Section 3.22(b).

"Multiple Employer Plan" has the meaning specified in Section 3.22(b).

"Net Debt" means "notes payable" and "long-term obligations" less the "cash" and "cash equivalents" of the Business (as such terms are used in the Reference Balance Sheet attached hereto as Schedule 3.8(a)(ii)). For reference purposes,

parties acknowledge that Net Debt as of October 2, 1999 was One Million Seven Hundred Thousand (\$1,700,000.00) Dollars.

"Note" means the note of Purchaser given as part of the Purchase Price in the form attached as Exhibit 3.

"Off-Site Environmental Matters" means any lawsuit, action, proceeding, claim (including Environmental Claims), charge, complaint, liability or obligation which has been asserted against the Sellers (with respect to the Business), any of the Companies or any Subsidiary by a governmental entity or a private party which is the result of or relates in any manner to the transportation for disposal or disposal of Hazardous Materials and non-hazardous solid waste, prior to the Closing Date by any means and by any party from any Real Property or any real property previously owned or operated by the Sellers (with respect to the Business), any of the Companies or any Subsidiary (directly or indirectly) at real property not owned or leased by the Sellers (with respect to the Business), any of the Companies or any Subsidiary. Off-Site Environmental Matters shall include, without limitation, lawsuits and claims by any governmental entity or private party, under any statutory or common law or regulation (including CERCLA or any similar Laws, rules or regulation of any federal, state or local government, or the laws, rules and regulations of another country) regarding the cleanup or remediation of Hazardous Materials at or emanating from real property not owned or leased by the Companies or any Subsidiary, or regarding personal injury or damages to natural resources, real property or personal property as a result of the presence of Hazardous Materials at or emanating from real property not owned or leased by the Sellers (with respect to the Business), any of the Companies or any Subsidiary.

"Other Purchase Documents" means (i) the SPAB Asset Purchase Agreement and all documents to be executed thereunder; (ii) a notarized share transfer deed in respect of the transfer of shares of Spectra Precision, BV; (iii) a notarized share transfer deed in respect of the transfer of shares of Spectra Physics Holdings GmbH; and (iv) a notarized share transfer deed in respect of shares of Spectra Precision SRL.

"Owned Intellectual Property" means all Intellectual Property in and to which the Companies or any Subsidiary holds, or has a right to hold, right, title and interest.

"Owned Real Property" means the real property owned by the Companies or any Subsidiary, together with all buildings and other structures, facilities or improvements currently or hereafter located thereon, all fixtures, systems, equipment and items of personal property of the Companies or any Subsidiary attached or appurtenant thereto and all easements, licenses, rights and appurtenances relating to the foregoing.

"Permits" has the meaning specified in Section 3.15(a).

"Permitted Encumbrances" means such of the following as to which no enforcement, collection, execution, levy or foreclosure proceeding shall have been commenced: (a) liens for taxes, assessments and governmental charges or levies not yet due and payable which are not in excess of \$300,000 in the aggregate; (b) Encumbrances imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens and other similar liens arising in the ordinary course of business securing obligations that (i) are not overdue for a period of more than 30 days and (ii) are not in excess of \$25,000 in the case of a single property or \$250,000 in the aggregate at any time; (c) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations; and (d) minor survey exceptions, reciprocal easement agreements and other customary encumbrances on title to real property that (i) were not incurred in connection with any Indebtedness, (ii) do not render title to the property encumbered thereby unmarketable and (iii) do not, individually or in the aggregate, materially adversely affect the value or use of such property for its current and anticipated purposes.

"Person" means any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity, as well as any syndicate or group that would be deemed to be a person under Section 13(d)(3) of the Securities Exchange Act of 1934, as amended.

"Plans" has the meaning specified in Section 3.22(a).

"Precision Names" has the meaning specified in Section 5.8

"Products" means the products listed on Schedule 3.16(e)(2), and improvements or derivatives thereof with the same functionality or designed to serve the same customer need. "Purchase Price" has the meaning specified in Section 2.2.

"Purchase Price Bank Account" means a bank account in the United States to be designated by the Sellers in a written notice to the Purchaser at least five Business Days before the Closing. "Purchaser" has the meaning specified in the

recitals to this Agreement.

"Purchaser Parent Guaranty" means that certain guaranty the form of which is attached hereto as Exhibit 4.

"Purchaser's Accountants" means Ernst & Young LLP, independent accountants of the Purchaser.

"Real Property" means the Leased Real Property and the Owned Real Property.

"Receivables" means any and all accounts receivable, notes and other amounts receivable by the Companies or any Subsidiary from third parties, including, without limitation, customers, arising from the conduct of the Business or otherwise, whether or not in the ordinary course, together with all unpaid financing charges accrued thereon.

"Reference Balance Sheet" means the unaudited consolidated balance sheet of the Business dated as of October 2, 1999, a copy of which is set forth in Schedule 3.8(a)(ii).

"Reference Balance Sheet Date" means October 2, 1999.

"Regulations" means the Treasury Regulations (including Temporary Regulations) promulgated by the United States Department of Treasury with respect to the Code or other federal tax statutes.

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"Release" means any unlawful disposing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing and the like into or upon any land or water or air or otherwise entering into the Environment.

"Remedial Action" means all action reasonably necessary and required under any applicable Environmental Law or Environmental Permit and all action required by a Governmental Authority to (i) clean up, remove, treat, abate or handle or respond to in any other way Hazardous Materials in the Environment; (ii) prevent the Release of Hazardous Materials so that they do not migrate, endanger or threaten to endanger public health or the Environment in violation of any law; or (iii) perform remedial investigations, feasibility studies, corrective actions, closures, and postremedial or postclosure studies, investigations, operations, maintenance and monitoring on, about or in any Real Property.

"Restricted Period" has the meaning specified in Section 5.9.

"Returns" has the meaning specified in Section 7.2.

"Sellers' Parent Guaranty" means that certain guaranty the form of which is attached hereto as Exhibit 4.

"Seller Representative" means the persons listed on Schedule 3.1.

"Sellers" has the meaning specified in the recitals to this Agreement.

"Sellers' Accountants" means Arthur Andersen, LLP, independent accountants of the Sellers.

"Sellers' Acquisition Date" means February 22, 1999.

"Shares" means all of the issued and outstanding capital stock of each of SPINC and each of the SPBV Companies.

"SPAB" means Spectra Precision AB, a corporation organized and existing under the laws of Sweden.

"SPAB Asset Purchase Agreement" means that certain Asset Purchase Agreement the form of which is attached hereto as Exhibit 2.

"SPAB Assets" means the SPAB Companies' Shares and all of the operating and financial assets used by SPAB as described in the SPAB Asset Purchase Agreement.

"SPAB Companies" means (i) Spectra Precision of Canada Ltd., a Canadian company, (ii) Spectra Precision SA, a French corporation, (iii) Spectra Precision Handelsges mbH, an Austrian corporation, and (iv) Spectra Precision Scandinavia AB, a Swedish corporation.

"SPAB Companies' Shares" means all of the issued and outstanding capital stock of each of the SPAB Companies.

"SPBV Companies" means (i) Spectra Precision BV, a Dutch company, (ii) Spectra Physics Holdings GmbH, a German company, and (iii) Spectra Precision SRL, an Italian company.

"SPBV Subsidiaries" means each of the following German Companies: Spectra Precision Kaiserslautern GmbH, ZSP Geodetic Systems GmbH, and Spectra Precision GmbH.

"SPINC" means Spectra Precision Inc., a corporation organized and existing under the laws of the State of Delaware.

"SPINC Subsidiaries" means each of the following corporations: Spectra Physics Credit Corp., Spectra Precision KK, Spectra Precision BVBA, Spectra Precision Ltd., Spectra Precision Software Inc, Spectra Precision USA, Inc., Spectra Physics Holding Mexico Inc., Spectra Physics Special Employees Inc., Spectra Precision Pty. Ltd. and Spectra Precision de Mexico SA de CV.

"Subsidiaries" means each of the SPINC Subsidiaries and the SPBV Subsidiaries, each as listed on Schedule 3.4(a) and

"Subsidiary" shall mean any one of the foregoing.

"Tax" or "Taxes" means any and all taxes, fees, levies, duties, tariffs, imposts, and other charges of any kind (together with any and all interest, penalties, additions to tax and additional amounts imposed with respect thereto) imposed by any government or taxing authority, including, without limitation: taxes or other charges on or with respect to income, franchises, windfall or other profits, gross receipts, property, sales, use, capital stock, payroll, employment, social security, workers' compensation, unemployment compensation, or net worth; taxes or other charges in the nature of excise, withholding, ad valorem, stamp, transfer, value added, or gains taxes; license, registration and documentation fees; and customs duties, tariffs, and similar charges.

"Transaction Induced Payments" means any and all payments or other remuneration due to officers, directors, employees or consultants of the Companies or any Subsidiary in the form of stay bonuses, incentives or other payments triggered or calculated by reference to the transactions contemplated by this Agreement.

"Third Party Claims" has the meaning specified in Section 9.2(b).

"U.S. GAAP" means United States generally accepted accounting principles as of December 31, 1999, applied consistently.

"USTs" means underground storage tanks, as such term is defined in the Resource Conservation and Recovery Act, as amended, and the regulations promulgated thereunder.

"Vendors" means any and all vendors who are unaffiliated with the Sellers or the Companies and who supply raw materials, components, spare parts, supplies, goods, merchandise or services to the Companies or any Subsidiary.

"Voluntary Improvements" means costs incurred by the Purchaser for Remedial Actions not reasonably required under applicable Environmental Laws; provided, that (i) Remedial Actions requested or directed by a Governmental Authority or pursuant to a Governmental Order shall be deemed mandatory and (ii) the Purchaser shall have the burden of proof of demonstrating that particular Remedial Action was reasonably required by applicable Environmental Law or Governmental Order.

"Working Capital" means the difference between (i) "total assets" (less the sum of "cash and cash equivalents", plus, "net fixed assets", plus, "goodwill", minus the absolute of "intercompany and other") and (ii) "total current liabilities" (less "notes payable") plus "L/T deferred taxes" and "other deferred items", as such terms are used in the Reference Balance Sheet

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attached hereto as Schedule 3.8. For reference purposes, the Working Capital as of the date of the Reference Balance Sheet is thirty one million, four hundred thousand dollars (\$31,400,000).

"Working Capital Worksheet" means the methodology used to calculate Working Capital.

#### PURCHASE AND SALE

Purchase and Sale of the Shares and SPAB Assets. Upon the terms and subject to the conditions of this Agreement, at the Closing, the Sellers shall sell to the Purchaser (and/or to one or more Affiliates of the Purchaser designated in advance by Purchaser), and the Purchaser (and/or such Affiliate) shall purchase from the Sellers, the Shares and the SPAB Assets and the Sellers shall transfer, and the Purchaser (and/or such Affiliate) shall assume, certain liabilities of SPAB pursuant to the SPAB Asset Purchase Agreement. The Excluded Assets shall not be included in the purchase and sale transactions contemplated in this Agreement and the SPAB Asset Purchase Agreement. To the extent that the Excluded Assets are owned by a Company or Subsidiary other than SPAB, the Excluded Assets shall be distributed by such Company or Subsidiary to the Sellers or their Affiliates prior to the Closing.

Purchase Price. Subject to the adjustments set forth in Section 2.6 and 2.7, the aggregate purchase price for the Shares and the SPAB Assets shall be (i) Two Hundred Eighty Million and 00/XX Dollars (\$280,000,000.00), payable as follows: Two Hundred Million and 00/XX Dollars (\$200,000,000.00) in cash (subject to adjustment as provided herein) and (ii) the Note (the "Purchase Price"). The Purchase Price shall be allocated in accordance with Section 7.7 of this Agreement. As set forth in Section 2.7 herein, (a) any increase in Working Capital or decrease in Net Debt, each as between the Reference Balance Sheet and the Closing Balance Sheet, shall result in an increase in the cash portion of the Purchase Price, and (b) any adjustment as a result of any decrease in Working Capital or increase in Net Debt, each as between the Reference Balance Sheet and the Closing Balance Sheet, shall result in a reduction in the cash



portion of the Purchase Price.

Closing. Upon the terms and subject to the conditions of this Agreement, consummation of the transactions contemplated by this Agreement and the SPAB Asset Purchase Agreement, shall take place at a closing (the "Closing") to be held at the offices of Wilson Sonsini Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, CA 94304 at 10:00 A.M. California time on the fifth Business Day following the later to occur of (A) expiration or termination of all applicable waiting periods under the HSR Act (or analogous foreign laws) and (B) satisfaction or waiver of all other conditions to the obligations of the parties set forth in Article VIII, or at such other place or at such other time or on such other date as the Sellers and the Purchaser may mutually agree upon in writing (the day on which the Closing takes place being the "Closing Date"). The parties acknowledge and agree that the Closing shall have an effective time no earlier than July 1, 2000.

Closing Deliveries by the Sellers. At the Closing, the Sellers shall deliver or cause to be delivered to the Purchaser:

stock certificates evidencing the Shares duly endorsed in blank, or accompanied by stock powers duly executed in blank, in form satisfactory to the Purchaser and with all required stock transfer tax stamps affixed, except that with respect to the transfer of registered shares of Spectra Precision BV, Spectra Physics Holdings, GmbH and Spectra Precision SRL, the Sellers shall instead cause the appropriate notarial deed of transfer to be executed and delivered;

a receipt for the Purchase Price;

the opinions, certificates and other documents required to be delivered pursuant to Section 8.2;

such transfer documents relating to the sale of the SPAB Assets as the Purchaser may reasonably request and are necessary to put the Purchaser into full possession and enjoyment of all the SPAB Assets, including, without limitation, an executed copy of the SPAB Asset Purchase Agreement, one or more bills of sale and general assignment of assets, in form and substance reasonably acceptable to the Purchaser; and

the Sellers' Parent Guaranty.

Closing Deliveries by the Purchaser. At the Closing, the Purchaser shall deliver to the Sellers:

the cash portion of the Purchase Price by wire transfer in immediately available funds to the Purchase Price Bank Account;

the Note duly executed by Purchaser;

the Purchaser Parent Guaranty;

the Subordination Agreement executed by the parties named therein; and

the opinions, certificates and other documents required to be delivered pursuant to Section 8.1. Adjustment of Purchase Price. The Purchase

Price shall be subject to adjustment after the Closing as specified in this Section 2.6:

Closing Balance Sheet. As promptly as practicable, but in any event within forty-five (45) calendar days following the Closing Date, the Purchaser shall deliver to the Sellers the Closing Balance Sheet, together with a

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written confirmation of the Purchaser's Accountants that the Closing Balance Sheet fairly presents the consolidated financial position of the Business, at the Closing Date in conformity with U.S. GAAP applied on a basis consistent with the preparation of the Reference Balance Sheet, as modified, if relevant, by Schedule 1 and as shown on the Working Capital Worksheet.

Disputes.

Subject to clause (ii) of this Section 2.6(b), the Closing Balance Sheet

delivered by the Purchaser to the Sellers shall be deemed to be and shall be final, binding and conclusive on the parties hereto.

The Sellers may dispute any amounts reflected on the Closing Balance Sheet; provided, however, that the Sellers shall have notified the Purchaser and the Purchaser's Accountants in writing of each disputed item, specifying the amount thereof in dispute and setting forth, in reasonable detail, the basis for such dispute, within thirty (30) days of the Purchaser's delivery of the Closing Balance Sheet to the Sellers. The Sellers' Accountants and the Purchaser's Accountants shall attempt to reconcile their differences, and any resolution by them as to any disputed amounts shall be final, binding and conclusive on the parties hereto and Sellers shall cause to be made available to Purchaser all records and supporting material requested by Purchaser. If the Sellers' Accountants and the Purchaser's Accountants are unable to reach a resolution with such effect within twenty (20) Business Days after receipt by the Purchaser and the Purchaser's Accountants of the written notice of dispute, the Purchaser's Accountants and the Sellers' Accountants shall submit in writing the items remaining in dispute for resolution in reasonable detail setting out the basis for such dispute, including all supporting schedules and legal opinions, if any, to KPMG LLP (or, if such firm shall decline to act or is not, at the time of such written submission, independent of the Purchaser, the Companies and the Sellers, to another independent accounting firm of international reputation mutually acceptable to the Purchaser and the Sellers) (either KPMG LLP or such other accounting firm being referred to herein as the "Independent Accounting Firm"), which shall, within thirty (30) Business Days after such written submission, determine and report to the Purchaser and the Sellers upon such remaining disputed items, and such report shall be final, binding and conclusive on the Sellers and the Purchaser. Each party shall initially pay one half of the fees and disbursements of the Independent Accounting Firm. Thereafter, whether or not previously paid by either party, all of the fees and disbursements of the Independent Accounting Firm shall be ultimately adjusted as between the Sellers and the Purchaser in the same proportion that the aggregate amount of such remaining disputed items so submitted to the Independent Accounting Firm that is unsuccessfully disputed by each such party (as finally determined by the Independent Accounting Firm) bears to the total amount of such remaining disputed items so submitted.

In acting under this Agreement, the Purchaser's Accountants, the Sellers' Accountants and the Independent Accounting Firm shall be entitled to the privileges and immunities of arbitrators.

**Purchase Price Adjustment.** The Closing Balance Sheet shall be deemed final for the purposes of this Section 2.6 upon the earliest of (A) the failure of the Sellers to notify the Purchaser of a dispute within thirty (30) days of the Purchaser's delivery of the Closing Balance Sheet to the Sellers, (B) the resolution of all disputes, pursuant to Section 2.6(b)(ii), by the Purchaser's and the Sellers' Accountants and (C) the resolution of all disputes, pursuant to Section 2.6(b)(ii), by the Independent Accounting Firm. Within three Business Days of the Closing Balance Sheet being deemed final, a Purchase Price adjustment shall be made as follows:

in the event that (A) the Working Capital reflected on the Reference Balance Sheet exceeds the Working Capital reflected on the Closing Balance Sheet and/or (B) Net Debt reflected on the Closing Balance Sheet exceeds the Net Debt reflected on the Reference Balance Sheet, then the Purchase Price shall be adjusted downward in an amount equal to such excess, the Purchaser shall deliver written notice to the Sellers specifying the amount of such downward adjustment of the Purchase Price, and Sellers shall, within three Business Days of its receipt of such notice, pay such amount to the Purchaser by wire transfer in immediately available funds. No failure of the Purchaser to deliver a notice of the type specified in the immediately preceding sentence shall relieve the Sellers of the obligation to pay the amount of such deficiency to the Purchaser; and

in the event that (A) the Working Capital reflected on the Closing Balance Sheet exceeds the Working Capital reflected on the Reference Balance Sheet and/or (B) Net Debt reflected on the Reference Balance Sheet exceeds the Net Debt reflected on the Closing Balance Sheet, then the Purchase Price shall be adjusted upward in an amount equal to such excess and the Purchaser shall, within three Business Days of such determination, pay the amount of such excess to the Sellers by wire transfer in immediately available funds.

Estimated Net Debt and Estimated Working Capital Adjustments. The Purchase Price shall be subject to adjustment at the Closing as specified in this Section 2.7. Two Business Days prior to the Closing, the Sellers shall deliver to the Purchaser the Sellers' good faith estimate of the (a) Net Debt at the Closing and a calculation of the difference between the estimated Net Debt at the Closing and Net Debt as of the Reference Balance Sheet Date, and (b) Working

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Capital at the Closing and a calculation of the difference between the estimated Working Capital at the Closing and Working Capital as of the Reference Balance Sheet Date. The cash portion of the Purchase Price paid at the Closing shall be (a) increased by the amount of any estimated increase in Working Capital from the Reference Balance Sheet Date to the Closing and any estimated decrease in the Net Debt from the Reference Balance Sheet Date to the Closing, and (b) reduced by the amount of any estimated decrease in Working Capital from the Reference Balance Sheet Date to the Closing and any estimated increase in the Net Debt from the Reference Balance Sheet Date to the Closing. The final adjustment to the Purchase Price based on changes in the Working Capital and Net Debt shall be calculated in accordance with Section 2.6 above, whether or not any Purchase Price adjustments are made pursuant to this Section 2.7.

#### REPRESENTATIONS AND WARRANTIES OF THE SELLERS

As an inducement to the Purchaser to enter into this Agreement, the Sellers hereby represent and warrant to the Purchaser as follows. Notwithstanding the foregoing, except with respect to Sections 3.1, 3.2, 3.3 and 3.4, for all periods of time prior to the Sellers' Acquisition Date, the representations and warranties of the Sellers set out herein are given only to the extent of the Knowledge of the Sellers (as defined in Section 1.1).

Organization, Authority and Qualification of the Sellers. SPUSA is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all necessary corporate power and authority to enter into this Agreement and any ancillary documents in connection herewith, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. SPAB is a corporation duly organized, validly existing and in good standing under the laws of Sweden and has all necessary corporate power and authority to enter into this Agreement and any ancillary documents in connection herewith, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. SPBV is a corporation duly organized, validly existing and in good standing under the laws of The Netherlands and has all necessary corporate power and authority to enter into this Agreement and any ancillary documents in connection herewith, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. Each of the Sellers is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified would not adversely affect (i) the ability of each of the Sellers to carry out its obligations under, and to consummate the transactions contemplated by this Agreement and (ii) the ability of the Companies and the Subsidiaries to conduct the Business. The execution and delivery of this Agreement and any ancillary agreement in connection herewith by the Sellers, the performance by the Sellers of their obligations hereunder and thereunder and the consummation by the Sellers of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Sellers. This Agreement has been duly executed and delivered by the Sellers, and (assuming due authorization, execution and delivery by the Purchaser) this Agreement constitutes a legal, valid and binding obligation of the Sellers, enforceable against the Sellers in accordance with its terms.

Organization, Authority and Qualification of the Companies. Each of the Companies (i) is duly organized, validly existing and in good standing as the form of legal entity and under the laws of the jurisdiction specified following its name in the respective definition section set forth in Section 1 of this Agreement; (ii) has all necessary corporate power and authority to own, operate or lease the properties and assets now owned, operated or leased by it and to carry on the Business as it is currently conducted; and (iii) is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary or desirable and where the

failure to be qualified to conduct business in such jurisdiction will have a Material Adverse Effect. All corporate actions taken by each of the Companies with respect to the transactions contemplated hereby have been duly authorized, and none of such entities has taken any action that in any respect conflicts with, constitutes a default under or results in a violation of any provision of its Certificate of Incorporation or By-laws, or equivalent documents for its jurisdiction of incorporation. True and correct copies of the Certificate of Incorporation and By-laws, or equivalent documents, of each of such entities, each as in effect on the date hereof, have been delivered by the Sellers to the Purchaser. The stock certificate books and the stock record books of each of the Companies, excluding SPAB, are correct and complete.

Capital Stock of the Companies; Ownership of the Shares. The authorized capital stock of SPINC consists of shares of common stock, all of which are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision BV consists of registered shares of common stock, all which shares are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized share capital of Spectra Physics Holdings GmbH is DM 950,000 and consists of two shares, both of which are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision SRL consists of shares of common stock, all of which shares are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision SA consists of shares of common stock, all of which shares are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision Scandinavia AB consists of shares of common stock, all of which shares are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision of Canada Ltd. consists of shares of common stock, all of which shares are validly issued

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and outstanding as of the date hereof and are fully paid and nonassessable. The authorized capital stock of Spectra Precision Handelsges mbH consists of shares of common stock, all of which shares are validly issued and outstanding as of the date hereof and are fully paid and nonassessable. None of the Shares or the SPAB Companies' Shares was issued in violation of any preemptive rights. There are no options, warrants, convertible securities or other rights, agreements, arrangements or commitments of any character made or entered into that relate to the capital stock of any of the entities listed above or that obligate the Sellers or any of the above-listed entities to issue or sell any shares of capital stock of, or any other interest in, such entities. Except as is set forth in Schedule 3.3, there are no outstanding contractual obligations of such entities that require any of them to repurchase, redeem or otherwise acquire any shares of common stock of such entities or to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any other Person. The Shares and the SPAB Companies' Shares constitute all the issued and outstanding capital stock of the entities of which they represent an equity interest and are owned of record and beneficially solely by the Sellers free and clear of all Encumbrances. Upon consummation of the transactions contemplated by this Agreement and the SPAB Asset Purchase Agreement, the registration of the Shares and the SPAB Companies' Shares in the name of the Purchaser in the stock records of the respective entities, the Purchaser will own all the issued and outstanding capital stock of the respective entities free and clear of all Encumbrances, other than any Encumbrances resulting from the actions of the Purchaser. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Shares or the SPAB Companies' Shares. The stock register of each respective entity listed above accurately records: (i) the name and address of each Person owning shares of capital stock of such entity, and (ii) the certificate number of each certificate evidencing shares of capital stock issued by such entity, the number of shares evidenced by such certificate, the date of issuance thereof and, in the case of cancellation, the date of cancellation.

#### Subsidiaries

Schedule 3.4(a)(1) sets forth a true and complete list of all Subsidiaries, including the Material Subsidiaries, listing for each Subsidiary its name, type of entity, the jurisdiction and date of its incorporation or organization, its authorized capital stock, the number

and type of its issued and outstanding shares of capital stock and the current ownership of such shares.

Other than the Subsidiaries and ZSP Geodatische Systeme GmbH ("Zeiss"), Spectra Precision terraSat GmbH ("TerraSat") and Spectra Precision Tianjin Limited ("Spectra China"), there are no other corporations, partnerships, joint ventures, associations or other entities in which any of the Companies own, of record or beneficially, any direct or indirect equity or other interest or any right (contingent or otherwise) to acquire the same. None of the Companies is a member of (nor is any part of the Business conducted through) any partnership. Except as set forth in Schedule 3.4(b), none of the Companies is a participant in any joint venture or similar arrangement.

Each Subsidiary: (i) is a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation, (ii) has all necessary corporate power and authority to own, operate or lease the properties and assets owned, operated or leased by such Subsidiary and to carry on its business as it is currently conducted by such Subsidiary and (iii) is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary or desirable, except for such failures which, when taken together with all other such failures, would not have a Material Adverse Effect.

All the outstanding shares of capital stock of each Subsidiary are validly issued, fully paid, nonassessable and, except as is set forth in Schedule 3.4(d), are free of preemptive rights and are owned by the Companies, whether directly or indirectly, free and clear of all Encumbrances. SPAB's capital contribution to Spectra China has been paid in full and duly verified by a registered accounting firm in the People's Republic of China and SPAB holds an Investment Certificate issued by Spectra China confirming SPAB's valid ownership of its interest in Spectra China.

There are no options, warrants, convertible securities, or other rights, agreements, arrangements or commitments of any character relating to the capital stock of any Subsidiary or obligating the Sellers, the Companies or any Subsidiary to issue or sell any shares of capital stock of, or any other interest in, any Subsidiary.

All corporate actions with respect to the transactions contemplated herein taken by each Subsidiary have been duly authorized and no Subsidiary has taken any action that in any respect conflicts with, constitutes a default under or results in a violation of any provision of its charter or by-laws (or similar organizational documents). True and complete copies of the charter and by-laws (or similar organizational documents), in each case as in effect on the date hereof, of each Subsidiary have been delivered by the Sellers to the Purchaser. With respect to each Subsidiary, the stock certificate books, and the stock record books are correct and complete.

Except as set forth in Schedule 3.4(g), no Subsidiary is a member of (nor is any part of its business conducted through) any duly formed partnership nor is any Subsidiary a participant in any joint venture or similar arrangement.

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There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any shares of capital stock of or any other interests in any Subsidiary.

The stock register of each Subsidiary accurately records: (i) the name and address of each Person owning shares of capital stock of such entity, and (ii) the certificate number of each certificate evidencing shares of capital stock issued by such entity, the number of shares evidenced by such certificate, the date of issuance thereof and, in the case of cancellation, the date of cancellation.

Corporate Books and Records. The minute books of the Companies and the Subsidiaries contain accurate records since the Sellers' Acquisition Date of all

meetings of the stockholders, Boards of Directors (or analogous bodies) and all committees of the Boards of Directors (or analogous bodies) of the Companies and the Subsidiaries. Complete and accurate copies of all such minute books and of the stock register of the Companies and each Subsidiary have been made available to the Purchaser.

No Conflict. Assuming that all consents, approvals, authorizations and other actions described in Section 3.7 have been obtained and all filings and notifications listed in Schedule 3.7 have been made, the execution, delivery and performance of this Agreement and the SPAB Asset Purchase Agreement by the Sellers does not and will not (a) violate, conflict with or result in the breach of any provision of the charter or by-laws (or similar organizational documents) of any of the Sellers, the Companies or the Subsidiaries, (b) to the Knowledge of the Sellers, conflict with or violate (or cause an event which could have a Material Adverse Effect as a result of) any Law or Governmental Order applicable to the Sellers, the Companies, the Subsidiaries or any of their respective assets, properties or businesses, including, without limitation, the Business, or (c) to the Knowledge of the Sellers, conflict with, result in any breach of, constitute a default which would have a Material Adverse Effect (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation or cancellation of, or result in the creation of any Encumbrance on any of the Shares or the SPAB Companies' Shares or on any of the assets or properties of any of the Sellers, the Companies or Subsidiaries pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or written arrangement to which any of the Sellers, the Companies or Subsidiaries is a party or by which any of the Shares, SPAB Companies' Shares or any of such assets or properties is bound or affected.

Consents and Approvals. The execution, delivery and performance of this Agreement by the Sellers does not and will not require any consent, approval, authorization or other order of, action by, filing with or notification to any Governmental Authority, except (a) as described in Schedule 3.7(a) and (b) the notification requirements of the HSR Act. Schedule 3.7(b) sets forth a true, correct, and complete list of every person or entity (other than any Governmental Authority) whose consent or approval is required and the matter, agreement, or contract to which such consent relates, in connection with the transfer, assignment, or conveyance of any Material Contract or any Asset being purchased by the Purchaser hereunder or pursuant to the SPAB Asset Purchase Agreement, except where a failure to obtain such consent or approval could not have a Material Adverse Effect.

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#### Financial Information, Books and Records, Projections and Operating Data.

The Financial Statements, copies of which are attached to this Agreement as Schedule 3.8(a)(i), have been delivered by the Sellers to the Purchaser. The Financial Statements and the Reference Balance Sheet, a copy of which is attached to this Agreement as Schedule 3.8(a)(ii), (i) were prepared in accordance with the books of account and other financial records of the Business, (ii) present fairly the financial condition and results of operations of the Business as of the dates thereof or for the periods covered thereby, and (iii) except as is set forth on Schedule 1 hereto, have been prepared in accordance with U.S. GAAP as applied by the Sellers on a basis consistent with past practice of the Business. The Reference Balance Sheet includes a reservation for accrued Swedish pension commitments in the approximate amount of \$4,600,000.

The books of account and other financial records of the Business: (i) reflect all items of income and expense and all Assets and Liabilities required to be reflected therein in accordance with U.S. GAAP as applied by the Sellers on a basis consistent with the past practices of the Companies and the Subsidiaries, as the case may be, and (ii) are complete and correct, and do not contain or reflect any inaccuracies or discrepancies.

No Undisclosed Liabilities. There are no Liabilities of the Business, other than Liabilities (i) reflected or reserved against on the Reference Balance Sheet, (ii) disclosed in Schedule 3.9 as of the date hereof, or (iii) incurred since the date of the Reference Balance Sheet in the ordinary course of

business, consistent with the past practice of the Business. Reserves are reflected on the Reference Balance Sheet against all Liabilities of the Business as of the Reference Balance Sheet Date in amounts that have been established in accordance with U.S. GAAP as applied by the Sellers on a basis consistent with the past practices of the Business, as modified, if relevant, by Schedule 1.

Receivables. For any entity the assets of which, rather than the stock of which, are being purchased pursuant to the SPAB Asset Purchase Agreement: Schedule 3.10 contains an aged list of receivables as of the date shown in Schedule 3.10. Schedule 3.10 shows separately those receivables of each such entity that as of such date had been outstanding (i) for 29 days or less, (ii) 30-59 days, (iii) 60-89 days, (iv) 90-119 days, and (vi) more than 119 days. Except to the extent, if any, reserved for on the Reference Balance Sheet, all Receivables reflected on the Reference Balance Sheet are properly recorded on the books and records of the Companies and Subsidiaries, as the case may be, and arose from, and the Receivables existing as of the date of this Agreement have arisen from, the sale of Inventory or services to Persons not affiliated with the Sellers, the Companies or any Subsidiary and in the ordinary course of the Business consistent with past practice and, to the Sellers' Knowledge, except as reserved against on the Reference Balance Sheet, constitute only valid, undisputed claims of the Business not subject to valid claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice.

Inventories. For any entity the assets of which, rather than the stock of which, are being purchased pursuant to the SPAB Asset Purchase Agreement: Schedule 3.11 identifies the inventories as of the date shown on Schedule 3.11. Schedule 3.11 also contains a complete list of the addresses of all warehouses and other facilities in which the inventories are located. As of the Reference Balance Sheet, the values at which all Inventories are carried on the Reference Balance Sheet reflect the historical inventory valuation policy of the Companies and the Subsidiaries of stating such Inventories at the lower of cost (determined on the first-in, first-out method) or market value. Except as set forth in Schedule 3.11, the Sellers, Companies or any Subsidiary, as the case may be, has good and marketable title to the Inventories free and clear of all Encumbrances. Subject to amounts reserved therefor on the Reference Balance Sheet, the Inventories do not consist of, in any material amount, items that are obsolete, damaged or slow-moving and are in good and merchantable condition in all material respects, are suitable and usable for the purposes for which they are intended and are in a condition such that they can be sold in the ordinary course of the Business consistent with past practice. The Inventories do not consist of any items held on consignment. None of the Companies or the Subsidiaries have incurred any obligation or liability with respect to accepting returns of items of Inventory or merchandise in the possession of their customers other than in the ordinary course of business consistent with past practice. No clearance or extraordinary sale of the Inventories has been conducted since the Reference Balance Sheet Date. As of the Reference Balance Sheet, none of the Companies or the Subsidiaries have acquired or committed to acquire or manufacture Inventory for sale which is not of a quality and quantity usable in the ordinary course of the Business within a reasonable period of time or consistent with past practice, nor have any of the Companies or Subsidiaries since the Reference Balance Sheet Date changed the price of any Inventory except for (i) price reductions to reflect any reduction in the cost thereof to such Company or Subsidiary, (ii) reductions and increases responsive to normal competitive conditions and consistent with such Company's or Subsidiary's past sales practices, (iii) increases to reflect any increase in the cost thereof to such Company or Subsidiary and (iv) increases and reductions made with the written consent of the Purchaser.

Conduct in the Ordinary Course; Absence of Certain Changes, Events and Conditions. Since the Reference Balance Sheet Date, the Business has been conducted in the ordinary course and consistent with past practice. As amplification and not limitation of the foregoing, and except as would not have a Material Adverse Effect, since the Reference Balance Sheet Date, none of the Companies or any Subsidiary has:

permitted or allowed any of the assets or properties (whether tangible or intangible) of the Companies and Subsidiaries to be subjected to any Encumbrance, other than Permitted Encumbrances and Encumbrances that will be released at or prior to the Closing;

except in the ordinary course of business consistent with past

practice, discharged or otherwise obtained the release of any Encumbrance or paid or otherwise discharged any Liability, other than current liabilities reflected on the Reference Balance Sheet and current liabilities incurred in the ordinary course of business consistent with past practice since the Reference Balance Sheet Date;

except as disclosed in Schedule 3.12(iii), except in the ordinary course of business consistent with past practice, made any loan to, guaranteed any Indebtedness of or otherwise incurred any Indebtedness on behalf of any Person;

failed to pay any creditor any amount owed to such creditor when due, which failure has resulted in a creditor refusing to provide goods or services to any of the Companies or Subsidiaries;

except as disclosed in Schedule 3.12(v), redeemed any of the capital stock or declared, made or paid any dividends or distributions (whether in cash, securities or other property) to the holders of capital stock of any of the Companies or Subsidiaries or otherwise, other than dividends, distributions and redemptions declared, made or paid by any Subsidiary solely to any of the Companies;

except as disclosed in Schedule 3.12(vi), made any material changes in the customary methods of operations of any of the Companies and Subsidiaries, including, without limitation, practices and policies relating to manufacturing, purchasing, Inventories, marketing, selling and pricing;

merged with, entered into a consolidation with or acquired an interest of 5% or more in any Person or acquired a substantial portion of the assets or business of any Person or any division or line of business thereof, or otherwise acquired any material assets other than in the ordinary course of business consistent with past practice;

except as disclosed in Schedule 3.12(viii), made any capital expenditure or commitment for any capital expenditure in excess of \$250,000 individually or \$1,000,000 in the aggregate;

issued any purchase orders in excess of \$100,000 individually or \$500,000 in the aggregate;

except as disclosed in Schedule 3.12(x), sold, transferred, leased, subleased, licensed or otherwise disposed of any properties or assets, real, personal or mixed (including, without limitation, leasehold interests and intangible assets), other than the sale of Inventories in the ordinary course of business consistent with past practice;

issued or sold any capital stock, notes, bonds or other securities, or any option, warrant or other right to acquire the same, of, or any other interest in, any of the Companies or Subsidiaries;

entered into any agreement, arrangement or transaction with any of its directors, officers, employees or shareholders (or with any relative, beneficiary, spouse or Affiliate of such Person);

except in the ordinary course of business consistent with past practice, (A) granted any increase, or announced any increase, in the wages, salaries, compensation, bonuses, incentives, pension or other benefits payable by any of the Companies or Subsidiaries to any employees, including, without limitation, any increase or change pursuant to any Plan or (B) established or increased or promised to increase any benefits under any Plan, in either case except as required by Law or any collective bargaining agreement;

written down or written up (or failed to write down or write up in accordance with Companies' Accounting Practices consistent with past practice) the value of any Inventories or receivables or revalued any assets of any of the Companies or Subsidiaries other than in the ordinary course of business consistent with past practice, and, except as is set forth in Schedule 1 hereto in accordance with U.S. GAAP;

amended, terminated, cancelled or compromised any material claims of any of the Companies or Subsidiaries or expressly waived any



other rights of material value to any of the Companies or Subsidiaries, the waiver of which has a Material Adverse Effect on the Business;

made any change in any method of accounting or accounting practice or policy used by any of the Companies or Subsidiaries, other than such changes required by U.S. GAAP or disclosed in Schedule 3.12(xvi);

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failed to maintain the Assets in accordance with good business practice and in good operating condition and repair, normal wear and tear excepted;

allowed any Permit or Environmental Permit that was issued or relates to any of the Companies or Subsidiaries or otherwise relates to any Asset to lapse or terminate or failed to renew any such Permit or Environmental Permit or any insurance policy that is scheduled to terminate or expire within 45 calendar days of the Closing Date;

amended, modified or consented to the termination of any Material Contract or the rights of any of the Companies or Subsidiaries thereunder;

amended or restated the Certificate of Incorporation or the By-laws (or other organizational documents) of any of the Companies or Subsidiaries;

except as disclosed in Schedule 3.12(xxi), terminated, discontinued, closed or disposed of any plant, facility or other business operation, or laid off any employees due to reasons other than individual work performance (other than layoffs of less than 50 employees in any six-month period) or implemented any early retirement, separation or program providing early retirement window benefits within the meaning of Section 1.401(a)-4 of the Regulations or announced or planned any such action or program for the future;

permitted to lapse or go abandoned any registration for any Intellectual Property to which, or under which, any of the Companies or Subsidiaries has any right, title, interest or license and which lapse or abandonment would have a Material Adverse Effect;

made any express or deemed election or settled or compromised any liability, with respect to Taxes of any of the Companies or Subsidiaries;

suffered any casualty loss or unrepaired damage with respect to any of the Assets which in the aggregate have a replacement cost of more than \$100,000, whether or not such loss or damage shall have been covered by insurance;

agreed, whether in writing or otherwise, to take any of the actions specified in this Section 3.12 or granted any options to purchase, rights of first refusal, rights of first offer or any other similar rights or commitments with respect to any of the actions specified in this Section 3.12, except as expressly contemplated by this Agreement.

Litigation. Except as set forth in Schedule 3.13 (which, with respect to each Action disclosed therein, sets forth: the parties, nature of the proceeding, date and method commenced, amount of damages or other relief sought and, if applicable, paid or granted), there are no Actions by or against any of the Companies or Subsidiaries (or by or against the Sellers or any Affiliate thereof and relating to the Business or any of the Companies or Subsidiaries), or affecting any of the Assets, pending before any Governmental Authority (or, to the Knowledge of the Sellers, threatened to be brought by or before any Governmental Authority) which, if resolved against the Sellers, could reasonably be expected to have a Material Adverse Effect. None of the matters disclosed in Schedule 3.13 has or has had a Material Adverse Effect or affects the legality, validity or enforceability of this Agreement or the consummation of the transactions contemplated hereby or thereby. Except as set forth in Schedule 3.13, none of the Companies, the Subsidiaries, the Assets or the Sellers is subject to any Governmental Order (nor, to the Knowledge of the Sellers, are

there any such Governmental Orders threatened to be imposed by any Governmental Authority) which has or has had a Material Adverse Effect.

Compliance with Laws. None of the Companies and Subsidiaries is in violation of any Law or Governmental Order, including the Foreign Corrupt Practices Act and applicable import and export control regulations applicable to the Companies and Subsidiaries or any of the Assets or the Business, the violation of which has had or could reasonably be expected to have a Material Adverse Effect.

Environmental Compliance and Other Permits and Licenses; Related Matters.

Except as disclosed in Schedule 3.15(a)(i), the Companies and the Subsidiaries currently hold all the permits, licenses, authorizations, certificates, exemptions and approvals of Governmental Authorities relating to health and safety (collectively, "Permits"), including, without limitation, Environmental Permits, necessary for the current use, occupancy and operation of each Asset of the Companies and the Subsidiaries and the conduct of the Business except where the failure to hold such Permits would not have a Material Adverse Effect, and all such Permits are in full force and effect in all material respects. Except as disclosed in Schedule 3.15(a)(ii), there is no existing practice, action or activity of any of the Companies or Subsidiaries or any portion of the Business and no existing condition of the Assets of any of the Companies or Subsidiaries or the Business which, to the Sellers' Knowledge, will give rise to any civil or criminal Liability under any Environmental Law, other than liabilities which, in the

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aggregate, could not have a Material Adverse Effect. Since the Sellers' Acquisition Date none of the Sellers, the Companies nor any Subsidiary has received any notice from any Governmental Authority revoking, canceling, rescinding, materially modifying or refusing to renew any Permit and to Seller's Knowledge, there is no action pending to revoke, cancel, rescind, materially modify or refuse to renew any Permit. Except as disclosed in Schedule 3.15(a)(iii), each of the Companies and Subsidiaries is in all respects in compliance with the Permits and the requirements of the Permits, except where such non-compliance does not and is not reasonably expected to have a Material Adverse Effect. Schedule 3.15(a)(iv) identifies all Permits, other than those Permits the failure of which to identify would not have a Material Adverse Effect, that are non-transferable or which will require the consent of any Governmental Authority in the event of the consummation of the transactions contemplated by this Agreement, or which the Companies believe will not be renewed in the ordinary course.

Except as disclosed in Schedule 3.13 and Schedule 3.15(b), (i) Hazardous Materials have not been Released in, on or under, or do not otherwise exist on any Real Property or by the Companies or any Subsidiary on any real property previously owned or operated by the Companies or any Subsidiary in violation of any Environmental Law, or, to the Knowledge of the Sellers, any property adjoining any Real Property, in violation of any Environmental Law; (ii) there are no pending or, to the Knowledge of the Sellers, threatened Environmental Claims against the Companies, any Subsidiary, or, any Real Property; (iii) no Real Property, is listed on the National Priorities List under CERCLA or any analogous state list of sites requiring investigation or cleanup; and (iv), none of the Companies and Subsidiaries have transported or arranged for the transportation of any Hazardous Materials to any location which is the subject of any Environmental Claim.

Except as disclosed in Schedule 3.15(c), to Sellers' Knowledge, there are not now and never have been any USTs located on any Real Property or any real property previously owned or operated by the Companies or any Subsidiary.

To Sellers' Knowledge, except as disclosed in Schedule 3.15(d), no polychlorinated biphenyls or asbestos-containing materials are or have been present at any Real Property or any real property previously owned or operated by the Companies or any Subsidiary.

Except as disclosed in Schedule 3.15(e) and heretofore provided to Purchaser, since the Sellers' Acquisition Date, there have been no environmental inspections, investigations, studies, audits, tests, review or other analyses conducted in relation to the Assets, the Business, the Real Property or on any other property now or, to the Knowledge of the Sellers, formerly, owned, operated or leased or any business now or, to the Knowledge of the Sellers, formerly, owned or operated by the Companies or any Subsidiary or, with respect to any portion of the Business, the Sellers.

Except as disclosed in Schedule 3.15(f), neither the Sellers nor the Companies or Subsidiaries know of any facts or circumstances relating to environmental matters concerning the Assets, Business, Real Property or on any other property now or formerly owned, operated or leased or any business now or formerly owned or operated by any Company or any Subsidiary or predecessor in interest or, with respect to any portion of the Business, the Sellers, Knowledge of an actual event of which could be expected to lead to any future Environmental Claims against any Company, any Subsidiary or the Purchaser. Intellectual Property.

Except as otherwise described in Schedule 3.16(a)(i), to the Knowledge of the Sellers, in each case where a registration or patent or application for registration or patent is held by assignment, the assignment has been duly recorded with the state or national trademark office from which the original registration was issued or before which the application for registration is pending. Except as disclosed in Schedule 3.16(a)(ii), to the Knowledge of the Sellers, the rights of the Companies and Subsidiaries in or to such Intellectual Property, do not conflict with or infringe on the rights of any other Person, and none of the Sellers, the Companies or the Subsidiaries have received any claim or written notice from any Person, to such effect since the Sellers' Acquisition Date.

Except as disclosed in Schedule 3.16(b): (i) all the Owned Intellectual Property is owned either by one of the Companies or a Subsidiary, as the case may be, free and clear of any Encumbrance and (ii) since the Sellers' Acquisition Date, no Actions have been made or asserted or are pending (nor, to the Knowledge of the Sellers, has any such Action been threatened) against any of the Companies or Subsidiaries either (A) based upon or challenging or seeking to deny or restrict the use by any of the Companies or Subsidiaries of any of the Owned Intellectual Property or (B) alleging that any services provided, or products manufactured or sold by any of the Companies or Subsidiaries are being provided, manufactured or sold in violation of any patents or trademarks, or any other rights of any Person. To the Knowledge of the Sellers, no Person is using any patents, copyrights, trademarks, service marks, trade names, trade secrets or similar property that are confusingly similar to the Owned Intellectual Property or that infringe upon the Owned Intellectual Property or upon the rights of any of the Companies or Subsidiaries therein. Except as disclosed in Schedule 3.16(b), since the Sellers' Acquisition Date, none of the Sellers, the Companies or Subsidiaries have granted any license or other right to any other Person with

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respect to the Owned Intellectual Property. To the Knowledge of the Sellers, the consummation of the transactions contemplated by this Agreement will not result in the termination or impairment of any of the Owned Intellectual Property.

With respect to all Licensed Intellectual Property and Owned Intellectual Property, to the Knowledge of the Sellers, the registered user provisions of all nations where the Sellers currently conduct business and requiring such registrations have been complied with in all material respects.

The Sellers have made available to the Purchaser correct and complete copies of all the licenses and sublicenses for Licensed Intellectual Property and any and all ancillary documents pertaining thereto (including, but not limited to, all amendments, consents and evidence of commencement dates and expiration dates). With respect to each of such licenses and sublicenses:

such license or sublicense, together with all ancillary documents made available pursuant to the first sentence of this Section 3.16(d), is, to the Knowledge of the Sellers, valid and binding and in full force and effect and represents the entire agreement between the respective licensor and licensee with respect to the subject matter of such license or sublicense;

except as set forth in Schedule 3.16(d)(ii), to the Knowledge of the Sellers, such license or sublicense will not cease to be valid and binding and in full force and effect on terms identical to those currently in effect as a result of the consummation of the transactions contemplated by this Agreement, nor will the consummation of the transactions contemplated by this Agreement constitute a breach or default under such license or sublicense or otherwise give the licensor or sublicensor a right to terminate such license or sublicense;

except as set forth in Schedule 3.16(d)(iii), with respect to each such license or sublicense: (A) none of the Sellers, the Companies or the Subsidiaries have received any notice of termination or cancellation under such license or sublicense and, to the Knowledge of the Sellers, no licensor or sublicensor has any right of termination or cancellation under such license or sublicense except in connection with the default of the Companies or any Subsidiary thereunder, (B) none of the Sellers, the Companies or the Subsidiaries have received any notice of a breach or default under such license or sublicense, which breach or default has not been cured, and (C) none of the Sellers, the Companies or the Subsidiaries have granted to any other Person any rights, adverse or otherwise, under such license or sublicense;

none of the Companies or Subsidiaries or (to the Knowledge of the Sellers) any other party to such license or sublicense is in breach or default in any material respect, and, to the Knowledge of the Sellers, no event has occurred that, with notice or lapse of time would constitute such a breach or default or permit termination, modification or acceleration under such license or sublicense; and

to the Knowledge of the Sellers, no Person is using any patents, copyrights, trademarks, service marks, trade names, trade secrets or similar property that are confusingly similar to the Licensed Intellectual Property or that infringe upon the Licensed Intellectual Property or upon the rights of the Companies or any Subsidiary therein.

Except as set forth in Schedule 3.16(e), to the extent that any material technology, software or Intellectual Property has been developed or created independently or jointly by a third party for any of the Companies or Subsidiaries or incorporated into any of the Products since the Sellers' Acquisition Date, the Companies or the Subsidiaries have a written agreement with such third party with respect thereto and the Companies and/or Subsidiaries thereby either (i) have obtained ownership of, and are the exclusive owners of, or (ii) have obtained a perpetual, non-terminable (including as a result of the consummation of the transactions contemplated under the Agreement and the SPAB Asset Purchase Agreement) license (sufficient for the conduct of its business as currently conducted as proposed to be conducted) to all such third party's Intellectual Property in such work, material or invention by operation of law or by valid assignment.

Neither the Companies nor any Subsidiary has transferred ownership of, or granted any exclusive license with respect to, any Intellectual Property that is material Intellectual Property, to any third party, or knowingly permitted the Companies' rights in such material Intellectual Property to lapse or enter the public domain.

Since the Sellers' Acquisition Date, none of the Companies nor the Subsidiaries have received notice from any third party that the operation of the business of the Companies or the Subsidiaries or any act, product or service of the Companies or Subsidiaries, infringes or misappropriates the Intellectual Property of any third party or constitutes unfair competition or trade practices under the laws of any jurisdiction.

Since the Sellers' Acquisition Date, each of the Companies and Subsidiaries has taken commercially reasonable steps to protect the

rights of the Companies' and Subsidiaries' in the Companies' confidential information and

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trade secrets that it wishes to protect or any trade secrets or confidential information of third parties provided to the Companies or any Subsidiary.

Real Property.

Schedule 3.17(a) lists the street address of each parcel of Owned Real Property and each parcel of Leased Real Property.

Except as described in Schedule 3.17(b), to the Sellers' Knowledge, there is no material violation of any Law (including, without limitation, any building, planning or zoning law) relating to any of the Real Property. The Sellers have made available to the Purchaser true and complete copies of each deed for each parcel of Owned Real Property and, to the extent maintained by Sellers, for each parcel of Leased Real Property and all the title insurance policies, title reports, surveys, certificates of occupancy, environmental reports and audits, appraisals, Permits, other title documents and other documents relating to or otherwise affecting the Real Property, the operations of the Companies or any Subsidiary thereon or any other uses thereof. The Companies or Subsidiaries are in peaceful and undisturbed possession of each parcel of Real Property and, to Sellers' Knowledge, there are no contractual or legal restrictions that preclude or restrict the ability to use the premises for the purposes for which they are currently being used. All existing water, sewer, steam, gas, electricity, telephone and other utilities required for the construction, use, occupancy, operation and maintenance of the Real Property are adequate for the conduct of the business of the Companies and the Subsidiaries as it currently is conducted. Sellers have no Knowledge of any material latent defects or material adverse physical conditions affecting the Real Property or any of the facilities, buildings, structures, erections, improvements, fixtures, fixed assets and personality of a permanent nature annexed, affixed or attached to, located on or forming part of the Real Property. Except as set forth in Schedule 3.17(b), none of the Companies or Subsidiaries is presently leasing or subleasing any parcel or any portion of any parcel of Real Property to any other Person, nor have any of the Companies or Subsidiaries assigned its interest under any current lease or sublease listed in Schedule 3.17(a) to any third party.

The Sellers have made available to the Purchaser true and complete copies of all current leases and subleases for Leased Real Property listed in Schedule 3.17(a) and any and all ancillary documents pertaining thereto (including, but not limited to, all amendments, consents for alterations and documents recording variations and evidence of commencement dates and expiration dates). With respect to each of such leases and subleases, none of the Companies or Subsidiaries or (to the Knowledge of the Sellers) any other party to such lease or sublease, is in breach or default in any material respect, and, to the Knowledge of the Sellers, no event has occurred that, with notice or lapse of time would constitute such a breach or default or permit termination, modification or acceleration under such lease or sublease.

There are no condemnation proceedings or eminent domain proceedings of any kind pending or, to the Knowledge of the Sellers, threatened against the Real Property.

The rental set forth in each lease or sublease of the Leased Real Property is the actual rental being paid, and there are no separate agreements or understandings with respect to the same.

The Companies and Subsidiaries have the full right to exercise any renewal options contained in the leases and subleases pertaining to the Leased Real Property on the terms and conditions contained therein and upon due exercise would be entitled to enjoy the use of each Leased Real Property for the full term of such renewal options.

Material Contracts.

Except as disclosed in Schedule 3.18(a), each Material Contract: (i) is valid and binding on the respective parties thereto and is in full force and effect and (ii) upon consummation of the of transactions contemplated by this Agreement, except to the extent that any consents set forth in Schedule 3.7 are not obtained, shall continue in full force and effect without material penalty or other material adverse consequence. None of the Companies nor any Subsidiary is in breach of, or in default under, any Material Contract, except where such breach or default could not have a Material Adverse Effect. The Seller has made copies of all Material Contracts available for review by the Purchaser. Schedule 3.18(a) contains a list of all Material Contracts.

Except as disclosed in Schedule 3.18(b), to the Sellers' Knowledge, no other party to any Material Contract is in breach thereof or default thereunder.

Except as disclosed in Schedule 3.18(c), there is no contract, agreement or other arrangement that grants any Person any preferential right to purchase, other than in the ordinary course of business consistent with past practice, any of the properties or assets of any of the Companies or any Subsidiary.

Assets. Except for the Excluded Assets and as disclosed in Schedule 3.19, the Companies and Subsidiaries own, lease or have the legal right to use all the properties and assets, including, without limitation, the Owned Intellectual Property, the Licensed Intellectual Property, the Real Property, the Inventories, the Receivables, and rights under Material Contracts, fixed assets, equipment and other tangible assets used or reasonably intended to be used by them in the conduct of the Business or otherwise owned, leased or used by the Companies or any Subsidiary and, with respect to contract rights, are parties to and enjoy the right to the benefits of all contracts, agreements and other arrangements used or reasonably

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intended to be used by the Companies or any Subsidiary or in or relating to the conduct of the Business (all such properties, assets and contract rights, including any of the Sellers' claims against any parties relating exclusively or primarily to such properties, assets and/or contract rights but excluding the Excluded Assets, are hereinafter referred to as the "Assets"). Either the Companies or a Subsidiary, as the case may be, has good and valid title to, or, in the case of leased or subleased Assets, valid and subsisting leasehold interests in, all the Assets, free and clear of all Encumbrances, except (i) as disclosed in Schedules 3.11, 3.12, 3.16(b) and 3.19 and (ii) Permitted Encumbrances. Except for the Excluded Assets, the Assets constitute all the properties, assets and rights forming a part of the Business.

Customers. Schedule 3.20 lists the names and addresses of the five largest customers of the Business, determined by the aggregate value of orders placed in the most recently ended fiscal year. None of the Sellers, the Companies or the Subsidiaries has received any written notice that any customer listed in Schedule 3.20 has ceased, or will cease, to use the products, equipment, goods or services of the Business, or has substantially reduced the use of such products, equipment, goods or services.

Suppliers. Schedule 3.21 lists the names and addresses of the five largest suppliers of the Business, determined by the aggregate value of orders placed in the most recently ended fiscal year. None of the Sellers, the Companies or the Subsidiaries has received any written notice that any such supplier will not sell raw materials, supplies, merchandise and other goods to the Companies and Subsidiaries at any time after the Closing Date.

Employee Benefit Matters ; Plans and Material Documents.

Schedule 3.22(a) lists (i) all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) and all bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance or other benefit plans, programs or arrangements, to which any of the Companies or any Subsidiary is a party, with respect to which any of the Companies or any Subsidiary has any obligation or which are maintained, contributed to or sponsored by that Company or Subsidiary for the benefit of any current or former employee, officer or director of the

Companies or any Subsidiary, and (ii) any Material Contracts, arrangements or understandings between the Sellers or any of their Affiliates and any senior executive of the Companies or of any Subsidiary, including, without limitation, any contracts, arrangements or understandings relating to the sale of the Companies (collectively, the "Plans"). The Sellers have made available to the Purchaser a complete and accurate copy of each Plan and a complete and accurate copy of each material document prepared in connection with each such Plan including, without limitation, where applicable, (i) a copy of each trust, contract or other funding arrangement; (ii) the most recent summary plan description and summaries of material modifications related thereto; (iii) the most recently filed Internal Revenue Service ("IRS") Form 5500, (with all attachments and schedules); (iv) the most recently received IRS determination letter issued with respect to each such Plan; (v) the most recently prepared actuarial report and financial statement in connection with each such Plan; (vi) all forms and notices required by Code Section 4980B(f)(6); (vii) the most recently completed discrimination test results for each Plan (as applicable); (viii) the most recent annual accounting of Plan assets; (ix) all communications provided to Plan participants after the Seller Acquisition Date regarding amendment, termination, modification, termination or establishment of any Plan which would result in any material liability to the Companies or any Subsidiary; and (x) all registration statements, annual reports (Form 11-K and all attachments thereto) and prospectuses prepared in connection with any Plan. Except as disclosed on Schedule 3.22(a), there are no other employee benefit plans, programs or material arrangements or agreements, whether formal or informal, whether in writing or not, to which any of the Companies or Subsidiaries is a party, with respect to which any of the Companies or Subsidiaries has any obligation or which are maintained, contributed to or sponsored by any of the Companies or Subsidiaries for the benefit of any current or former employee, officer or director of any of the Companies or Subsidiaries. None of the Companies nor any Subsidiary has any legally enforceable express or implied commitment, (i) to create, incur liability with respect to or cause to exist any other employee benefit plan, program or arrangement, (ii) to enter into any material contract or agreement to provide compensation or benefits to any individual or (iii) to modify, change or terminate any Plan, other than with respect to a modification, change or termination required by ERISA or the Code.

Absence of Certain Types of Plans. Except as is set forth in Schedule 3.22(b), none of the Plans is a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA) (a "Multiemployer Plan") or a single employer pension plan (within the meaning of Section 4001(a)(15) of ERISA) for which any of the Companies or Subsidiaries could incur liability under Section 4063 or 4064 of ERISA (a "Multiple Employer Plan"). Except as is set forth in Schedule 3.22(b), none of the Plans provide for the payment of separation, severance, termination or similar-type benefits to any Person or obligates the Companies or any Subsidiary to pay separation, severance, termination or similar-type benefits solely as a result of any transaction contemplated by this Agreement or as a result of a "change in control", within the meaning of such term under Section 280G of the Code. Except as is set forth in Schedule 3.22(b), none of the Plans provides for or promises retiree medical, disability or life insurance benefits to any current or former employee, officer or director of the Companies or any Subsidiary.

Compliance with Applicable Law. Each Plan is now, and since the Sellers' Acquisition Date has, operated in all material respects in accordance with the requirements of all applicable Law, including, without limitation, ERISA and the Code, and all persons who participate in the operation of such Plans and all Plan "fiduciaries" (within the meaning of Section 3(21) of ERISA) have now and since the Sellers' Acquisition Date, always acted in all

material respects in accordance with the provisions of all applicable Law, including, without limitation, ERISA and the Code. To the Knowledge of the Sellers, since the Sellers' Acquisition Date, each of the Companies and Subsidiaries has in all material respects, performed all obligations required to be performed by it under any Plan. To the Knowledge of the Sellers, none of the Companies and Subsidiaries is, nor is any other party, in any material respect in default under or in violation of any Plan. To the Knowledge of the Sellers, no legal action, suit or claim is pending or threatened with respect to any Plan (other than claims for benefits in the ordinary course) and no fact or event exists which has arisen since the Sellers'

Acquisition Date that could reasonably be expected to give rise to any such action, suit or claim. There are no audits, inquiries or proceedings pending or, to the Knowledge of the Sellers, threatened by the Internal Revenue Service or Department of Labor with respect to any Plan.

Qualification of Certain Plans. Each Plan which is intended to be qualified under Section 401(a) of the Code has received or is the subject of a favorable determination letter from the IRS that it is so qualified and each trust established in connection with any Plan which is intended to be exempt from federal income taxation under Section 501(a) of the Code has received or is the subject of a determination letter from the IRS that it is so exempt, and no fact or event has occurred since the date of such determination letter from the IRS to adversely affect the qualified status of any such Plan or the exempt status of any such trust. Each trust maintained or contributed to by the Companies or any Subsidiary which is intended to be qualified as a voluntary employees' beneficiary association and which is intended to be exempt from federal income taxation under Section 501(c)(9) of the Code has received a favorable determination letter from the IRS that it is so qualified and so exempt, and no fact or event has occurred since the date of such determination by the IRS to adversely affect such qualified or exempt status.

Absence of Certain Liabilities and Events. There has been no prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code and not otherwise exempt under either the Code or ERISA) with respect to any Plan which is subject to ERISA or the Code. None of the Companies nor any Subsidiary has incurred any liability for any penalty or tax arising under Section 4971, 4972, 4980, 4980B or 6652 of the Code or any liability under Section 502 of ERISA, and no fact or event exists which has occurred since the Sellers' Acquisition Date, which could reasonably be expected to give rise to any such liability. Since the Sellers' Acquisition Date, none of the Companies or Subsidiaries has incurred any liability under, arising out of or by operation of Title IV of ERISA (other than liability for premiums to the Pension Benefit Guaranty Corporation arising in the ordinary course), including, without limitation, any liability in connection with (i) the termination or reorganization of any employee benefit plan subject to Title IV of ERISA or (ii) with respect to any Plan and any employee benefit plan maintained or contributed to by any company or other entity considered a member of a controlled group with the Companies and Subsidiaries in accordance with Code Section 414 (an "ERISA Affiliate"), or (2) the withdrawal from any Multiemployer Plan, and no fact or event exists which could reasonably be expected to give rise to any such liability. Since the Sellers' Acquisition Date, to the Knowledge of the Sellers, no complete or partial termination has occurred with respect to any Plan. No reportable event (within the meaning of Section 4043 of ERISA) has occurred since the Sellers' Acquisition Date nor is expected to occur with respect to any Plan subject to Title IV of ERISA. To the Sellers' Knowledge, no Plan which is subject to ERISA or the Code had an accumulated funding deficiency (within the meaning of Section 302 of ERISA or Section 412 of the Code), whether or not waived, as of the most recently ended plan year of such Plan. Since the Seller's Acquisition Date, the Companies and Subsidiaries have not in any material respect, violated any of the health continuation requirements of COBRA, the requirements of the Family Medical Leave Act of 1993, as amended, the requirements of the Women's Health and Cancer Rights Act, as amended, the requirements of the Newborns' and Mothers' Health Protection Act of 1996, as amended, the requirements of the Health Insurance Portability and Accountability Act of 1996, as amended, or any similar provisions of state law applicable to Employees of the Companies or any of their Subsidiaries. None of the assets of the Companies or any Subsidiary is the subject of any lien arising under Section 302(f) of ERISA or Section 412(n) of the Code as a result of any events occurring since the Sellers' Acquisition Date; since the Sellers' Acquisition Date, none of the Companies or any Subsidiary has been required to post any security under Section 307 of ERISA or Section 401(a)(29) of the Code; and the Sellers' Knowledge, no fact or event exists which could reasonably be expected to give rise to any such lien or requirement to post any such security.

Plan Contributions and Funding. Since the Sellers' Acquisition Date, all contributions, premiums or payments required to be made with respect to any Plan have been made on or before their due dates. All



such contributions have been fully deducted for income tax purposes and, to the Knowledge of the Sellers, no such deduction has been challenged or disallowed by any government entity and, to the Knowledge of the Sellers, no fact or event exists which could reasonably be expected to give rise to any such challenge or disallowance. As of the Closing Date, no Plan which is subject to Title IV of ERISA will have an "unfunded benefit liability" (within the meaning of Section 4001(a)(18) of ERISA) arising since the Sellers' Acquisition Date.

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Certain Employee-Benefits Assets. Except as disclosed in Schedule 3.22(g) since the Sellers' Acquisition Date, no guaranteed investment contracts and other similar funding contracts with any insurance Companies have been held by any of the Plans.

Americans With Disability Act. Except as set forth in Schedule 3.22(h), each of the Companies and Subsidiaries required to comply with the requirements of the Americans With Disabilities Act is in compliance with such act.

WARN Act. Each of the Companies and Subsidiaries required to comply with the requirements of the Workers Adjustment and Retraining Notification Act ("WARN") is in compliance with such act and has no liabilities pursuant to WARN.

(j) Overseas Employees. Except as disclosed in Schedule 3.22(j), each Plan that has been adopted or maintained by any of the Companies or Subsidiaries for the benefit of employees who perform services outside the United States has no unfunded liabilities arising since the Sellers' Acquisition Date that are not offset by insurance or fully accrued.

Labor Matters. Except as set forth in Schedule 3.23: (a) none of the Companies or Subsidiaries are currently a party to any collective bargaining agreement or other labor union contract applicable to persons employed by any of the Companies or any Subsidiary and, to the Knowledge of the Sellers, there are currently no organizational campaigns, petitions or other unionization activities seeking recognition of a collective bargaining unit which could affect any of the Companies or Subsidiaries; (b) there are no strikes, slowdowns or work stoppages pending or, to the Knowledge of the Sellers, threatened involving the Companies or any Subsidiary, and none of the Companies nor any of the Subsidiaries has experienced any such strike, slowdown or work stoppage since the Sellers' Acquisition Date; (c) since the Sellers' Acquisition Date, none of the Companies or Subsidiaries have materially breached or otherwise failed to comply with the material provisions of any collective bargaining or union contract and there are no grievances outstanding against any of the Companies or Subsidiaries under any such agreement or contract which could have a Material Adverse Effect; (d) there are no formal unfair labor practice complaints pending against any of the Companies or Subsidiaries before the National Labor Relations Board or any other Governmental Authority or any current union representation questions involving employees of any of the Companies or Subsidiaries which could have a Material Adverse Effect; (e) each of the Companies and Subsidiaries is currently in compliance in all Material Respects with all applicable Laws relating to the employment of labor, including those related to wages, hours, collective bargaining and the payment and withholding of taxes and other sums as required by the appropriate Governmental Authority and has withheld and paid to the appropriate Governmental Authority or is holding for payment not yet due to such Governmental Authority all amounts required to be withheld from employees of the Companies and Subsidiaries since the Sellers' Acquisition Date and is not liable for any arrears of wages, taxes, penalties or other sums for failure to comply with any of the foregoing during the period from the Sellers' Acquisition Date through the date of this Agreement which could have a Material Adverse Effect; (f) since the Sellers' Acquisition Date, each of the Companies and Subsidiaries has paid in full to all their respective employees or adequately accrued for in accordance with U.S. GAAP all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees; (g) to Sellers' Knowledge there is no charge or proceeding with respect to a violation of any occupational safety or health standards that has been asserted since the Sellers' Acquisition Date or is now pending or, to the Knowledge of the Sellers, threatened with respect to any of the Companies or Subsidiaries; and (i) there is no formal, written charge of discrimination in employment or employment practices, for any reason, including, without limitation, age, gender, race, religion or other legally protected category, which has been asserted since the Sellers' Acquisition Date or, to the

Sellers' Knowledge, threatened before the United States Equal Employment Opportunity Commission, or any other Governmental Authority in any jurisdiction in which any of the Companies or Subsidiaries has employed or currently employs any person.

Taxes.

(i) All federal, state, local or foreign returns and reports in respect of Taxes required to be filed with respect to the Companies and Subsidiaries (including the consolidated federal income tax return of the Sellers and any state, local or foreign Tax return that includes any of the Companies or Subsidiaries on a consolidated or combined basis) have been timely filed; (ii) all Taxes required to be shown on such returns and reports or otherwise due have been timely paid; (iii) all such returns and reports (insofar as they relate to the activities or income of the Companies or Subsidiaries) are true, correct and complete in all respects; there are no pending or, to the Knowledge of the Sellers, threatened actions or proceedings for the assessment or collection of Taxes against any of the Companies or Subsidiaries or (insofar as either relates to the activities or income of any of the Companies or Subsidiaries or could result in liability of any of the Companies or Subsidiaries on the basis of joint and/or several liability for any period) any corporation that was included in the filing of a return with the Sellers on a consolidated or combined basis; (iv) there are no Tax liens on any Assets; (v) neither the Sellers nor any subsidiary or Affiliate of the Sellers is a party to any agreement or arrangement that would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Section 280G of the Code; (vi) from and after the Sellers' Acquisition Date, SPINC and its U.S. Subsidiaries have been and continue to be members of the affiliated group (within the meaning of Section 1504(a)(1) of the Code) for which SPUSA or any of its affiliates files a consolidated return as the common parent, and has not been includible in any other

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consolidated return for any taxable period for which the statute of limitations has not expired; (vii) the Companies and each of the Subsidiaries have complied in all material respects with all rules and regulations relating to the withholding of Taxes; and (viii) neither the Companies nor any Subsidiaries have participated in a transaction (either as a controlled or distributing corporation) described in Section 355 of the Code; and

Except as disclosed in Schedule 3.24(b): (i) there are no outstanding waivers or agreements extending the statute of limitations with respect to any Tax to which any of the Companies or Subsidiaries may be subject; (ii) none of the Companies or Subsidiaries have any (A) income reportable for a period ending after the Closing Date but attributable to a transaction (e.g., an installment sale) occurring in or a change in accounting method and ending on or prior to the Closing Date which resulted in a deferred reporting of income from such transaction or from such change in accounting method (other than a deferred intercompany transaction), or (B) deferred gain or loss arising out of any deferred intercompany transaction;

(i) The Sellers have made available to the Purchaser a list of all income, franchise and similar tax Returns (federal, state, local and foreign) filed with respect to each of the Companies and Subsidiaries for taxable periods ending after 1996, which indicates all tax returns that currently are the subject of audit and known to the Sellers, (ii) the Sellers will provide to the Purchaser upon request correct and complete copies of all federal and state income, franchise and similar tax Returns since 1996 and (iii) the Sellers will provide to the Purchaser upon request a true and complete copy of any tax-sharing or allocation agreement involving the Companies or any Subsidiary and a true and complete description of any unwritten or informal agreement or arrangement.

On the Reference Balance Sheet, reserves and allowances have been provided adequate to satisfy all Liabilities for Taxes as of the Reference Balance Sheet Date. Insurance.

Schedule 3.25 sets forth the name of insurer, policy number and claims history since the Sellers' Acquisition Date, as well as the claims history prior to the Sellers' Acquisition Date that is known to the Sellers, with respect to each insurance policy (including policies providing property, casualty, liability, workers' compensation, and bond and surety arrangements) under which any of the Companies or Subsidiaries have been an insured, a named insured or otherwise the principal beneficiary of coverage at any time since the Sellers' Acquisition Date and, to the Knowledge of the Sellers, in the two years preceding the Sellers' Acquisition Date, true and complete copies of which have been made available to the Purchaser.

To the Sellers' Knowledge, no insurance policy listed in Schedule 3.25 will, prior to the Closing Date, cease to be legal, valid, binding, enforceable in accordance with its terms and in full force and effect on terms identical to those in effect as of the date hereof.

Product and Service Warranties. True and complete copies of the standard written forms of product and service warranties and guarantees utilized by the Companies and Subsidiaries as of the date of this Agreement have been made available to the Purchaser.

Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Sellers.

#### Certain Interests

Except as disclosed in Schedule 3.28(a), none of the Seller Representatives listed in Schedule 3.28(a):

has any direct or indirect financial interest in any competitor, supplier or customer of the Companies or any Subsidiaries, provided, however, that the ownership of securities representing no more than one percent of the outstanding voting power of any competitor, supplier or customer, and which are listed on any national securities exchange or traded actively in the national over-the-counter market, shall not be deemed to be a "financial interest" so long as the Person owning such securities has no other connection or relationship with such competitor, supplier or customer;

owns, directly or indirectly, in whole or in part, or has any other interest in any tangible or intangible property which any Company or any Subsidiary uses or has used in the conduct of the Business or otherwise; or

has outstanding any Indebtedness to any Company or any Subsidiary.

Except as disclosed in Schedule 3.28(b), no officer or director of any Company or any Subsidiary and no relative or spouse (or relative of such spouse) who resides with, or is a dependent of, any such officer or director has outstanding any Indebtedness to the Sellers.

Except as disclosed in Schedule 3.28(c), neither any Company nor any Subsidiary has any Liability or any other obligation of any to any officer, director or shareholder of the Seller, any Company or any Subsidiary or to any

relative or spouse (or relative of such spouse) who resides with, or is a dependent of, any such officer, director or shareholder, other than amounts owed as compensation for services in the normal course and amounts which, in the aggregate, could not have a Material Adverse Effect.

#### REPRESENTATIONS AND WARRANTIES OF THE PURCHASER

As an inducement to the Sellers to enter into this Agreement, the Purchaser hereby represents and warrants to the Sellers as follows:

Organization and Authority of the Purchaser. The Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and any ancillary agreement in connection herewith by the Purchaser, the performance by the Purchaser of its obligations hereunder and thereunder and the consummation by the Purchaser of the transactions contemplated hereby and thereby have been duly authorized by all requisite action on the part of the Purchaser. This Agreement has been duly executed and delivered by the Purchaser, and (assuming due authorization, execution and delivery by the Sellers) this Agreement constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

No Conflict. Assuming compliance with the notification requirements of the HSR Act and the making and obtaining of all filings, notifications, consents, approvals, authorizations and other actions referred to in Section 4.3, except as may result from any facts or circumstances relating solely to the Sellers, the execution, delivery and performance of this Agreement by the Purchaser does not and will not (i) violate, conflict with or result in the breach of any provision of the Certificate of Incorporation or By-laws of the Purchaser, (ii) conflict with or violate any Law or Governmental Order applicable to the Purchaser or (iii) conflict with, or result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to others any rights of termination, amendment, acceleration, suspension, revocation, or cancellation of, or result in the creation of any Encumbrance on any of the assets or properties of the Purchaser pursuant to, any note, bond, mortgage or indenture, contract, agreement, lease, sublease, license, permit, franchise or other instrument or arrangement to which the Purchaser is a party or by which any of such assets or properties are bound or affected which would have a Material Adverse Effect on the ability of the Purchaser to consummate the transactions contemplated by this Agreement. The Note has been approved by the Purchaser's proposed senior lenders.

Governmental Consents and Approvals. The execution, delivery and performance of this Agreement by the Purchaser do not and will not require any consent, approval, authorization or other order of, action by, filing with, or notification to, any Governmental Authority, except the notification and review requirements of the HSR Act and those analogous laws of other countries.

Investment Purpose. The Purchaser is acquiring the Shares solely for the purpose of investment and not with a view to, or for offer or sale in connection with, any distribution thereof.

Litigation. Except as disclosed in Schedule 4.5, no claim, action, proceeding or investigation is pending or, to the best Knowledge of the Purchaser, threatened, which seeks to delay or prevent the consummation of, or which would be reasonably likely to materially adversely affect the Purchaser's ability to consummate, the transactions contemplated by this Agreement.

Brokers. Except for Banc of America Securities LLC, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchaser. The Purchaser shall be solely responsible for payment of the fees and expenses of Banc of America Securities LLC.

Commitment Letter. The Purchaser has provided the Sellers true and correct copies of the Commitment Letter. The debt financing contemplated by the Commitment Letter, together with Purchaser's cash on hand, is sufficient to pay the Purchase Price, related fees and expenses of the transactions contemplated hereby to be paid by the Purchaser and to provide for the working capital requirements of the Purchaser after the Closing.

#### ADDITIONAL AGREEMENTS

Conduct of Business Prior to the Closing. Except as described in Schedule 5.1, between the date hereof and the time of the Closing, none of the Sellers, the Companies or Subsidiaries shall conduct its business other than in the ordinary course and consistent with the past practice of the Companies and Subsidiaries.

Access to Information.

From the date hereof until the Closing, upon reasonable notice, the Sellers shall cause the Companies and the Subsidiaries and each of the Companies' and the Subsidiaries' officers, directors, employees, agents, representatives, accountants and counsel to: (1) afford the officers, employees and authorized agents, accountants, counsel, financing sources and representatives of the Purchaser reasonable access, during normal business hours, to the offices, properties, plants, other facilities, books and records of the Companies and Subsidiaries and to those officers, directors, employees, agents, accountants and counsel of the Companies and Subsidiaries who have any knowledge relating to any of the Companies, Subsidiaries or the Business and (ii) furnish to the officers,

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employees and authorized agents, accountants, counsel, financing sources and representatives of the Purchaser such additional financial and operating data and other information regarding the assets, properties and goodwill of the Companies, the Subsidiaries and the Business (or legible copies thereof) as the Purchaser may from time to time reasonably request.

In order to facilitate the resolution of any claims made against or incurred by the Sellers prior to the Closing, for a period of five years after the Closing, the Purchaser shall (i) retain the books and records of the Companies and the Subsidiaries relating to periods prior to the Closing in a manner reasonably consistent with the prior practice of the Companies and the Subsidiaries and (ii) upon reasonable notice, afford the officers, employees and authorized agents and representatives of the Sellers reasonable access (including the right to make, at the Sellers' expense, photocopies), during normal business hours, to such books and records.

In order to facilitate the resolution of any claims made by or against or incurred by the Purchaser, the Companies or any Subsidiary after the Closing or for any other reasonable purpose, for a period of five years following the Closing, the Sellers shall (i) retain the books and records of the Sellers which relate to the Companies and the Subsidiaries and their operations for periods prior to the Closing and which shall not otherwise have been delivered to the Purchaser, the Companies or any Subsidiary and (ii) upon reasonable notice, afford the officers, employees and authorized agents and representatives of the Purchaser, the Companies or any Subsidiary reasonable access (including the right to make photocopies, at the expense of the Purchaser, the Companies or such Subsidiary), during normal business hours, to such books and records.

Confidentiality. Following the Closing, the Sellers agree to, and shall use their best efforts to cause their agents, representatives, Affiliates, employees, officers and directors to: (i) treat and hold as confidential (and not disclose or provide access to any Person to) all information relating to trade secrets, processes, patent and trademark applications, product development, price, customer and supplier lists, pricing and marketing plans, policies and strategies, details of client and consultant contracts, operations methods, product development techniques, business acquisition plans, new personnel acquisition plans and all other confidential information with respect to the Business, the Companies and Subsidiaries, (ii) in the event that the Sellers or any such agent, representative, Affiliate, employee, officer or director becomes legally compelled to disclose any such information, provide the Purchaser with prompt written notice of such requirement so that the Purchaser, or any of the Companies or Subsidiaries may seek a protective order or other remedy or waive compliance with this Section 5.3, (iii) in the event that such protective order or other remedy is not obtained, or the Purchaser waives compliance with this Section 5.3, furnish only that portion of such confidential information which is legally required to be provided and exercise its best efforts to obtain assurances that confidential treatment will be accorded such information, (iv) promptly furnish (prior to, at, or as soon as practicable following, the Closing) to the Companies or the Purchaser, any and all copies (in whatever form or medium) of all such confidential information then in the possession of the Sellers or any of its agents, representatives, Affiliates, employees, officers and directors and, except as otherwise required by Section

5.2(c), destroy any and all additional copies then in the possession of the Sellers or any of its agents, representatives, Affiliates, employees, officers and directors of such information and of any analyses, compilations, studies or other documents prepared, in whole or in part, on the basis thereof; provided, however, that this sentence shall not apply to any information that, at the time of disclosure, is available publicly and was not disclosed in breach of this Agreement by the Sellers, its agents, representatives, Affiliates, employees, officers or directors. In addition, with respect to Intellectual Property, any combination of features shall not be deemed to be within the foregoing exception merely because the individual features are in the public domain unless the combination itself and its principle of operation are in the public domain. Remedies at law for any breach of the obligations of Sellers under this Section 5.3 are inadequate and the Purchaser shall be entitled to seek equitable relief, including injunction and specific performance, in the event of any such breach.

#### Regulatory and Other Authorizations; Notices and Consents.

The Sellers and the Purchaser shall use their commercially reasonable best efforts to obtain (or cause the Companies and the Subsidiaries to obtain) all authorizations, consents, orders and approvals of all Governmental Authorities and officials that may be or become necessary for its execution and delivery of, and the performance of its obligations pursuant to, this Agreement and will cooperate fully with the other party in promptly seeking to obtain all such authorizations, consents, orders and approvals. Each party hereto agrees to make an appropriate filing, if necessary, pursuant to the HSR Act (and any other analogous laws and regulations of other countries) with respect to the transactions contemplated by this Agreement promptly following the date hereof and to supply as promptly as practicable to the appropriate Governmental Authorities any additional information and documentary material that may be requested pursuant to the HSR Act or such other analogous laws and regulations.

The Sellers shall or shall cause the Companies and the Subsidiaries to give promptly such notices to third parties and use its or their commercially reasonable efforts to obtain such third party consents and estoppel certificates as the Purchaser may in its reasonable discretion deem necessary or desirable in connection with the transactions contemplated by this Agreement; provided, however, that the Sellers shall have no obligation to give any guarantee or other consideration of any nature in connection with any such notice, consent or estoppel certificate

or to consent to any change in the terms of any agreement or arrangement which the Sellers in their sole and absolute discretion may deem adverse to the interests of the Sellers, the Business or any of the Companies or Subsidiaries.

The Purchaser shall cooperate and use all reasonable efforts to assist the Sellers in giving such notices and obtaining such consents and estoppel certificates; provided, however, that the Purchaser shall have no obligation to give any guarantee or other consideration of any nature in connection with any such notice, consent or estoppel certificate or to consent to any change in the terms of any agreement or arrangement which the Purchaser in its sole and absolute discretion may deem adverse to the interests of the Purchaser, the Business or any of the Companies or Subsidiaries.

The Sellers and the Purchaser agree that, in the event any consent, approval or authorization necessary or desirable to preserve for the Business, the Companies or any Subsidiary any right or benefit under any lease, license, contract, commitment or other agreement or arrangement to which the Sellers, the Companies or any Subsidiary is a party is not obtained prior to the Closing, the Sellers will, subsequent to the Closing, cooperate with the Purchaser and the Companies in attempting to obtain such consent, approval or authorization as promptly thereafter as practicable. If such consent, approval or authorization cannot be obtained, the Sellers shall use their commercially reasonable efforts to provide the Companies or such Subsidiary, as the case may be, with the rights and benefits of the affected lease, license, contract, commitment or other agreement or arrangement for the term of such lease, license, contract or other

agreement or arrangement, and, if the Sellers provide such rights and benefits, the Companies or such Subsidiary, as the case may be, shall assume the obligations and burdens thereunder.

Notice of Developments. Prior to the Closing, the Sellers shall promptly notify the Purchaser in writing of all events, circumstances, facts and occurrences arising subsequent to the date of this Agreement which result in any breach of a representation or warranty or covenant of the Sellers in this Agreement which has a Material Adverse Effect or which has the effect of making any representation or warranty of the Sellers in this Agreement untrue or incorrect in any material respect.

Environmental Study and Remedial Action. The Sellers agree that the Purchaser may perform or have performed on behalf of the Purchaser, at the Purchaser's sole expense, prior to Closing a Phase I environmental audit survey and compliance audit of the Real Property (the "Environmental Study").

No Solicitation. The Sellers agree that between the date of this Agreement and the earlier of (i) the Closing and (ii) the termination of this Agreement, none of the Sellers, the Companies, the Subsidiaries nor any of their respective Affiliates, officers, directors, representatives or agents will, directly or indirectly, (a) solicit, initiate, consider, or encourage or accept any other proposals or offers from any Person (i) relating to any acquisition or purchase of all or any portion of the capital stock of any of the Companies or Subsidiaries or assets of the Companies or any Subsidiary (other than Inventory to be sold in the ordinary course of business consistent with past practice), (ii) to enter into any business combination with any of the Companies or Subsidiaries or (iii) to enter into any other extraordinary business transaction involving or otherwise relating to any Company or any Subsidiary, or (b) participate in any discussions, conversations, negotiations and other communications regarding, or furnish to any other Person any information with respect to, or otherwise cooperate in any way, assist or participate in, facilitate or encourage any effort or attempt by any other Person to seek to do any of the foregoing. The Sellers immediately shall cease and cause to be terminated all existing discussions, conversations, negotiations and other communications with any Persons conducted heretofore with respect to any of the foregoing. The Companies, Subsidiaries or the Sellers shall notify the Purchaser promptly if any such proposal or offer, or any inquiry or other contact with any Person with respect thereto, is made and shall, in any such notice to the Purchaser, indicate in reasonable detail the identity of the Person making such proposal, offer, inquiry or contact and the terms and conditions of such proposal, offer, inquiry or other contact. The Sellers agree not to, and to cause each of the Companies and Subsidiaries not to, without the prior written consent of the Purchaser, release any Person from, or waive any provision of, any confidentiality or standstill agreement to which any of the Sellers, the Companies or Subsidiaries is a party.

Use of Intellectual Property. The Sellers acknowledge that from and after the Closing, the name "Spectra Precision" and all similar or related names, marks and logos (all of such names, marks and logos being the "Precision Names") shall be owned by the Companies or a Subsidiary, that neither the Sellers nor any of their Affiliates shall have any rights in the Precision Names, and that neither the Sellers nor any of their Affiliates will contest the ownership or validity of any rights of the Purchaser, the Companies or any Subsidiary in or to the Precision Names. Notwithstanding the foregoing, the parties acknowledge and agree that the Sellers shall have all rights to the "Spectra Physics" name as well as any and all names, marks and logos using the name "Spectra" on a standalone basis. Prior to the Closing, Sellers will replace the term "Spectra Physics" where it appears in the name of any of the Companies or Subsidiaries with the term "Spectra Precision". From and after the Closing, neither the Sellers nor any of their Affiliates shall use any of the Owned Intellectual Property or any of the Licensed Intellectual Property.

Non-Competition.

For three years from the Closing Date Thermo Electron and its Restricted Subsidiaries (defined as any entity in which Thermo Electron directly or indirectly owns all or a majority of the beneficial interest of such entity) will

not, with respect to equipment or related equipment management, data communications, or data management systems in each of the

following industries: (i) agricultural, (ii) construction equipment, or (iii) land surveying:

Sell or manufacture for others goods that directly compete with the lines of products manufactured or sold by the Business as of the date of this Agreement; or

License others with any technology rights whether now or hereafter held by Thermo Electron or its Restricted Subsidiaries, which would be infringed by any products currently manufactured or sold by the Business as of the date of this Agreement.

The provisions of this Section 5.9 shall apply only to Thermo Electron and its Subsidiaries and the parties acknowledge and agree that the provisions of this Section 5.9 shall not apply to any corporation or other business entity that is not a Subsidiary of Thermo Electron and to which Thermo Electron or any Subsidiary sells, licenses or otherwise transfer all or any portion of any business, product line or technology. Any other activities conducted or under demonstrable development by Thermo Electron and its Subsidiaries (other than the Sellers and any Subsidiary of any Seller) as of the date of this Agreement, as evidenced by their records, do not directly compete with the Business and constitute "Permitted Pursuits." In addition, for the purposes of this Agreement, Permitted Pursuits shall also mean the Sellers' (or any of their Affiliates') acquisition of another company or business which is competitive with the Business provided that the total revenue of such acquired company which is directly competitive with the Business does not exceed 10% of the acquired company's revenues for the most recent fiscal year.

The Restricted Period shall be extended by the length of any period during which the Sellers are in breach of the terms of this Section 5.9.

(c) The Sellers acknowledge that the covenants of the Sellers set forth in this Section 5.9 are an essential element of this Agreement and that, but for the agreement of the Sellers to comply with these covenants, the Purchaser would not have entered into this Agreement. The Sellers acknowledge that this Section 5.9 constitutes an independent covenant and shall not be affected by performance or nonperformance of any other provision of this Agreement by the Purchaser, other than Purchaser's obligations to pay the Sellers the Purchase Price and any other sums due hereunder or pursuant to the Note or any other ancillary agreement. The Sellers have independently consulted with counsel and after such consultation agree that the covenants set forth in this Section 5.9 are reasonable and proper and are a reasonable and proper means of protecting the goodwill and know-how acquired under this Agreement and the SPAB Asset Purchase Agreement.

Further Action. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable Law, and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement.

SECTION 1.1 Audited Financial Statements. The Seller shall prepare and deliver to the Purchaser audited consolidated financial statements with respect to the Business for the fiscal years ended December 31, 1997, 1998 and 1999 (the "Audited Financial Statements"). The Audited Financial Statements shall (i) be prepared in accordance with the books of account and other financial records of the Companies and the Subsidiaries, (ii) present fairly in all material respects the consolidated financial condition and results of operations of the Companies and the Subsidiaries as of the date thereof or for the period covered thereby, (iii) except as is set forth on Schedule 1 hereto, be prepared in accordance with U.S. GAAP applied on a basis consistent with the past practices of the Companies and the Subsidiaries and (iv) include all adjustments (consisting only of normal recurring accruals) that are necessary for a fair presentation of the consolidated financial condition of the Companies and Subsidiaries and the results of the operations of the Companies and the Subsidiaries as of the date thereof or for the period covered thereby. Purchaser's Accountants shall be entitled to participate (including, with the permission of the Sellers' Accountant, review of work papers) in the preparation of the Audited Financial Statements. The costs and expenses associated with the preparation and delivery of the Audited Financial Statements shall be borne 50% by the Sellers and 50% by the Purchaser.

SECTION 1.2 Non-Solicitation of Employees. (a) Neither the Sellers nor any of their Affiliates shall, for a period of two (2) years following the Closing



Date, for its own account or jointly with another, directly or indirectly, for or on behalf of any individual, partnership, corporation or other legal entity, as principal, agent or otherwise solicit or induce, or in any manner attempt to solicit, any person then employed by Purchaser to leave such employment, whether or not such employment is pursuant to a written contract and whether or not such employment is at will, or hire any person who has been employed by the Companies or the Subsidiaries at any time during the six (6) month period preceding the Closing. This Section 5.12(a) shall not apply to general solicitations that are made pursuant to advertisements in publications of wide circulation, to hires made pursuant to such solicitations, to any hiring made as a result of such solicitation, or to any employee earning less than \$30,000 per year. (b) Each of the Sellers (and their Affiliates) recognizes the importance of the covenant not to solicit contained in this subsection (a) above and acknowledges that the restrictions imposed herein are: (i) reasonable as to scope, time and area; (ii) necessary for the protection of its legitimate business interests, including without limitation, trade secrets, goodwill, and its relationship with customers and suppliers; (iii) not unduly restrictive of its rights; and (iv) supported by adequate consideration. Each party acknowledges and agrees that the covenants not to compete contained in this Section 5.12 are

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essential elements of this Agreement and that but for these covenants, the other party would not have agreed to enter into this Agreement. Such covenants shall be construed as agreements independent of any other provision of this Agreement.

#### EMPLOYEE MATTERS

Employment Liabilities. Except as specifically described herein, the Sellers shall assume and be responsible for all liabilities in connection with claims incurred from the Sellers' Acquisition Date through the Closing Date by employees under the Sellers' employee welfare benefit plans (as defined in Section 3(1) of ERISA) and not otherwise reserved against on the Closing Balance Sheet ("Pre-Closing Employee Claims"). Purchaser shall assume and be responsible for all liabilities in connection with claims incurred on and after the Closing Date in respect of employees of the Companies and the Subsidiaries and for all liabilities in connection with claims of such employees incurred prior to the Sellers' Acquisition Date. For purposes of this Section 6.1, a claim shall be considered incurred on the date treatment is rendered or a service performed. Statutory worker's compensation claims of any employees of the Companies and Subsidiaries who are employees thereof at any time after the Closing or for whom reserves are established on the Closing Balance Sheet, regardless of whether they arose before or after the Closing Date, shall be the responsibility and liability of the Purchaser. Effective as of the Closing Date, Purchaser shall assume responsibility for providing health care coverage to all qualified beneficiaries of current or former employees of the Companies or any Subsidiary (without regard to whether such employees become a transferred employee) who are receiving (or become entitled to receive) continuation health coverage pursuant to an election made under Section 4980B of the Code or Sections 601-608 of ERISA ("COBRA") (such an election to be called a "COBRA election") relating to a qualifying event occurring prior to or on the Closing Date. Coverage of the employees of the Companies and the Subsidiaries under Sellers' employee welfare benefit plans shall cease as of the Closing Date.

#### Employee Benefit Plans - General.

Compensation and Benefits; Service Credit. As of the Closing Date, the Purchaser shall credit each Company or Subsidiary employee with the number of years of service recognized by Sellers prior to the Closing Date for all employment purposes after the Closing Date, including, without limitation, for purposes of determining vacation accrual, and eligibility, vesting and benefit accrual under any profit sharing, retirement, health, welfare, severance plan or other form of benefit or compensation plan sponsored or maintained by Purchaser. Vacation accruals as provided on the Closing Balance Sheet for the employees of the Companies and Subsidiaries shall be respected by the Purchaser after the Closing.

Enrollment. Effective on the Closing Date, the Purchaser shall enroll each Company or Subsidiary employee, other than the four employees listed in Section 2(g) of the SPAB Asset Purchase Agreement and any other employees who accept alternative employment with Thermo Electron

Corporation or any of its Affiliates prior to the Closing Date, in the Purchaser's employee benefit plans and shall cause any waiting periods or pre-existing conditions restrictions under the Purchaser's plans to be waived to the extent necessary to provide immediate coverage under the Purchaser's plans. Such plans shall also credit each such employee with the amount, if any, paid during the plan year or calendar year, as applicable, by such employee (or dependent) for all deductible payments, co-payments, or similar payments made by each of them under Sellers' corresponding plan.

WARN Act. The Purchaser shall be responsible for any liability arising under the Worker Adjustment and Retraining Notification Act arising in connection with the termination of any Company or Subsidiary employee on or after the Closing Date.

#### TAX MATTERS

##### Indemnity.

(a) Notwithstanding any other provisions in this Agreement or the SPAB Asset Purchase Agreement, the Sellers agree jointly and severally to indemnify and hold harmless the Purchaser, the Companies and each Subsidiary against the following Taxes (except to the extent the Closing Balance Sheet specifically reserves for such Taxes) and, except as otherwise provided in Section 7.4, against any loss, damage, liability or expense, including reasonable fees for attorneys and other outside consultants, incurred in contesting or otherwise in connection with any such Taxes: (i) Taxes imposed on the Companies or any Subsidiary with respect to taxable periods ending on or before the Closing Date (including but not limited to the Section 338(h)(10) Election described in Section 7.8); (ii) with respect to taxable periods beginning on or before the Closing Date and ending after the Closing Date, Taxes imposed on the Companies or any Subsidiary which are allocable, pursuant to Section 7.1(b), to the portion of such period ending on the Closing Date; (iii) Taxes imposed on any member of any affiliated group with which any of the Companies and the Subsidiaries file or have filed a Return on a consolidated or combined basis for a taxable period ending on or before the Closing Date; (iv) Taxes imposed on the Purchaser or any of the Companies or Subsidiaries as a result of any breach of warranty or misrepresentation under Section 3.24. The Purchaser shall be responsible for Taxes and associated expenses not allocated to the Sellers pursuant to the first sentence hereof.

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(b) In the case of Taxes that are payable with respect to a taxable period that begins before the Closing Date and ends after the Closing Date, the portion of any such Tax that is allocable to the portion of the period ending on the Closing Date shall be:

in the case of Taxes that are either (x) based upon or related to income or receipts, or (y) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), (other than conveyances pursuant to this Agreement, as provided under Section 7.7), deemed equal to the amount which would be payable if the taxable year ended with the Closing Date; and

in the case of Taxes imposed on a periodic basis with respect to the assets of any of the Companies or Subsidiaries, or otherwise measured by the level of any item, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire period, provided however, that the amount payable in respect of such Taxes shall not exceed the Taxes that would have been payable if such Taxes were calculated as of the Closing Date.

##### Returns and Payments.

From the date of this Agreement through and after the Closing Date, the Sellers shall prepare and file or otherwise furnish in proper form to the appropriate Governmental Authority (or cause to be prepared and filed or so furnished) in a timely manner all Tax returns, reports and forms ("Returns") relating to the Companies and the Subsidiaries that are due on or before or relate to any taxable period ending on or

before the Closing Date (and the Purchaser shall do the same with respect to any taxable period ending after the Closing Date). Returns of the Companies and the Subsidiaries not yet filed for any taxable period that begins before the Closing Date shall be prepared in a manner consistent with past practices employed with respect to the Companies and the Subsidiaries (except to the extent counsel for the Sellers or any of the Companies renders a legal opinion that there is no reasonable basis in law therefor or determines that a Return cannot be so prepared and filed without being subject to penalties). With respect to any Return required to be filed by the Purchaser or the Sellers with respect to the Companies and the Subsidiaries and as to which an amount of Tax is allocable to the other party under Section 7.1(b), the filing party shall provide the other party and its authorized representatives with a copy of such completed Return and a statement certifying the amount of Tax shown on such Return that is allocable to such other party pursuant to Section 7.1(b), together with appropriate supporting information and schedules at least 20 Business Days prior to the due date (including any extension thereof) for the filing of such Return, and such other party and its authorized representatives shall have the right to review and comment on such Return and statement prior to the filing of such Return.

The Sellers shall pay or cause to be paid when due and payable all Taxes with respect to the Companies and the Subsidiaries which are the responsibility of Sellers under this Section 7 to the extent such Taxes exceed the amount, if any, accrued for such Taxes as current Taxes payable on the Closing Balance Sheet, and the Purchaser shall so pay or cause to be paid Taxes for any taxable period after the Closing Date which are the responsibility of the Purchaser under this Agreement (subject to its right of indemnification from the Sellers by the date set forth in Section 7.5 for Taxes attributable to the portion of any Tax period that includes the Closing Date pursuant to Sections 7.1(a) and 7.1(b)).

Refunds. Any Tax refund (including any interest with respect thereto) relating to the Companies or any Subsidiary for any taxable period prior to the Closing Date (except for any refund included on the Closing Date Balance Sheet, which shall be the property of the Purchaser, and if paid to the Sellers, shall be paid over promptly to the Purchaser) shall be the property of the Sellers, and if received by the Purchaser, the Companies or any Subsidiary, shall be paid over promptly to the Sellers. Notwithstanding the foregoing sentence, any Tax refund (or equivalent benefit to the Seller through a reduction in Tax liability) for a period before the Closing Date arising out of the carryback of a loss or credit incurred by any Company or any Subsidiary in a taxable year ending after the Closing Date shall be the property of the Purchaser and, if received by the Seller, shall be paid over promptly to the Purchasers.

#### Contests.

After the Closing, the Purchaser shall promptly notify the Sellers in writing of any written notice of a proposed assessment or claim in an audit or administrative or judicial proceeding of the Purchaser or of any of the Companies or Subsidiaries which, if determined adversely to the taxpayer, would be grounds for indemnification under this Article VII; provided, however, that a failure to give such notice will not affect the Purchaser's right to indemnification under this Article VII except to the extent, if any, that, but for such failure, the Sellers could have avoided all or a portion of the Tax liability in question.

In the case of an audit or administrative or judicial proceeding that relates to periods ending on or before the Closing Date, provided that the Sellers acknowledge in writing their liability under this Agreement to hold the Purchaser, the Companies and the Subsidiaries harmless against the full amount of any adjustment which may be

made as a result of such audit or proceeding that relates to periods ending on or before the Closing Date (or, in the case of any taxable year that includes the Closing Date, against an adjustment allocable under Section 7.1(b) to the portion of such year ending on or before the Closing Date), the Sellers shall have the right at their expense to participate in and control the conduct of such audit or proceeding but only to the extent that

such audit or proceeding relates solely to a potential adjustment for which the Sellers could be held liable hereunder; the Purchaser also may participate in any such audit or proceeding and, if the Sellers do not assume the defense of any such audit or proceeding, the Purchaser may defend the same in such manner as it may deem appropriate, including, but not limited to, settling such audit or proceeding after giving ten business days' prior written notice to the Sellers setting forth the terms and conditions of settlement.

With respect to issues relating to a potential adjustment for which both the Sellers and the Purchaser or the Companies or any Subsidiary could be liable, each party may participate in the audit or proceeding.

Neither the Purchaser nor the Sellers shall enter into any compromise or agree to settle any claim pursuant to any Tax audit or proceeding which would adversely affect the other party for such year or any other year without the written consent of the other party, which consent may not be unreasonably withheld. The Purchaser and the Sellers agree to cooperate, and the Purchaser agrees to cause the Companies and the Subsidiaries to cooperate, in the defense against or compromise of any claim in any audit or proceeding.

#### Conveyance Taxes

The Seller and the Purchaser shall each pay one half of any real property transfer, sales, use, transfer, value added, stock transfer, and stamp taxes, any transfer, recording, registration, and other fees, and any similar Taxes which become payable in connection with the transactions contemplated by this Agreement, and shall file such applications and documents as shall permit any such Tax to be assessed and paid on or prior to the Closing Date in accordance with any available per sale filing procedure. The Purchaser shall execute and deliver all instruments and certificates necessary to enable the Seller to comply with the foregoing.

#### Miscellaneous

The Sellers and the Purchaser agree to treat all payments made by either of them to or for the benefit of the other (including any payments to the Companies or any Subsidiary) under this Article VII, under other indemnity provisions of this Agreement and for any misrepresentations or breaches of warranties or covenants as adjustments to the Purchase Price or as capital contributions for Tax purposes and that such treatment shall govern for purposes hereof except to the extent that the Laws of a particular jurisdiction provide otherwise, in which case such payments shall be made in an amount sufficient to indemnify the relevant party on an after-Tax basis.

Any tax sharing agreement or arrangement between the Sellers and any of the Companies or Subsidiaries shall be terminated immediately prior to the Closing.

Notwithstanding any provision in this Agreement to the contrary, the obligations of the Sellers to indemnify and hold harmless the Purchaser, the Companies and the Subsidiaries pursuant to this Article VII, and the representations and warranties contained in Section 3.24, shall terminate at the close of business on the day following the expiration of the applicable statute of limitations with respect to the Tax liabilities in question (giving effect to any waiver, mitigation or extension thereof).

From and after the date of this Agreement, the Sellers shall not without the prior written consent of the Purchaser (which may, in its sole and absolute discretion, withhold such consent) make, or cause or permit to be made, any Tax election (other than the Section 338(h)(10) Election) that would affect any of the Companies or Subsidiaries.

For purposes of this Article VII, "the Purchaser" and "the Sellers," respectively, shall include each member of the affiliated group of corporations of which it is or becomes a member (other than the Companies and the Subsidiaries, except to the extent expressly referenced). Anything to the contrary in this Article VII notwithstanding, the parties acknowledge that the capital stock of SPAB is not being sold to the Purchaser pursuant to this Agreement and that the provisions of Article VII, as to SPAB shall be interpreted accordingly.

Purchase Price Allocation The parties agree to allocate the Purchase Price as follows: \$150,000,000 for shares of common stock of SPINC, \$43,000,000 for the Shares of capital stock of the SPBV Companies and \$87,000,000 for the SPAB Assets. No party will take a position on any tax return, before any governmental agency, or in any judicial proceeding, that is in any way inconsistent with such allocation. In the event of a Purchase Price Adjustment pursuant to Section 2.6 of this Agreement the Purchase Price Allocation pursuant to this Section 7.7 shall be proportionately adjusted.

#### Section 338(h)(10) Election

Sellers agree to join with Purchaser in making an election under Section 338(h)(10) of the Code and any corresponding election under state law with respect to the purchase of the shares of SPINC (the "Elections"), and to sign a mutually acceptable Form 8023, Elections under Section 338 for Corporations Making Qualified Stock Purchases, at Closing, evidencing such election. Sellers will include any income, gain, loss, deduction, or other tax item resulting from the Section 338(h)(10) election on their Tax Returns to the extent required by applicable law. Sellers shall also pay any Tax imposed on SPINC or its subsidiaries attributable to the making of the Section

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338(h)(10) election, including, but not limited to any tax imposed under Regulation Section 1.338(h)(10)-1(e)(5) or any state or local or foreign tax imposed on SPINC or its subsidiaries' gain.

Prior to the Closing and in connection with the Elections, the parties shall agree upon a schedule which sets forth the allocation of that portion of the Purchase Price allocated to the purchase of SPINC under Section 7.7 among the assets of SPINC. Such allocations shall be made in accordance with Section 338(h)(10) of the Code and any applicable Treasury Regulations.

#### CONDITIONS TO CLOSING

Conditions to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

Representations, Warranties and Covenants. The representations and warranties of the Purchaser contained in this Agreement shall have been true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing, with the same force and effect as if made as of the Closing Date, other than such representations and warranties as are made as of another date, the covenants and agreements contained in this Agreement to be complied with by the Purchaser on or before the Closing shall have been complied with in all material respects, and the Sellers shall have received a certificate from the Purchaser to such effect signed by a duly authorized officer thereof;

Covenants. The Purchaser shall have complied in all material respects with all obligations to be performed by it under the terms of the Agreement on or before the Closing Date.

HSR Act and Other Analogous Filings. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Shares contemplated hereby shall have expired or shall have been terminated and any analogous waiting period (and any extension thereof) under the analogous anticompetition laws applicable to the transactions contemplated hereby shall have expired or shall have been terminated;

No Proceeding or Litigation. No Action shall have been commenced by or before any Governmental Authority against either the Sellers or the Purchaser, seeking to restrain or materially and adversely alter the transactions contemplated by this Agreement which, in the reasonable, good faith determination of the Sellers, is likely to render it impossible or unlawful to consummate such transactions; provided, however, that the provisions of this Section 8.1(d) shall not apply if the Sellers have directly or indirectly solicited or encouraged any

such Action;

Resolutions. The Sellers shall have received a true and complete copy, certified by the Secretary or an Assistant Secretary of the Purchaser, of the resolutions duly and validly adopted by the Board of Directors of the Purchaser evidencing its authorization of the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

Incumbency Certificate. The Sellers shall have received a certificate of the Secretary or an Assistant Secretary of the Purchaser certifying the names and signatures of the officers of the Purchaser and authorized to sign this Agreement and the other documents to be delivered by hereunder;

Guaranty. The Sellers shall have received the Purchaser Parent Guaranty;

Legal Opinion. The Sellers shall have received from Wilson Sonsini Goodrich & Rosati, Professional Corporation, a legal opinion, addressed to the Sellers and dated the Closing Date, containing such opinions, and taking such qualifications, as are customary in transactions of this nature; and

(a) Consents and Approvals. The Sellers shall have received, each in form and substance reasonably satisfactory to the Sellers all third party consents and estoppel certificates listed on Schedule 3.7(b), except where the failure to obtain any such consents would not have a Material Adverse Effect.

Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing, of each of the following conditions:

Representations, Warranties and Covenants. The representations and warranties of the Sellers contained in this Agreement shall have been true and correct in all material respects (without giving effect for the purposes of this Section 8.2 to any Knowledge or other similar qualifications) when made and shall be true and correct as of the Closing with the same force and effect as if made as of the Closing, other than such representations and warranties as are made as of another date and except where the failure to be true and correct would not have a Material Adverse Effect, the covenants and agreements contained in this Agreement to be complied with by the Sellers on or before the Closing shall have been complied with in all material respects, and the Purchaser shall have received certificates of the Sellers to such effect signed by duly authorized officers thereof and from each of the Seller Representatives as to the matters and time periods set forth in such certificates;

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Covenants. Sellers shall have complied in all material respects with all obligations to be performed by them under the terms of the Agreement on or before the closing date;

HSR Act and Other Analogous Filings. Any waiting period (and any extension thereof) under the HSR Act applicable to the purchase of the Shares contemplated hereby shall have expired or shall have been terminated and any analogous waiting period (and any extension thereof) under the analogous anticompetition laws applicable to the transactions contemplated hereby shall have expired or shall have been terminated;

No Proceeding or Litigation. No Action shall have been commenced or threatened by or before any Governmental Authority against either the Sellers or the Purchaser, seeking to restrain or materially and adversely alter the transactions contemplated hereby which the Purchaser believes, in its reasonable discretion, is likely to render it impossible or unlawful to consummate the transactions contemplated by this Agreement or which could have a Material Adverse Effect; provided, however, that the provisions of this Section 8.2(d) shall not apply if the Purchaser has solicited or encouraged any such Action;

Resolutions of the Sellers. The Purchaser shall have received true and

complete copies, certified by the Secretary or an Assistant Secretary of each of the Sellers, of the resolutions duly and validly adopted by the Sellers' respective Boards of Directors evidencing their authorization of the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby;

Incumbency Certificates of the Sellers. The Purchaser shall have received a certificate of the Secretary or an Assistant Secretary of each of the Sellers certifying the names and signatures of the officers of the Sellers authorized to sign this Agreement and the other documents to be delivered hereunder;

Legal Opinion. The Purchaser shall have received from Mintz Levin Cohn Ferris Glovsky and Popeo, P.C. a legal opinion, addressed to the Purchaser and dated the Closing Date, containing such opinions, and taking such qualifications, as are customary in transactions of this nature;

Consents and Approvals. The Purchaser shall have received, each in form and substance reasonably satisfactory to the Purchaser, all third party consents and estoppel certificates listed on Schedule 3.7(b), except where the failure to obtain any such consents would not have a Material Adverse Effect;

Resignations of the Companies' Directors. The Purchaser shall have received the resignations, effective as of the Closing, of all the directors and officers of each of the Companies and Subsidiaries, except for such persons as shall have been designated in writing prior to the Closing by the Purchaser to the Sellers;

Organizational Documents. The Purchaser shall have received a copy of (i) the Certificates of Incorporation, as amended (or similar organizational documents), of each of the Companies and Material Subsidiaries, certified by the secretary of state (or similar official) of the jurisdiction in which each such entity is incorporated or organized, as of a date not earlier than five Business Days prior to the Closing Date and accompanied by a certificate of the Secretary or Assistant Secretary (or similar official) of each such entity, dated as of the Closing Date, stating that no amendments have been made to such Certificate of Incorporation (or similar organizational documents) since such date, and (ii) the By-laws (or similar organizational documents) of each of the Companies and Material Subsidiaries, certified by the Secretary or Assistant Secretary of each such entity;

Certificate of Non-Foreign Status. The Purchaser shall have received a certificate from the Sellers (which complies with Section 1445 of the Code) of non-foreign status executed in accordance with the provisions of the Foreign Investment in Real Property Tax Act;

Good Standing; Qualification to Do Business. The Purchaser shall have received good standing certificates for each of the Companies and Material Subsidiaries from the secretary of state of the jurisdiction in which each such entity is incorporated or organized;

Financing. The Purchaser shall have received the proceeds of the financing referred to in the Commitment Letter;

Environmental. The Environmental Studies performed by the Purchaser pursuant to Section 5.6 shall not have revealed, in Purchaser's reasonable judgment, Environmental Claims or remediation issues which would involve Liabilities in excess of \$15,000,000;

Form 8023. The Purchaser shall have received an executed Form 8023 in connection with the acquisition of SPINC from SPUSA;

Sellers' Parent Guaranty. The Purchaser shall have received the Sellers' Parent Guaranty;

Audited Financial Statements. The Purchaser shall have received the Audited Financial Statements;

Other Transactions. (i) The transactions contemplated by the Other Purchase Documents shall have closed concurrently with the Closing hereunder, and (ii) the transactions described on Schedule 8.2(r) shall have been completed to the reasonable satisfaction of Purchaser, except

where the failure to complete such transaction would

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not have a Material Adverse Effect. The parties recognize that the accelerated timing imposed upon the preparation, negotiation and execution of this Agreement, including the preparation and review of the Schedules hereto and to the SPAB Asset Purchase Agreement, may have inadvertently resulted in there being technical errors in this Agreement and in the Other Purchase Documents, including the Exhibits and Schedules thereto, and omissions or errors in the Disclosure Schedule (which do not have a Material Adverse Effect). The parties agree to negotiate in good faith to resolve such issues promptly upon discovery and notice thereof, which, the parties acknowledge may result in additional items being listed in the Disclosure Schedule (which do not have a Material Adverse Effect) within twenty (20) calendar days following the signing of this Agreement. For purposes of this Section 8.2(r), the term Material Adverse Effect shall include the addition or omission of any terms that, in the aggregate, can reasonably be expected to produce a cost to Purchaser or a diminution in value of the Business as proposed to be conducted by Purchaser, of \$560,000;

Evidence. The Purchaser shall have received evidence that all actions required to perfect the transfers of all SPAB Assets, including the SPAB Companies' Shares, under the SPAB Asset Purchase Agreement have been taken and all documents required to perfect the transfers of such SPAB Assets, including the SPAB Companies' Shares, under the SPAB Asset Purchase Agreement shall have been executed.

#### INDEMNIFICATION

Survival of Representations and Warranties. The representations and warranties of the Sellers contained in this Agreement, and all statements contained in this Agreement, the Other Purchase Documents, Exhibits to this Agreement, the Disclosure Schedule and any certificate, Financial Statement, Interim Statements or report or other document delivered pursuant to this Agreement or in connection with the transactions contemplated by this Agreement (collectively, the "Acquisition Documents") shall survive the Closing until the 545th day thereafter; provided, however, that (a) the representations, warranties, and covenants dealing with Tax Matters shall survive as provided in Section 7.6(c), (b) insofar as any claim is made by the Purchaser for the breach of any representation or warranty of the Sellers contained herein relating to environmental matters, such representations and warranties shall, for purposes of such claims by the Purchaser, survive the Closing Date until the fifth anniversary of the Closing Date and (c) insofar as any claim is made by the Purchaser for a breach of the representations and warranties specified in Section 3.3 and 3.4(d), such representations and warranties shall, for the purposes of such claims by the Purchaser, survive forever. Neither the period of survival nor the liability of the Sellers with respect to the Sellers' representations and warranties shall be reduced by any investigation made at any time by or on behalf of the Purchaser, except as described below. If written notice of a claim has been given prior to the expiration of the applicable representations and warranties by the Purchaser to the Sellers, then the relevant representations and warranties shall survive as to such claim, until such claim has been finally resolved.

#### Indemnification by the Sellers

The Purchaser and its Affiliates, officers, directors, employees, agents, successors and assigns (each an "Indemnified Party") shall be indemnified and held harmless by the Sellers for any and all Liabilities, losses, damages, claims, costs (including Business Interruption Costs) and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, any Action brought or otherwise initiated by any of them) (hereinafter a "Loss"), arising out of or resulting from:

the breach of any representation or warranty made in this Agreement by the Sellers, or in the SPAB Asset Purchase Agreement by SPAB;



the breach of any covenant or agreement contained in this Agreement by the Sellers, or in the SPAB Asset Purchase Agreement by SPAB; and

(i) Pre-Closing Employee Claims (excluding workers' compensation claims) and Transaction Induced Payments; and

any Off-Site Environmental Matters or Environmental Claims or remediation with respect thereto arising from or in connection with events or conditions occurring prior to the Closing Date.

The limitations contained in the representations set forth in Article III with regard to events occurring prior to the Sellers' Acquisition Date shall be inapplicable where it is shown by a preponderance of evidence that any of the Seller Representatives had Knowledge of the events or conditions prior to the Sellers' Acquisition Date that gave rise to such representation or warranty of the Sellers being false when and as made hereunder.

Notwithstanding any of the foregoing, Purchaser shall not be entitled to indemnification hereunder pursuant to 9.2(a)(i) where it is shown by a preponderance of the evidence that one or more of the Purchaser's executive officers (who were executive officers of the Purchaser prior to the Closing Date) had actual Knowledge prior to January 12, 2000 that such representation or warranty of the Sellers is false when and as made hereunder.

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An Indemnified Party shall give the Sellers notice of any matter which an Indemnified Party determines has given, or could give rise to, a right of indemnification under this Agreement, within 15 days of such determination, setting out, in reasonable detail, the nature of the claim including, without limitation, the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and Liabilities of the Sellers under this Article IX with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article IX ("Third Party Claims") shall be governed by and contingent upon the following additional terms and conditions: if an Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the Sellers notice of such Third Party Claim within 15 days of the receipt by the Indemnified Party of such notice; provided, however, that the failure to provide such notice shall not release the Sellers from any of its obligations under this Article IX except to the extent the Sellers are materially prejudiced by such failure and shall not relieve the Sellers from any other obligation or Liability that it may have to any Indemnified Party otherwise than under this Article IX. If the Sellers acknowledge in writing its obligation to indemnify the Indemnified Party hereunder against any Losses that may result from such Third Party Claim, then the Sellers shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnified Party within five Business Days of the receipt of such notice from the Indemnified Party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate for the same counsel to represent both the Indemnified Party and the Sellers, then the Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Indemnified Party determines counsel is required, at the expense of the Sellers. In the event the Sellers exercise their right to undertake any such defense against any such Third Party Claim as provided above, the Indemnified Party shall cooperate with the Sellers in such defense and make available to the Sellers, at the Sellers' expense, all witnesses, pertinent records, materials and information in the Indemnified Party's possession or under the Indemnified Party's control relating thereto as is reasonably required by the Sellers. Similarly, in the event the Indemnified Party is, directly or indirectly, conducting the defense against any such Third Party Claim, the Sellers shall cooperate with the Indemnified Party in such defense and make available to the Indemnified Party, at the Sellers' expense, all such witnesses, records, materials and information in the Sellers' possession or under the Sellers' control relating thereto as is reasonably required by the Indemnified Party. No such Third Party Claim may be settled by the

Sellers without the prior written consent of the Indemnified Party which consent shall not be unreasonably withheld.

The indemnities provided in this Section 9.2(a) shall survive the Closing as described above. Except with respect to claims based on actual fraud or intentional, willful or bad faith breach, the parties agree that the indemnity provided in this Section 9.2 shall be the sole and exclusive remedy of the Purchaser against the Sellers at law or equity for any matter covered by paragraphs (a) and (b) above.

The amount of any Losses for which indemnification is provided under this Section 9.2 shall be computed net of any insurance proceeds received by the Indemnified Party in connection with such Losses. If the amount with respect to which any claim is made under this Section 9.2 (an "Indemnity Claim") gives rise to a currently realizable Tax Benefit (as defined below) (after taking into account the tax treatment of the indemnification payment, including the taxability of such payment or the loss of current or future deductions because of such payment) to the party making the claim, the indemnity payment shall be reduced by the amount of the Tax Benefit available to the party making the claim. To the extent such Indemnity Claim does not give rise to a currently realizable Tax Benefit, if the amount with respect to which any Indemnity Claim is made gives rise to a subsequently realized Tax Benefit to the party that made the claim, such party shall refund to the Indemnifying Party the amount of such Tax Benefit when, as and if realized. For the purposes of this Agreement, any subsequently realized Tax Benefit shall be treated as though it were a reduction in the amount of the initial Indemnity Claim, and the liabilities of the parties shall be redetermined as though both occurred at or prior to the time of the indemnity payment. For purposes of this Section 9.2(d), a "Tax Benefit" means an amount by which the tax liability of the party (or group of corporations including the party) is reduced (including, without limitation, by deduction, reduction of income by virtue of increased tax basis or otherwise, entitlement to refund, credit or otherwise) plus any related interest received from the relevant taxing authority. Where a party has other losses, deductions, credits or items available to it, the Tax Benefit from any losses, deductions, credits or items relating to the Indemnity Claim shall be deemed to be realized proportionately with any other losses, deductions, credits or items. For purposes of this Section 9.2(d), a Tax Benefit is "currently realizable" to the extent it can be reasonably anticipated that such Tax Benefit will be realized in the current taxable period or year or in any Tax Return with respect thereto (including through a carryback to a prior taxable period) or in any taxable period or year prior to the date of the Indemnity Claim. In the event that there should be a determination disallowing the Tax Benefit, the Indemnifying Party shall be liable to refund to the Indemnified Party the amount of any related reduction previously allowed or payments previously made to the Indemnifying Party pursuant to this Section 9.2(d). The amount of the refunded reduction or payment shall be deemed a payment under this Section 9.2 and thus shall be paid subject to any applicable reductions under this Section 9.2(d).

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The parties agree that any indemnification payments made pursuant to this Agreement shall be treated for tax purposes as an adjustment to the Purchase Price, unless otherwise required by applicable law.

Each Indemnified Party shall be obligated in connection with any claim for indemnification under this Section 9.2 to use all reasonable efforts to mitigate Losses upon and after becoming aware of any event which could reasonably be expected to give rise to such Losses.

Notwithstanding anything to the contrary contained herein, neither Sellers nor any Affiliate of Sellers shall be liable for any consequential, punitive or special damages pursuant to this Agreement or any of the agreements contemplated hereby, except with respect to intentional, willful or bad faith breaches hereof.

Purchaser shall promptly pay to Sellers any refund or credit (including any interest paid or credited with respect thereto) received by Purchaser, or any Affiliate thereof after the Closing of Taxes relating to any taxable period ending on or before the Closing Date or, with

respect to any taxable period beginning before and ending after the Closing Date, Taxes relating to the portion of such period beginning before and ending on the Closing Date. Purchaser shall, if Sellers reasonably so request, cause the relevant related entity to file for any refund or credit to which Sellers believe they are entitled under this Section 9.2(h).

Limits on Indemnification Notwithstanding anything to the contrary contained in this Agreement, the maximum amount of indemnifiable Losses which may be recovered from the Sellers arising out of or resulting from the causes enumerated in Section 9.2(a) (i-iii) shall be an amount equal to \$40,000,000, and the maximum amount which may be recovered for events or conditions specified in Section 9.2(a) (iv) shall be \$15,000,000 and provided, however, that any claim for indemnification with regard to Tax Matters shall be governed by Article VII and shall not be included in such maximum amount. Other than Claims for indemnification with regard to Tax Matters, no claim may be made by the Purchaser with respect to indemnifiable Losses until the aggregate of all indemnifiable Losses exceeds \$2,800,000, which amount shall be deductible from the maximum amount of indemnification, and Purchaser shall not be entitled to recover with respect to the first \$1,000,000 of Losses. The amount of any Claim payable to the Purchaser by the Sellers in accordance with this Agreement shall first be deducted from the outstanding principal amount owing by the Purchaser under the Note and any remaining amount of indemnification owing by the Sellers hereunder shall be payable in accordance with the terms of this Agreement.

Tax Matters. Anything in this Article IX (except for the specific reference to Tax matters in Section 9.1) to the contrary notwithstanding, the rights and obligations of the parties with respect to indemnification for any and all Tax matters shall be governed by Article VII.

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Indemnification by the Purchaser.

Each of the Sellers and their respective Affiliates, officers, directors, employees, agents, successors and assigns (each an "Sellers' Indemnified Party") shall be indemnified and held harmless by the Purchaser for any and all liabilities, losses, damages, claims, costs and expenses, interest, awards, judgments and penalties (including, without limitation, attorneys' and consultants' fees and expenses) actually suffered or incurred by them (including, without limitation, any Action brought or otherwise initiated by any of them) (hereinafter a "Loss"), arising out of or resulting from:

the breach of any representation or warranty made by the Purchaser in this Agreement;

the breach of any covenant or agreement by the Purchaser in this Agreement;

(iii) any claim for severance pay, termination pay, redundancy pay or similar amounts relating to the termination of any employee of the Business on or after the Closing Date, other than with respect to the four employees listed in Section 2(g) of the SPAB Asset Purchase Agreement and any other employees who, prior to the Closing Date, accept employment with Thermo Electron Corporation or any of its Affiliates; or (iv) any claim in respect of vacation accruals included in the Closing Balance Sheet that is not satisfied by the Purchaser after Closing.

A Sellers' Indemnified Party shall give the Purchaser notice of any matter which a Sellers' Indemnified Party determines has given, or could give rise to, a right of indemnification under this Agreement, within 60 days of such determination, setting out, in reasonable detail, the nature of the claim including, without limitation, the amount of the Loss, if known, and method of computation thereof, and containing a reference to the provisions of this Agreement in respect of which such right of indemnification is claimed or arises. The obligations and liabilities of the Purchaser under this Article IX with respect to Losses arising from claims of any third party which are subject to the indemnification provided for in this Article IX ("Sellers' Third Party Claims") shall be governed by and contingent

upon the following additional terms and conditions: if a Sellers' Indemnified Party shall receive notice of any Third Party Claim, the Indemnified Party shall give the Purchaser notice of such Sellers' Third Party Claim within 30 days of the receipt by the Sellers' Indemnified Party of such notice; provided, however, that the failure to provide such notice shall not release the Purchaser from any of its obligations under this Article IX except to the extent the Purchaser is materially prejudiced by such failure and shall not relieve the Purchaser from any other obligation or Liability that it may have to any Sellers' Indemnified Party otherwise than under this Article IX. If the Purchaser acknowledges in writing its obligation to indemnify the Sellers' Indemnified Party hereunder against any Losses that may result from such Sellers' Third Party Claim, then the Purchaser shall be entitled to assume and control the defense of such Sellers' Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Sellers' Indemnified Party within five Business Days of the receipt of such notice from the Sellers' Indemnified Party; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Sellers' Indemnified Party, in its sole and absolute discretion, for the same counsel to represent both the Sellers' Indemnified Party and the Purchaser, then the Sellers' Indemnified Party shall be entitled to retain its own counsel, in each jurisdiction for which the Sellers' Indemnified Party determines counsel is required, at the expense of the Purchaser. In the event the Purchaser exercises the right to undertake any such defense against any such Sellers' Third Party Claim as provided above, the Sellers' Indemnified Party shall cooperate with the Purchaser in such defense and make available to the Purchaser, at the Purchaser's expense, all witnesses, pertinent records, materials and information in the Sellers' Indemnified Party's possession or under the Sellers' Indemnified Party's control relating thereto as is reasonably required by the Purchaser. Similarly, in the event the Sellers' Indemnified Party is, directly or indirectly, conducting the defense against any such Sellers' Third Party Claim, the Purchaser shall cooperate with the Sellers' Indemnified Party in such defense and make available to the Sellers' Indemnified Party, at the Purchaser's expense, all such witnesses, records, materials and information in the Purchaser's possession or under the Purchaser's control relating thereto as is reasonably required by the Sellers' Indemnified Party. No such Sellers' Third Party Claim may be settled by the Purchaser without the prior written consent of the Sellers' Indemnified Party.

(c) Notwithstanding anything to the contrary contained herein, neither the Purchaser nor any Affiliate of the Purchaser shall be liable for any consequential, punitive or special damages pursuant to this Agreement or any of the agreements contemplated hereby, except with respect to intentional, willful or bad faith breaches hereof.

(d) Each Indemnified Party shall be obligated in connection with any claim for indemnification under this Section 9.5 to use all reasonable efforts to mitigate Losses upon and after becoming aware of any event which could reasonably be expected to give rise to such Losses.

#### TERMINATION AND WAIVER

Termination. This Agreement may be terminated at any time prior to the Closing:

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by the Purchaser if, between the date hereof and the time scheduled for the Closing: (i) any representation or warranty of the Sellers contained in this Agreement and/or the SPAB Asset Purchase Agreement shall not have been true and correct when made, except where the failure to be true and correct would not have a Material Adverse Effect, and the Sellers have been given a reasonable opportunity (which, shall, at a minimum be no less than 10 business days) to cure such misrepresentation, (ii) the Sellers shall not have complied with any covenant or agreement to be complied with by them and contained in this Agreement and/or the SPAB Asset Purchase Agreement, except where the failure to so comply would not have a Material Adverse Effect, and the Sellers have been given a reasonable opportunity (which, shall, at a minimum be no less than 10 business days) to comply with such

covenant or agreement; or (iii) the Sellers, or any of the Companies or Subsidiaries makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against any of the Sellers, the Companies or Subsidiaries seeking to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding up or reorganization, arrangement, adjustment, protection, relief or composition of its debts under any Law relating to bankruptcy, insolvency or reorganization; or

by the Sellers if, between the date hereof and the time scheduled for the Closing: (i) any representation or warranty of the Purchaser contained in this Agreement and/or the SPAB Asset Purchase Agreement shall not have been true and correct in all material respects when made except where the failure to be true and correct would not have a material adverse effect on the Purchaser's ability to consummate the transactions contemplated hereby, and the Purchaser has been given a reasonable opportunity (which, shall, at a minimum be no less than 10 business days) to cure such misrepresentation, (ii) the Purchaser shall not have complied with any covenant or agreement to be complied with by it and contained in this Agreement and/or the SPAB Asset Purchase Agreement and the Purchaser has been given a reasonable opportunity (which, shall, at a minimum be no less than 10 business days) to comply with such covenant or agreement; or (iii) the Purchaser or any Affiliate makes a general assignment for the benefit of creditors, or any proceeding shall be instituted by or against the Purchaser or such Affiliates seeking to adjudicate any of them a bankrupt or insolvent, or seeking liquidation, winding up or reorganization, arrangement, adjustment, protection, relief or composition of its debts under any Law relating to bankruptcy, insolvency or reorganization,; or

by either the Sellers or the Purchaser if the Closing shall not have occurred by July 31, 2000; provided, however, that the right to terminate this Agreement under this Section 10.1 shall not be available to any party whose willful failure to fulfill any obligation under this Agreement shall have been the cause of, or shall have resulted in, the failure of the Closing to occur on or prior to such date; or

by either the Purchaser or the Sellers in the event that any Governmental Authority shall have issued an order, decree or ruling or taken any other action restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable; or

by the Sellers or Purchaser, if the Commitment Letter shall have been withdrawn; or by the mutual written consent of the Sellers and the Purchaser.

Effect of Termination. In the event of termination of this Agreement as provided in Section 10.1, this Agreement shall forthwith become void and there shall be no liability on the part of either party hereto except (a) as set forth in Sections 5.3, 10.2 and 11.1 and (b) that nothing herein shall relieve either party from liability for any willful and intentional breach of this Agreement.

Waiver. Either party to this Agreement may (a) extend the time for the performance of any of the obligations or other acts of the other party, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered by the other party pursuant hereto or (c) waive compliance with any of the agreements or conditions of the other party contained herein. Any such extension or waiver shall be valid only if set forth in an instrument in writing signed by the party to be bound thereby. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

#### GENERAL PROVISIONS

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, whether or not the Closing shall have occurred.

Notices. All notices, requests, claims, demands and other communications

hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) by delivery in person, by courier service, by cable, by telecopy, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt

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requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 11.2):

if to the Sellers:

Thermo Instrument Systems Inc.  
81 Wyman Street  
P.O. Box 9046  
Waltham, MA 02454-9046  
Telecopy: (781) 622-1283  
Attention: Seth H. Hoogasian, General Counsel

with a copy to:

Mintz Levin Cohn Ferris Glovsky and Popeo, P.C.  
One Financial Center  
Boston, MA 02111  
Telecopy: (617) 542-2241  
Attention: Neil H. Aronson, Esquire  
if to the Purchaser:

Trimble Navigation Limited  
645 North Mary Avenue  
Sunnyvale, CA 94088  
Telecopy: (408) 481-8000  
Attention: President  
with a copy to:

Wilson Sonsini Goodrich & Rosati  
650 Page Mill Road  
Palo Alto, CA 94304  
Telecopy: (650) 493-6811  
Attention: John Goodrich, Esquire  
William Richter, Esquire

Public Announcements. Except as may be determined by either party's counsel to be relevant in order to comply with federal securities laws, no party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without prior notification to the other party, and the parties shall cooperate as to the timing and contents of any such press release or public announcement.

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

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

Entire Agreement. This Agreement and the Exhibits and Schedules attached hereto, and the Confidentiality Agreement constitute the entire agreement of the parties hereto with respect to the subject matter hereof and thereof and supersede all prior agreements and undertakings, both written and oral, between the Sellers and the Purchaser with respect to the subject matter hereof and thereof.

Assignment. This Agreement may not be assigned by operation of law or otherwise without the express written consent of the Sellers and the Purchaser (which consent may be granted or withheld in the sole discretion of the Sellers or the Purchaser).

No Third Party Beneficiaries. Except for the provisions of Article IX relating to Indemnified Parties, this Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

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Amendment. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Sellers and the Purchaser or (b) by a waiver in accordance with Section 10.3.

Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of California, applicable to contracts executed in and to be performed entirely within that state. Venue for any dispute regarding the subject matter for this Agreement shall be the United States District Court for the District of Massachusetts if the Purchaser brings a claim and the United States District Court for the Northern District of California if the Sellers bring a claim.

Counterparts. This Agreement may be executed 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.

Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of this Agreement was 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 equity.

Further Assurances . Upon the reasonable request of any other party, each party hereto agrees to take any and all actions, including, without limitation, the execution of certificates, documents or instruments, necessary or appropriate to give effect to the terms and conditions set forth in this Agreement. To the extent that any of the matters described in Schedule 8.2(r) is not completed prior to the Closing, the Sellers will use commercially reasonable best efforts to complete all of such outstanding matters within 90 days of the Closing.

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

SPECTRA PHYSICS HOLDINGS USA, INC.

By: /s/ Earl R. Lewis

-----  
Name: Earl R. Lewis  
Title: CEO of Thermo Instruments

SPECTRA PRECISION AB

By: /s/ Anders Rhodin

-----  
Name: Anders Rhodin  
Title: President

By: /s/ Erick Asplund

-----

Name: Anders Rhodin  
Title: Board Member

SPECTRA PRECISION EUROPE HOLDINGS, BV

By: /s/ Earl R. Lewis

-----  
Name: Earl R. Lewis  
Title: CEO of Thermo Insturments

TRIMBLE ACQUISITION CORP.

By: /s/ Steven W. Berglund

-----  
Name: Steven W. Berglund  
Title: President and CEO



EXHIBIT 10.73

ASSET PURCHASE AGREEMENT

This Agreement is made and entered into on May 11, 2000, by and between

Spectra Precision AB, reg. no. 556239-9305, a corporation organized and existing under the laws of Sweden (hereinafter referred to as the "Seller"),

and

Trimble Acquisition Corp., a corporation organized and existing under the laws of Delaware (hereinafter referred to as the "Purchaser"), on the other hand.

WHEREAS, the Seller, directly and through certain of its subsidiaries, is engaged in the business of laser-based and sonic-based instrumentation surveying systems for the construction, agricultural and surveying industries in various countries (which activities, as currently conducted by the Seller and its subsidiaries, are hereinafter referred to as the "Business"); and

WHEREAS, the Seller wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Seller, the Business, including, without limitation, all right, title and interest of the Seller in and to the property and assets of the Business, and in connection therewith the Purchaser is willing to assume certain liabilities of the Seller relating thereto, all upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the Purchaser and the Seller hereby agree as follows:

1. STOCK AND ASSET PURCHASE AGREEMENT

Capitalized terms used herein and not otherwise defined shall have the meaning given to them in the Stock and Asset Purchase Agreement dated May 11, 2000 between Spectra Physics Holdings USA, Inc., Spectra Precision AB and Spectra Precision Europe Holdings BV, and Trimble Acquisition Corp. (the "Stock and Asset Purchase Agreement"). Subject to the terms and conditions contained in this Agreement and in the Stock and Asset Purchase Agreement (i) the Seller agrees to sell, assign, transfer and deliver to the Purchaser all of the

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Seller's right, title and interest in and to each of the SPAB Assets (as defined below), and Purchaser agrees to purchase such assets on the Closing Date and (ii) Purchaser agrees to assume the Assumed Liabilities (as defined below) on the Closing Date.

2. ASSETS TO BE ACQUIRED

At the Closing, the Seller hereby agrees to sell to the Purchaser, or to an Affiliate of Purchaser designated by Purchaser, and the Purchaser, or such Affiliate designated by the Purchaser, hereby agrees to acquire from the Seller, free and clear of Encumbrances (other than (i) as disclosed in Schedules 3.11, 3.12, 3.16(b) and 3.19 of the Disclosure Schedules and (ii) Permitted Encumbrances), the following assets and rights of the Seller used exclusively or primarily in the Business (hereinafter jointly referred to as the "SPAB Assets"):

(a) Fixed Assets

The machinery, vehicles and fixed assets of the Seller set forth in Exhibit 2(a).

(b) Inventory etc.

All of the Seller's inventory, work in progress, demo stock and rental inventory set forth in Exhibit 2(b).

(c) Assets in Possession of Third Parties

All of the Seller's tools and moduls that are in possession of third parties, which tools and moduls, as well as the third parties in whose possession they are, are listed in Exhibit 2(c).

(d) Contracts

All rights and benefits of the Seller under the sale and purchase orders and the agreements set forth in Exhibit 2(d) (hereinafter jointly referred to as the "Assumed Contracts").

(e) Intellectual Property Rights

- (i) The Seller's entire right, title and interest in and to the patents and patent applications set forth in Exhibit 2(e)(i) (the "Patents"),
- (ii) the Seller's entire right, title and interest in and to the trademarks set forth in Exhibit 2(e)(ii) (the "Trademarks"),
- (iii) all rights and obligations of the Seller under the license agreements attached hereto as Exhibit 2(e)(iii), (the "Licenses"); and
- (iv) all rights of the Seller to the domain name www.spectraprecision.com, and any other domain name used in the Business and/or owned by the Seller, other than those containing the name "spectraphysics."

(The Assets referred to in Article 2 (e) (i)-(iv) are jointly referred to as the "Intellectual Property".)

(f) The Spectra Precision and the Geotronics Name

The Spectra Precision and the Geotronics names, including all rights to use such names as trademarks, company names or otherwise, provided, however, that the Seller shall have the right to use the Spectra Precision name as a company name and the Geotronics name as a secondary name for as long as the Purchaser allows.

(g) Employees

The Purchaser shall, in accordance with Section 6b of the Employment Protection Act (Sw. lagen 1982:80 om anställningsskydd), take over all rights and obligations relating to the employment arrangements of all employees of the Business (the "Employees") on the Closing Date, provided that such employees do not refuse to be employed by the Purchaser. Exhibit 2(g)(1) contains a list of all Employees, including correct information about their salaries, pensions and all other employment benefits. The parties agree that Gunnar Linde, Niclas Axelsson, Andreas Naeslund, and Kenneth Nilsson (jointly referred to as the "Exempted Employees") are not Employees and that the rights and obligations relating to the employment agreements of the Exempted Employees, consequently, shall not be taken over by the Purchaser.

All costs relating to Employees who have not refused employment with the Purchaser, including, without limitation, those costs associated with pension and other employee welfare benefits, shall be assumed by the Purchaser as from the Closing Date. The Seller shall reimburse the Purchaser with an amount corresponding to the aggregate value of the employment benefits, including, without limitation, any and all earned pension benefits and holiday pay relating to the Employees, attributable to or accrued prior to the Closing Date but not paid or exercised, which the employees taken over by Purchaser are entitled to in relation to the Purchaser. The Seller agrees to transfer or sell, as the case may be, all rights it may have with respect to non-disclosure agreements, invention agreements, non-compete agreements and similar agreements in respect of all Employees.

(h) Shares

All participation, interest, shares, and other securities convertible into, exchangeable for and/or giving a right to purchase shares, in

- (i) Spectra Precision Scandinavia AB, registered in Sweden under number 556127-3680;
- (ii) Spectra Precision of Canada Ltd., registered in Canada under number 1019 8605 7;
- (iii) Spectra Precision HGmbH, registered in Austria under number FN 100 490f; and
- (iv) Spectra Precision SA, registered in France under number RCS Evry B 78522 7422; together with
- (v) the Seller's four (4) shares, and other securities convertible into, exchangeable for and/or giving right to purchase shares in terraSat GmbH, registered in Germany under number 97034.

(Such companies are jointly referred to as the "Affiliated Companies" and such shares, participation and other securities are jointly referred to as the "Shares")

(i) Know-how, Documentation, etc.

All know-how, records and documents of the Seller needed to conduct or relating to the Business, including without limitation customer lists and sales records.

To the extent available, the records and documents referred to in the preceding paragraph shall also be provided in the form of electronic files.

(j) Regulatory Approvals

The regulatory approvals set forth in Exhibit 2(j).

(k) Receivables

All Receivables of the Business as of the Closing.

(l) Other Assets

The transfer shall also include all other assets of the Seller, including, without limitation, furniture, that are used exclusively or primarily in the Business but have not been specified herein or in the Exhibits hereto, including, without limitation, all goodwill primarily relating to and any of the foregoing SPAB Assets, the Assumed Contracts and the Business, as well as additional assets which have been

supplied to the Business as of the date of this agreement until the Closing Date or have arisen as a result of the ordinary course of the Business during the said period.

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3. LIABILITIES TO BE ASSUMED

At the Closing, the Purchaser hereby agrees to assume all accrued wages and benefits, trade payables, all other liabilities of the Business, known or unknown, contingent or otherwise, including, but not limited to warranty claims, and all accrued pension liabilities, and all obligations of the Seller under the Assumed Contracts (hereinafter referred to as the "Assumed Liabilities"); provided, however, that the Purchaser does not agree to assume any liabilities or obligations of the Seller as specified in Section 2(g) of this Agreement.

4. VALUE ADDED TAX AND OTHER TAXES

The parties are of the opinion that the sale and purchase of the SPAB Assets is exempt from any value added tax (Sw. mervardesskatt) ("VAT"), but to the extent any VAT or other tax is payable due to the sale and purchase of any of the Assets, the Purchaser and the Seller shall each pay one half of such VAT or other tax. The parties shall co-operate in taking all reasonable measures with a view to ensure that the sale and purchase of the SPAB Assets is exempt from VAT.

5. CERTAIN COVENANTS

(a) The Assumed Contracts

(i) The Purchaser and the Seller shall use reasonable efforts to, as soon as possible, obtain any consents required for the assignment of the Assumed Contracts to the Purchaser pursuant to this Agreement.

(ii) If the counterparty to any Assumed Contract does not give its consent to the assignment of any of the Seller's rights and obligations under such Assumed Contract, then the Seller shall remain a party to such Assumed Contract, but all rights and benefits thereunder shall belong to the Purchaser, and the Purchaser shall perform and fulfil all the Seller's obligations thereunder. Provided that the Purchaser performs and fulfils all such obligations, the Seller undertakes to transfer all payments, remuneration and other benefits obtained by the Seller under such Assumed Contracts to the Purchaser.

(b) Customer Claims

The Purchaser shall be responsible for and rectify all claims from customers which relate to product complaints due to services rendered or products delivered by the Seller.

(c) Manufacturers' Warranties

To the extent permissible, the Seller will assign to the Purchaser all manufacturers' warranties with respect to the SPAB Assets. The Seller will assist and co-operate with the Purchaser in the enforcement of any such warranties, and, if necessary, will authorize the filing of suits against persons granting such warranties with respect to the SPAB Assets to enforce such warranties in the Seller's name for the use and benefit of the Purchaser.

(d) The Spectra Precision and Geotronics Names

The Seller undertakes to, upon the request of the Purchaser, change its company name so as to exclude the name "Spectra Precision" and deregister the secondary name "Geotronics." Further, the Seller undertakes to, at the same time, grant all consents and take all other actions necessary to allow the Purchaser, or an Affiliate designated by Purchaser, to

register with the Swedish Patent and Registration Office or similar authority the name "Spectra Precision AB" as a company name and the name "Geotronics" as a secondary name.

(e) Certain Transfers

The Seller and the Purchaser undertake to use their best efforts, prior to the Closing Date, to agree on how the transfer of (i) the branch offices in Dubai and Maila and (ii) the shares in Tianjin Geotronics Instrument Co. Ltd. Shall be effectuated.

6. MISCELLANEOUS

(a) Condition

The consummation of the transactions pursuant to this Agreement is subject to the satisfaction on the Closing Date of the Conditions to Closing set forth in Article VIII of the Stock and Asset Purchase Agreement.

(b) Termination

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Should the Stock and Asset Purchase Agreement terminate for whatever reason, this Agreement shall automatically terminate.

(c) Assignment

This Agreement may not be assigned by operation of law or otherwise without the express written consent of the Seller and the Purchaser (which consent may be granted or withheld in the sole discretion of the Seller or the Purchaser); provided, however, that the Purchaser may assign this Agreement and its rights hereunder, in whole or in part, to one or more other buyers that is an Affiliate of the Purchaser.

(d) Entire Agreement

This Agreement and the Stock and Asset Purchase Agreement embody the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings.

(e) Applicable Law

This Agreement shall in all respects be governed by and construed in accordance with Swedish law as such law shall from time to time be in force.

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This Agreement may be executed in two (2) or more copies, of which each party has taken a copy.

Stockholm, Sweden, May \_\_\_\_, 2000

SPECTRA PRECISION AB

TRIMBLE ACQUISITION CORP.

by:/s/ Anders Rhodin

by: /s/ Steven W. Berglund

-----  
Anders Rhodin  
title: President

-----  
Steven W. Berglund  
title: President and CEO

by:/s/ Erik Asplund

-----

Erik Asplund  
title: Board Member

EXHIBIT 10.74

=====  
\$200,000,000  
=====

CREDIT AGREEMENT

Dated as of July 14, 2000

among

TRIMBLE NAVIGATION LIMITED,  
as the Company,

the SUBSIDIARY BORROWERS,

THE INSTITUTIONS FROM TIME TO TIME

PARTIES HERETO AS LENDERS,

ABN AMRO BANK N.V.,  
as Administrative Agent, Issuing Bank,

and Swing Line Bank,

FLEET NATIONAL BANK,  
as Syndication Agent,

and

THE BANK OF NOVA SCOTIA,  
as Documentation Agent,

Arranged By

ABN AMRO BANK N.V.,  
as Lead Arranger and Sole Book Runner,

and

FLEETBOSTON ROBERTSON STEPHENS INC.,  
as Co-Arranger

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EXHIBITS AND SCHEDULES

EXHIBITS

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EXHIBIT A-1	--	Eurocurrency Payment Offices [not submitted in filing]
EXHIBIT B	--	Form of Borrowing/Conversion/Continuation Notice (Section 2.3 and Section 2.8 and Section 2.10) [not submitted in filing]
EXHIBIT C	--	Form of Request for Letter of Credit (Section 3.4) [not submitted in filing]
EXHIBIT D	--	Form of Assignment and Acceptance Agreement (Sections 2.20 and 14.3) [not submitted in filing]
EXHIBIT E	--	Form of Officer's Certificate (Section 7.1(a)(iii)) [not submitted in filing]
EXHIBIT F	--	Form of Compliance Certificate (Section 7.1(a)(iii)) [not submitted in filing]
EXHIBIT G-1	--	Form of Guaranty (Definitions) [not submitted in filing]
EXHIBIT G-2	--	Form of Subordination Agreement (Definitions) [not submitted in filing]
EXHIBIT H	--	Form of Alternate Currency Addendum (Definitions) [not submitted in filing]

EXHIBIT I-1A -- Form of Tranche A Revolving Loan Note (If Requested)  
[not submitted in filing]

EXHIBIT I-1B -- Form of Tranche B Revolving Loan Note (If Requested)  
[not submitted in filing]

EXHIBIT I-2 -- Form of Term Loan Note (If Requested) [not submitted  
in filing]

EXHIBIT J -- Form of Assumption Letter [not submitted in filing]

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#### SCHEDULES

Schedule 1.1.1 -- Permitted Existing Contingent Obligations (Definitions)  
[not submitted in filing]

Schedule 1.1.2 -- Permitted Existing Indebtedness (Definitions)  
[not submitted in filing]

Schedule 1.1.3 -- Permitted Existing Investments (Definitions)  
[not submitted in filing]

Schedule 1.1.4 -- Permitted Existing Liens (Definitions) [not submitted  
in filing]

Schedule 3.2 -- Transitional Letters of Credit (Section 3.2) [not  
submitted in filing]

Schedule 6.8 -- Subsidiaries (Section 6.8) [not submitted in filing]

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#### CREDIT AGREEMENT

This CREDIT AGREEMENT dated as of July 14, 2000 is entered into by and among, TRIMBLE NAVIGATION LIMITED, a California corporation (the "Company"), the institutions from time to time parties hereto as Lenders, whether by execution of this Agreement or an Assignment Agreement pursuant to Section 14.3, ABN AMRO BANK N.V. in its capacity as administrative agent (the "Administrative Agent") for itself and the other Lenders, and FLEET NATIONAL BANK, as Syndication Agent (the "Syndication Agent") and THE BANK OF NOVA SCOTIA, as Documentation Agent (the "Documentation Agent").

#### R E C I T A L S :

A. The Company is party to a certain Stock and Asset Purchase Agreement (as hereinafter defined), pursuant to which the Company is purchasing substantially all of the assets and all of the capital stock of the Seller and certain Subsidiaries thereof and is modifying the corporate structure of the Seller's European holdings for tax planning purposes in a manner acceptable to the Administrative Agent and pursuant to which Seller is becoming a Subsidiary of the Company (the "Spectra Precision Acquisition").

B. The Company has requested the Lenders to make financial accommodations to it in the aggregate principal amount of \$200,000,000, the proceeds of which the Company will use to (a) partially finance the cash payment to be made pursuant to the Stock and Asset Purchase Agreement, (b) refinance approximately \$30,000,000 of existing Indebtedness; (c) pay fees and expenses incurred in connection with the Spectra Precision Acquisition; and (d) provide for working capital and other general corporate purposes of the Company and its Subsidiaries.

C. The Lenders are willing to extend such financial accommodations on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual covenants and undertakings herein contained, and for other good and valuable consideration, the receipt and

sufficiency of which are hereby acknowledged, the Borrowers, the Lenders and the Administrative Agent hereby agree as follows:

: DEFINITIONS

Certain Defined Terms. In addition to the terms defined above, the following terms used in this Agreement shall have the following meanings, applicable both to the singular and the plural forms of the terms defined.

As used in this Agreement:

"ABN" means ABN AMRO Bank N.V., in its individual capacity, and its successors.

"Acquisition" means any transaction, or any series of related transactions, consummated on or after the date of this Agreement, by which the Company or any of its Subsidiaries (a) acquires any going business concern or all or substantially all of the assets of any firm, corporation or division thereof, whether through purchase of assets, merger or otherwise or (b) directly or indirectly acquires (in one transaction or as the most recent transaction in a series of transactions) at least a majority (in number of votes) of the securities of a corporation which have ordinary voting power for the election of directors (other than securities having such power only by reason of the happening of a contingency) or a majority (by percentage of voting power) of the outstanding equity interests of another Person.

"Acquisition Documents" means the Stock and Asset Purchase Agreement, the documents evidencing the Subordinated Seller Debt and the other documents, certificates and agreements delivered in connection with the Spectra Precision Acquisition.

"Administrative Agent" means ABN in its capacity as administrative agent for itself and the Lenders pursuant to Article XII hereof and any successor Administrative Agent appointed pursuant to Article XII hereof.

"Advance" means a borrowing hereunder consisting of the aggregate amount of the several Loan(s) made by some or all of the Lenders to the applicable Borrower of the same Type and, in the case of Eurocurrency Rate Advances and Alternate Currency Loans, in the same currency and for the same Interest Period.

"Affected Lender" is defined in Section 2.20 hereof.

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"Affiliate" of any Person means any other Person directly or indirectly controlling, controlled by or under common control with such Person. A Person shall be deemed to control another Person if the controlling Person is the "beneficial owner" (as defined in Rule 13d-3 under the Securities Exchange Act of 1934) of greater than ten percent (10%) or more of any class of voting securities (or other voting interests) of the controlled Person or possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of the controlled Person, whether through ownership of Capital Stock, by contract or otherwise.

"Aggregate Commitment" means, as of any date of determination, the sum of (a) the Aggregate Revolving Loan Commitment as of such date and (b) the Aggregate Term Loan Commitment as of such date.

"Aggregate Revolving Loan Commitment" means, as of any date of determination, the sum of (a) the Aggregate Tranche A Revolving Loan Commitment as of such date and (b) the Aggregate Tranche B Revolving Loan Commitment as of such date.

"Aggregate Term Loan Commitment" means the aggregate of the Term Loan Commitments of all the Lenders. The initial Aggregate Term Loan Commitment is One Hundred Million and 00/100 Dollars (\$100,000,000.00).

"Aggregate Tranche A Revolving Loan Commitment" means the aggregate of the Tranche A Revolving Loan Commitments of all the Lenders, as they may be adjusted from time to time pursuant to the terms hereof. The initial Aggregate Tranche A Revolving Loan Commitment is Fifty Million and 00/100 Dollars (\$50,000,000.00).

"Aggregate Tranche B Revolving Loan Commitment" means the aggregate of the Tranche B Revolving Loan Commitments of all the Lenders, as they may be adjusted

from time to time pursuant to the terms hereof. The initial Aggregate Tranche B Revolving Loan Commitment is Fifty Million and 00/100 Dollars (\$50,000,000.00).

"Agreed Currencies" means (a) Dollars, (b) so long as such currency remains an Eligible Currency, euro, and (c) any other Eligible Currency which the applicable Borrower requests the Administrative Agent to include as an Agreed Currency hereunder and which is agreed to by all of the Lenders with a Tranche B Revolving Loan Commitment; provided that the Administrative Agent shall promptly notify each such Lender of each such request and each such Lender shall be deemed not to have agreed to each such request unless and until its written consent thereto has been received by the Administrative Agent.

"Agreement" means this Credit Agreement, as it may be amended, restated or otherwise modified and in effect from time to time.

"Agreement Accounting Principles" means generally accepted accounting principles as applied in a manner consistent with that used in preparing the financial statements of the Company referred to in Section 6.4 hereof; provided, however, that for the purposes of determining compliance with the financial covenants set forth in Section 7.4 hereof, "Agreement Accounting Principles" means generally accepted accounting principles as in effect as of the date of this Agreement.

"Alternate Base Rate" means, for any day, a fluctuating rate of interest per annum equal to in the case of Loans in Dollars, the higher of (a) the Prime Rate for such day and (b) the sum of (i) the Federal Funds Effective Rate for such day and (ii) one half percent (.50%) per annum and in the case of Loans in other Eligible Currencies, the comparable rate for such other Eligible Currency, as reasonably determined by the Administrative Agent or the Alternate Currency Bank, as applicable.

"Alternate Currency" shall mean any Eligible Currency which is not an Agreed Currency and which the applicable Borrower requests the applicable Alternate Currency Bank to include as an Alternate Currency hereunder and which is acceptable to the applicable Alternate Currency Bank and with respect to which an Alternate Currency Addendum has been executed by a Subsidiary Borrower or the Company and the applicable Alternate Currency Bank in connection therewith.

"Alternate Currency Addendum" means an addendum substantially in the form of Exhibit H hereto with such modifications thereto as shall be approved by the applicable Alternate Currency Bank and the Administrative Agent.

"Alternate Currency Bank" means ABN and any other Lender with a Tranche B Revolving Loan Commitment (or any Affiliate, branch or agency thereof) to the extent it is party to an Alternate Currency Addendum as the "Alternate Currency Bank" thereunder. If any agency, branch or Affiliate of such Lender shall be a party to an Alternate Currency Addendum, such agency, branch or Affiliate shall, to the extent of any commitment extended and any Loans made by it,

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have all the rights of such Lender hereunder; provided, however, that such Lender shall to the exclusion of such agency, branch or Affiliate, continue to have all the voting rights vested in it by the terms hereof.

"Alternate Currency Borrowing" means any borrowing consisting of a Loan made in an Alternate Currency.

"Alternate Currency Commitment" means, for any Alternate Currency Bank for each Alternate Currency, the obligation of such Alternate Currency Bank to make Alternate Currency Loans not exceeding the Dollar Amount set forth in the applicable Alternate Currency Addendum, as such amount may be modified from time to time pursuant to the terms of this Agreement and the applicable Alternate Currency Addendum.

"Alternate Currency Interest Period" means, with respect to any Alternate Currency Loan, the Interest Period as set forth in, or determined in accordance with, the applicable Alternate Currency Addendum.

"Alternate Currency Loan" means any Loan denominated in an Alternate Currency made by the applicable Alternate Currency Bank to a Subsidiary Borrower or the Company pursuant to Section 2.21 and an Alternate Currency Addendum.

"Alternate Currency Rate" means, for any day for any Alternate Currency Loan, the per annum rate of interest selected by the applicable Borrower under and as set forth in the applicable Alternate Currency Addendum.

"Applicable Commitment Fee Percentage" means, as at any date of determination, the rate per annum then applicable in the determination of the amount payable under Section 2.15(c) (i) hereof determined in accordance with the provisions of Section 2.15(d) (ii) hereof.

"Applicable Eurocurrency Margin" means, as at any date of determination, the rate per annum then applicable to Eurocurrency Rate Loans determined in accordance with the provisions of Section 2.15(d) (ii) hereof.

"Applicable Floating Rate Margin" means, as at any date of determination, the rate per annum then applicable to Floating Rate Loans determined in accordance with the provisions of Section 2.15(d) (ii) hereof.

"Applicable L/C Fee Percentage" means, as at any date of determination, a rate per annum equal to the Applicable Eurocurrency Margin for Eurocurrency Rate Loans in effect on such date.

"Approved Fund" means, with respect to any Lender that is a fund or commingled investment vehicle that invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Approximate Equivalent Amount" of any currency with respect to any amount of Dollars shall mean the Equivalent Amount of such currency with respect to such amount of Dollars at such date, rounded up to the nearest amount of such currency as determined by the Administrative Agent from time to time.

"Arrangers" means each of ABN, as Lead Arranger and Sole Book Runner, and FleetBoston Robertson Stephens Inc., as Co-Arranger, in their respective capacities as arrangers for the loan transaction evidenced by this Agreement.

"Asset Sale" means, with respect to any Person, the sale, lease, conveyance, disposition or other transfer by such Person of any of its assets (including by way of a sale-leaseback transaction) to any Person other than the Company or any of its Wholly-Owned Subsidiaries other than (a) the sale or lease of Inventory in the ordinary course of business, (b) the sale or other disposition of any obsolete, excess, damaged or worn-out Equipment disposed of in the ordinary course of business and (c) the sale or liquidation of Cash Equivalents, (d) dispositions or transfers in the nature of a license or sublicense of intellectual property, other than licenses that are exclusive across all regions and fields and (e) other sales, dispositions, leases, conveyances or transfers in the ordinary course of business, consistent with past practices; provided that sales, dispositions, leases, conveyances or transfers described in clauses (b), (d) and (e) shall only be excluded from the definition of Asset Sale to the extent that they do not exceed \$16,000,000 in the fiscal year ending December 29, 2000 and do not exceed \$10,000,000 in any subsequent fiscal year.

"Assignment Agreement" means an assignment and acceptance agreement entered into in connection with an assignment pursuant to Section 14.3 hereof in substantially the form of Exhibit D hereto.

"Assumption Letter" means a letter of a Subsidiary of the Company addressed to the Lenders in substantially the form of Exhibit J hereto pursuant to which such Subsidiary agrees to become a Subsidiary Borrower and agrees to be bound by the terms and conditions hereof.

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"Authorized Officer" means any of the Chairman of the Board, the President, the Treasurer, any Vice President or the Chief Financial Officer of the Company, acting singly.

"Benefit Plan" means a defined benefit plan as defined in Section 3(35) of ERISA (other than a Multiemployer Plan or a Foreign Employee Benefit Plan) and in respect of which the Company or any other member of the Controlled Group is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Borrower" means, as applicable, any of the Company and the Subsidiary

Borrowers, together with their respective successors and assigns; and "Borrowers" shall mean, collectively, the Company and the Subsidiary Borrowers.

"Borrowing Date" means a date on which a Loan is made hereunder.

"Borrowing/Conversion/Continuation Notice" is defined in Section 2.8 hereof.

"Business Day" means (a) with respect to any borrowing, payment or rate selection of Loans bearing interest at the Eurocurrency Rate, a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois, New York, New York and San Francisco, California and (i) in addition, for Loans denominated in Agreed Currencies (other than euro), on which dealings in Dollars and the other applicable Agreed Currencies are carried on in the London interbank market and (ii) in addition, for Loans denominated in euro, on which dealings in euro are carried on in Brussels, Belgium interbank market, and (b) for all other purposes a day (other than a Saturday or Sunday) on which banks are open for business in Chicago, Illinois, New York, New York and San Francisco, California.

"Capital Expenditures" means, without duplication, any expenditures for any purchase or other acquisition of any asset which would be classified as a fixed or capital asset on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with Agreement Accounting Principles excluding (a) the cost of assets acquired with Capitalized Lease Obligations, (b) expenditures of insurance proceeds to rebuild or replace any asset after a casualty loss and (c) leasehold improvement expenditures for which the Borrower or a Subsidiary is reimbursed promptly by the lessor.

"Capital Stock" means (a) in the case of a corporation, corporate stock, (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock, (c) in the case of a partnership, partnership interests (whether general or limited) and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person; provided, however, that "Capital Stock" shall not include any debt securities convertible into equity securities prior to such conversion.

"Capitalized Lease" of a Person means any lease of property by such Person as lessee which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Capitalized Lease Obligations" of a Person means the amount of the obligations of such Person under Capitalized Leases which would be capitalized on a balance sheet of such Person prepared in accordance with Agreement Accounting Principles.

"Cash Equivalents" means (a) marketable direct obligations issued or unconditionally guaranteed by the government of the United States and backed by the full faith and credit of the United States government; (b) domestic and Eurocurrency certificates of deposit and time deposits, bankers' acceptances and floating rate certificates of deposit issued by any commercial bank organized under the laws of the United States, any state thereof, the District of Columbia, any foreign bank, or its branches or agencies, the long-term indebtedness of which institution at the time of acquisition is rated A- (or better) by Standard & Poor's Ratings Group or A3 (or better) by Moody's Investors Services, Inc., and which certificates of deposit and time deposits are fully protected against currency fluctuations for any such deposits with a term of more than ninety (90) days; (c) shares of money market, mutual or similar funds having assets in excess of \$100,000,000 and the investments of which are limited to (i) investment grade securities (i.e., securities rated at least Baa by Moody's Investors Service, Inc. or at least BBB by Standard & Poor's Ratings Group) and (ii) commercial paper of United States and foreign banks and bank holding companies and their subsidiaries and United States and foreign finance, commercial industrial or utility companies which, at the time of acquisition, are rated A-1 (or better) by Standard & Poor's Ratings Group or P-1 (or better) by Moody's Investors Services, Inc. (all such institutions being, "Qualified Institutions"); (d) commercial paper of Qualified Institutions; provided that the maturities of such Cash Equivalents shall not exceed three hundred sixty-five (365) days from the date of acquisition thereof and (e) other Investments properly classified as "cash" or "cash equivalents" in accordance with Agreement Accounting Principles and made in accordance with the Company's investment policy, as approved by the Company's Board of Directors from time to time.

"Change" is defined in Section 4.2 hereof.

"Change of Control" means an event or series of events by which:

any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act of 1934), becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act of 1934, provided that a person shall be deemed to have "beneficial ownership" of all securities that such person has the right to acquire, whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of twenty-five percent (25%) or more of the combined voting power of the Company's outstanding Capital Stock ordinarily having the right to vote at an election of directors; or

the majority of the board of directors of the Company fails to consist of Continuing Directors; or

the Company consolidates with or merges into another corporation or conveys, transfers or leases all or substantially all of its property to any Person, or any corporation consolidates with or merges into the Company, in either event pursuant to a transaction in which the outstanding Capital Stock of the Company is reclassified or changed into or exchanged for cash, securities or other property.

"Closing Date" means the date upon which the applicable conditions precedent set forth in Article V have been satisfied and the initial Loans hereunder made, which shall be on or after July 14, 2000.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral Agent" means the collateral agent for the Lenders, selected pursuant to Section 12.13.

"Collateral Documents" means, collectively, (a) the Security Agreements, the Mortgages, the Pledge Agreements and all other security agreements, mortgages, deeds of trust, patent and trademark assignments, lease assignments, guarantees and other similar agreements between any Borrower or Guarantor and the Lenders, the Administrative Agent or the Collateral Agent for the benefit of the Lenders now or hereafter delivered to the Lenders, the Administrative Agent or the Collateral Agent pursuant to or in connection with the transactions contemplated hereby, and all financing statements (or comparable documents now or hereafter fixed in accordance with the UCC or comparable law) against any Borrower or Guarantor as debtor in favor of the Lenders, the Administrative Agent or the Collateral Agent for the benefit of the Lenders as secured party, and (b) any amendments, supplements, modifications, renewals, replacements, consolidations, substitutions and extensions of any of the foregoing.

"Commission" means the Securities and Exchange Commission of the United States of America and any Person succeeding to the functions thereof.

"Commitment", as to each Lender, means (a) such Lender's Term Loan Commitment, (b) such Lender's Tranche A Revolving Loan Commitment and (c) such Lender's Tranche B Revolving Loan Commitment.

"Company" means Trimble Navigation Limited, a California corporation, together with its successors and assigns, including a debtor-in-possession on behalf of the Company.

"Consolidated Net Assets" means the total assets of the Company and its Subsidiaries on a consolidated basis (determined in accordance with Agreement Accounting Principles), but excluding therefrom all goodwill and other intangible assets under Agreement Accounting Principles.

"Consolidated Net Worth" means, at a particular date, all amounts which would be included under shareholders' equity on the consolidated balance sheet for the Company and its consolidated Subsidiaries, in each case as determined in accordance with Agreement Accounting Principles but excluding the effects, whether positive or negative, of foreign exchange translation adjustments after the Closing Date.



"Contaminant" means any waste, pollutant, hazardous substance, toxic substance, hazardous waste, special waste, petroleum or petroleum-derived substance or waste, asbestos, polychlorinated biphenyls ("PCBs"), or any constituent of any such substance or waste, and includes but is not limited to these terms as defined in Environmental, Health or Safety Requirements of Law.

"Contingent Obligation", as applied to any Person, means any Contractual Obligation, contingent or otherwise, of that Person with respect to any Indebtedness of another or other obligation or liability of another, including, without

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limitation, any such Indebtedness, obligation or liability of another directly or indirectly guaranteed, endorsed (otherwise than for collection or deposit in the ordinary course of business), co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including Contractual Obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or to provide funds for the payment or discharge thereof (whether in the form of loans, advances, stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make payment other than for value received. The amount of any Contingent Obligation shall be equal to the portion of the obligation so guaranteed or otherwise supported, in the case of known recurring obligations, and the maximum reasonably anticipated liability in respect of the portion of the obligation so guaranteed or otherwise supported assuming such Person is required to perform thereunder, in all other cases.

"Continuing Director" means, with respect to any Person as of any date of determination, any member of the board of directors of such Person who (a) was a member of such board of directors on the date hereof or (b) was nominated for election or elected to such board of directors with the approval of the Continuing Directors who were members of such board at the time of such nomination or election.

"Contractual Obligation", as applied to any Person, means any provision of any equity or debt securities issued by that Person or any indenture, mortgage, deed of trust, security agreement, pledge agreement, guaranty, contract, undertaking, agreement or instrument, in any case in writing, to which that Person is a party or by which it or any of its properties is bound, or to which it or any of its properties is subject.

"Controlled Group" means the group consisting of (a) any corporation which is a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Code) as the Company; (b) a partnership or other trade or business (whether or not incorporated) which is under common control (within the meaning of Section 414(c) of the Code) with the Company; and (c) a member of the same affiliated service group (within the meaning of Section 414(m) of the Code) as the Company, in each case ((a), (b) or (c)) giving effect to the consummation of the transactions contemplated by the Loan Documents and the Acquisition Documents.

"Customary Permitted Liens" means:

- (a) Liens (other than Environmental Liens and Liens in favor of the IRS or the PBGC) with respect to the payment of taxes, assessments or governmental charges in all cases which are not yet due or (so long as foreclosure, distraint, sale or other similar proceedings shall not have been commenced or any such proceeding after being commenced is stayed) which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;
- (b) Statutory Liens of landlords and Liens of suppliers, mechanics, carriers, materialmen, warehousemen, service providers or workmen and other similar Liens imposed by law created in the ordinary course of business for amounts not more than sixty (60) days past due or which thereafter can be paid without penalty or which are being contested in good faith by appropriate proceedings properly instituted and diligently conducted and with respect to which adequate reserves or

other appropriate provisions are being maintained in accordance with Agreement Accounting Principles;

(c) Liens arising with respect to zoning restrictions, easements, encroachments, licenses, reservations, covenants, rights-of-way, utility easements, building restrictions and other similar charges, restrictions or encumbrances on the use of real property which do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary use or occupancy of the real property or with the ordinary conduct of the business of the Company or any of its Subsidiaries;

(d) Liens arising in the ordinary course of business out of pledges or deposits under worker's compensation laws, unemployment insurance, old age pensions, or other social security or retirement benefits, or similar legislation;

(e) Liens arising from or upon any judgment or award, provided that such judgment or award is being contested in good faith by proper appeal proceedings and only so long as execution thereon shall be stayed;

(f) Deposits to secure the performance of bids, trade contracts (other than for Indebtedness for borrowed money), leases, statutory obligations, surety bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of the Company's or any Subsidiary's business;

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(g) Leases or subleases and licenses and sublicenses granted to others in the ordinary course of the Company's business not interfering in any material respect with the business of the Company and its Subsidiaries taken as a whole, and any interest or title of a lessor, licensor or under any lease or license;

(h) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods; and

(i) Liens that are subordinate to the Lien of the Administrative Agent or Lenders which constitute rights of set-off of a customary nature or bankers' liens with respect to amounts on deposit, whether arising by operation of law or by contract, in connection with arrangements entered into with banks in the ordinary course of business.

"Default" means an event described in Article VIII hereof.

"Disqualified Stock" means any class or series of capital stock of any Person that by its terms or otherwise: (a) is required to be redeemed prior to the date which is six months after the Facility Termination Date, (b) is redeemable at the option of the holder of such class or series of capital stock at any time prior to the date which is six months after the Facility Termination Date; or (c) is convertible into or exchangeable or exchangeable for capital stock referred to in clause (a) or (b) or Indebtedness having a scheduled maturity prior to the date which is six months after the Facility Termination Date.

"Documentation Agent" means The Bank of Nova Scotia, in its capacity as documentation agent for the loan transaction evidenced by this Agreement, together with its successors and assigns.

"DOL" means the United States Department of Labor and any Person succeeding to the functions thereof.

"Dollar" and "\$" means dollars in the lawful currency of the United States of America.

"Dollar Amount" of any currency at any date shall mean (a) the amount of such currency if such currency is Dollars or (b) the Equivalent Amount of Dollars if such currency is any currency other than Dollars.

"Domestic Subsidiary" means a Subsidiary of the Company organized under the laws of a jurisdiction located in the United States of America.

"EBITDA" means, for any period, on a consolidated basis for the Company and its Subsidiaries, the sum of the amounts for such period, without duplication, of (a) Net Income, plus (b) cash Interest Expense to the extent deducted in computing Net Income, plus (c) charges against income for foreign, federal, state and local taxes to the extent deducted in computing Net Income, plus (d) depreciation expense to the extent deducted in computing Net Income, plus (e) amortization expense, including, without limitation, amortization of goodwill and other intangible assets to the extent deducted in computing Net Income, plus (f) other extraordinary non-cash charges to the extent deducted in computing Net Income, minus (g) other extraordinary cash or non-cash credits to the extent added in computing Net Income; provided, that the Company represents and warrants that EBITDA for the Company and its Subsidiaries (giving pro forma effect to the Spectra Precision Acquisition) for the fiscal quarters ended September 30, 1999, December 31, 1999 and March 31, 2000 is \$14,900,000, \$13,600,000 and 16,300,000, respectively.

"Eligible Currency" means any currency other than Dollars with respect to which the Administrative Agent or the applicable Borrower has not given notice in accordance with Section 2.23 and that is readily available, freely traded, in which deposits are customarily offered to banks in the London interbank market (or other market where the Administrative Agent's or Alternate Currency Bank's, as applicable, foreign currency operations in respect of such currency are then being conducted), convertible into Dollars in the international interbank market available to the Lenders in such market and as to which an Equivalent Amount may be readily calculated. If, after the designation pursuant to the terms of this Agreement of any currency as an Agreed Currency or Alternate Currency, (a) currency control or other exchange regulations are imposed in the country in which such currency is issued with the result that different types of such currency are introduced, such country's currency is, in the determination of the Administrative Agent, no longer readily available or freely traded or (b) in the determination of the Administrative Agent, an Equivalent Amount for such currency is not readily calculable (each of clause (a) and (b), a "Disqualifying Event"), then the Administrative Agent shall promptly notify the Lenders and the Company, and such country's currency shall no longer be an Agreed Currency or Alternate Currency until such time as the Disqualifying Event(s) no longer exist, but in any event within five (5) Business Days of receipt of such notice from the Administrative Agent, the applicable Borrowers shall repay all Loans in such currency to which the Disqualifying Event

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applies or convert such Loan into Loans in Dollars or another Agreed Currency or Alternate Currency, subject to the other terms contained in Articles II and IV.

"Environmental, Health or Safety Requirements of Law" means all Requirements of Law derived from or relating to foreign, federal, state and local laws or regulations relating to or addressing pollution or protection of the environment, or protection of worker health or safety, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601 et seq., the Occupational Safety and Health Act of 1970, 29 U.S.C. ss. 651 et seq., and the Resource Conservation and Recovery Act of 1976, 42 U.S.C. ss. 6901 et seq., in each case including any amendments thereto, any successor statutes, and any regulations or guidance promulgated thereunder, and any state or local equivalent thereof.

"Environmental Lien" means a lien in favor of any Governmental Authority for (a) any liability under Environmental, Health or Safety Requirements of Law, or (b) damages arising from, or costs incurred by such Governmental Authority in response to, a Release or threatened Release of a Contaminant into the environment.

"Equipment" means all of the Company's and its Subsidiaries' present and future (a) equipment, including, without limitation, machinery, manufacturing, distribution, selling, data processing and office equipment, assembly systems, tools, molds, dies, fixtures, appliances, furniture, furnishings, vehicles, vessels, aircraft, aircraft engines, and trade fixtures, (b) other tangible personal property (other than the Company's or its Subsidiaries' Inventory), and (c) any and all accessions, parts and appurtenances attached to any of the foregoing or used in connection therewith, and any substitutions therefor and replacements, products and proceeds thereof.

"Equity Interests" means Capital Stock and all warrants, options or other

rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the arithmetic mean of the buy and sell spot rates of exchange of the Administrative Agent or Alternate Currency Bank, as applicable, in the London interbank market (or other market where the Administrative Agent's or Alternate Currency Bank's, as applicable, foreign exchange operations in respect of such currency are then being conducted) for such other currency at or about 11:00 a.m. (local time) two (2) Business Days prior to the date on which such amount is to be determined, rounded up to the nearest amount of such currency as determined by the applicable Alternate Currency Bank from time to time; provided, however, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent or Alternate Currency Bank, as applicable, may use any reasonable method it deems appropriate to determine such amount, and such determination shall be conclusive absent manifest error.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time including (unless the context otherwise requires) any rules or regulations promulgated thereunder.

"euro" means the euro referred to in the Council Regulation (EC) No. 1103/97 dated 17 June 1997 passed by the Council of the European Union, or, if different, the then lawful currency of the member states of the European Union that participate in the third stage of the Economic and Monetary Union.

"Eurocurrency Base Rate" means, with respect to a Eurocurrency Rate Loan for any specified Interest Period, (a) for any Eurocurrency Rate Loan in any Agreed Currency other than euro, either (i) the rate of interest per annum equal to the rate for deposits in the applicable Agreed Currency in the approximate amount of the Pro Rata Tranche A Revolving Share, Pro Rata Tranche B Revolving Share or Pro Rata Term Share, as applicable, of the Administrative Agent of such Eurocurrency Rate Advance with a maturity approximately equal to such Interest Period which appears on Telerate Page 3740 or Telerate Page 3750, as applicable, or, if there is more than one such rate, the average of such rates rounded to the nearest 1/100 of 1%, as of 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period or (ii) if no such rate of interest appears on Telerate Page 3740 or Telerate Page 3750, as applicable, for any specified Interest Period, the rate at which deposits in the applicable Agreed Currency are offered by the Administrative Agent to first-class banks in the London interbank market at approximately 11:00 a.m. (London time) two (2) Business Days prior to the first day of such Interest Period, in the approximate amount of the Pro Rata Tranche A Revolving Share, Pro Rata Tranche B Revolving Share or Pro Rata Term Share, as applicable, of the Administrative Agent of such Eurocurrency Rate Loan and having a maturity approximately equal to such Interest Period; and (b) with respect to any Eurocurrency Rate Loan in euro for any Interest Period, the interest rate per annum equal to the rate determined by the Administrative Agent to be the rate at which deposits in euro appear on Telerate Page 248 as of 11:00 a.m. (Brussels time), on the date that is two (2) TARGET Settlement Days preceding the first day of such Interest Period; provided, that if such rate does not appear on Telerate Page 248, then the Eurocurrency Base Rate shall be an interest rate per annum equal to the arithmetic mean determined by the Administrative Agent (rounded upwards to the nearest .01%) of the rates per annum at which deposits in euro are offered

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by the three (3) leading banks in the euro-zone interbank market on or about 11:00 a.m. (Brussels time), on the date which is two (2) TARGET Settlement Days prior to the first day of such Interest Period to other leading banks in the euro-zone interbank market. The terms "Telerate Page 3740", "Telerate Page 3750" and "Telerate Page 248" mean the display designated as "Page 3740", "Page 3750" and "Page 248", as applicable, on the Associated Press-Dow Jones Telerate Service (or such other page as may replace Page 3740, Page 3750 or Page 248, as applicable, on the Associated Press-Dow Jones Telerate Service or such other service as may be nominated by the British Bankers' Association as the information vendor for the purpose of displaying British Bankers' Association interest rate settlement rates for the relevant Agreed Currency).

"Eurocurrency Payment Office" of the Administrative Agent shall mean, for each of the Agreed Currencies, any agency, branch or Affiliate of the

Administrative Agent, specified as the "Eurocurrency Payment Office" for such Agreed Currency in Exhibit A-1 hereto or such other agency, branch, Affiliate or correspondence bank of the Administrative Agent, as it may from time to time specify to the applicable Borrowers and each Lender as its Eurocurrency Payment Office.

"Eurocurrency Rate" means, with respect to a Eurocurrency Rate Loan for the relevant Interest Period, the sum of (a) the quotient of (i) the Eurocurrency Base Rate applicable to such Interest Period divided by (ii) one minus the Reserve Requirement plus (b) the then Applicable Eurocurrency Margin, changing as and when the Applicable Eurocurrency Margin changes.

"Eurocurrency Rate Advance" means an Advance which bears interest at the Eurocurrency Rate.

"Eurocurrency Rate Loan" means a Loan made by a Lender pursuant to Section 2.1, which bears interest at the Eurocurrency Rate.

"Excess Cash Flow" means, for any period, for the Company and its Subsidiaries on a consolidated basis, (a) the sum of (i) Net Income, plus (ii) amortization, depreciation and other non-cash charges, minus (b) the sum of (i) Capital Expenditures, plus (ii) principal payments made on all Indebtedness (exclusive of mandatory prepayments made for Excess Cash Flow during such period), and minus (c) the increase (or plus the decrease, as the case may be), as of the last day of a fiscal year from the last day of the previous fiscal year in the excess of Current Assets over Current Liabilities. For purposes of this definition, "Current Assets" means all accounts receivable and Inventory of the Company and its Subsidiaries, calculated in accordance with Agreement Accounting Principles, excluding cash and Cash Equivalents and excluding Accounts due from Affiliates and "Current Liabilities" means all liabilities of the Company and its Subsidiaries which should, in accordance with Agreement Accounting Principles, be classified as current liabilities, and in any event shall include all Indebtedness payable on demand or within one year from the date of determination without any option on the part of the obligor to extend or renew beyond such year, all accruals for federal or other taxes based on or measured by income and payable within such year, and the current portion of long-term Indebtedness required to be paid within one year (excluding the Revolving Credit Obligations).

"Facility Termination Date" is defined in Section 2.19.

"Federal Funds Effective Rate" means, for any day, an interest rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published for such day (or, if such day is not a Business Day, for the immediately preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations at approximately 11:00 a.m. (New York time) on such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent in its sole discretion.

"Fee Letter" means that certain fee letter, dated as of May 15, 2000, by and between the Company and the Administrative Agent.

"Fixed Charge Coverage Ratio" means, as of any date of determination, the ratio of (a) EBITDA to (b) Fixed Charges in each case for the period of four fiscal quarters ending on such date.

"Fixed Charges" means, with respect to the Company and its Subsidiaries on a consolidated basis, as of any date of determination, (a) cash interest expenses paid on outstanding Indebtedness for the period of four fiscal quarters ending on the date of determination, plus (b) scheduled principal payments on Indebtedness (other than the Subordinated Seller Note) made during such period, plus (c) dividends paid on stock, plus (d) Capital Expenditures made during such period.

"Fixed-Rate Advance" means an Advance which bears interest at the Eurocurrency Rate or at a fixed Alternate Currency Rate.

"Fixed-Rate Loans" means, collectively, the Eurocurrency Rate Loans and the Alternate Currency Loans.

"Floating Rate" means, for any day for any Loan, a rate per annum equal to (a) in the case of Loans in Dollars, the Alternate Base Rate for such day, changing when and as the Alternate Base Rate changes, plus the then Applicable Floating Rate Margin, and (b) in the case of Alternate Currency Loans, the rate specified as such in the applicable Alternate Currency Addendum.

"Floating Rate Advance" means an Advance which bears interest at the Floating Rate.

"Floating Rate Loan" means a Loan, or portion thereof, which bears interest at the Floating Rate.

"Foreign Employee Benefit Plan" means any employee benefit plan as defined in Section 3(3) of ERISA which is maintained or contributed to for the benefit of the employees of the Company, any of its Subsidiaries or any members of its Controlled Group and is not covered by ERISA pursuant to ERISA Section 4(b)(4).

"Foreign Subsidiary" means a Subsidiary of the Company which is not a Domestic Subsidiary.

"Foreign Pension Plan" means any employee benefit plan as described in Section 3(3) of ERISA which (a) is maintained or contributed to for the benefit of employees of the Company, any of its Subsidiaries or any member of its Controlled Group, (b) is not covered by ERISA pursuant to Section 4(b)(4) of ERISA, and (c) under applicable local law, is required to be funded through a trust or other funding vehicle.

"Governmental Acts" is defined in Section 3.10(a) hereof.

"Governmental Authority" means any nation or government, any federal, state, local or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative authority or functions of or pertaining to government, including any authority or other quasi-governmental entity established to perform any of such functions.

"Guaranteed Obligations" is defined in Section 10.1 hereof.

"Guarantor" means each Domestic Subsidiary of the Company that from time to time is party to a Guaranty.

"Guaranty" means each of (a) that certain Guaranty (and any and all supplements thereto) executed from time to time by each Subsidiary Borrower that is a Domestic Subsidiary and each other Domestic Subsidiary of the Company as required pursuant to Section 7.2(k) in favor of the Administrative Agent for the benefit of itself and the Holders of Obligations, in substantially the form of Exhibit G-1 attached hereto, and (b) the guaranty by the Company of all of the Obligations of the Subsidiary Borrowers pursuant to this Agreement and the Alternate Currency Addenda, in each case as amended, restated, supplemented or otherwise modified from time to time.

"Hedging Agreements" is defined in Section 7.3(o) hereof.

"Hedging Obligations" of a Person means any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, commodity prices, exchange rates or forward rates applicable to such party's assets, liabilities or exchange transactions, including, but not limited to, dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts and warrants, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any of the foregoing.

"Holders of Obligations" means the holders of the Obligations from time to time and shall include (a) each Lender in respect of its Loans, (b) each Issuing Bank in respect of Reimbursement Obligations owed to it, (c) the Administrative Agent, the Lenders and the Issuing Banks in respect of all other present and future obligations and liabilities of the Company or any of its Subsidiaries of every type and description arising under or in connection with this Agreement or any other Loan Document, (d) each Indemnitee in respect of the obligations and liabilities of the Company or any of its Subsidiaries to such Person hereunder

or under the other Loan Documents, and (e) their respective successors, transferees and assigns.

"Indebtedness" of a Person means, without duplication, such Person's (a) obligations for borrowed money, (b) obligations representing the deferred purchase price of property or services (other than accounts payable arising in the ordinary course of such person's business payable on terms customary in the trade), (c) obligations, whether or not assumed, secured by Liens on or payable out of the proceeds or production from property now or hereafter owned or acquired by such Person, (d) obligations which are evidenced by notes, acceptances, or other similar instruments, (e) Capitalized Lease Obligations, (f) Hedging Obligations, (g) Contingent Obligations, (h) actual and contingent reimbursement obligations in respect of letters of credit, and (i) the implied debt component of synthetic leases of which such Person is lessee or any other off-balance sheet financing arrangements (including, without limitation, any such arrangements giving rise to any Off-Balance Sheet Liabilities); provided that the term "Indebtedness" shall not include any (a) accrued or deferred interest or other expenses, unless capitalized in accordance with Agreement Accounting Principles, or (b) lease properly classified as an operating lease in accordance with Agreement Accounting Principles. The amount of any item of Indebtedness, except for any item of Indebtedness described in clause (h), shall be the amount of any liability in respect thereof appearing on a balance sheet properly prepared in accordance with Agreement Accounting Principles, except that the amount of any item of Indebtedness described in clause (g) shall be determined in accordance with the definition of Contingent Obligations and the amount of any item of Indebtedness described in clause (i) above shall be the "principal-equivalent" amount of such obligation.

"Interest Expense" means, for any period, the total interest expense of the Company and its consolidated Subsidiaries, whether paid or accrued (including the interest component of Capitalized Leases, commitment fees and fees for stand-by letters of credit), all as determined in conformity with Agreement Accounting Principles.

"Interest Period" means (a) with respect to Alternate Currency Loans, any Alternate Currency Interest Period and (b) with respect to a Eurocurrency Rate Loan, a period of one (1), two (2), three (3) or six (6) months or, with the consent of all of the Lenders, nine (9) months, commencing on a Business Day selected by the applicable Borrower on which a Eurocurrency Rate Advance is made to such Borrower pursuant to this Agreement. Such Interest Period described in clause (b) above shall end on (but exclude) the day which corresponds numerically to such date one, two, three, six or nine months thereafter; provided, however, that if there is no such numerically corresponding day in such next, second, third or sixth succeeding month, such Interest Period shall end on the last Business Day of such next, second, third or sixth succeeding month. If an Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next succeeding Business Day, provided, however, that if said next succeeding Business Day falls in a new calendar month, such Interest Period shall end on the immediately preceding Business Day.

"Inventory" shall mean any and all goods, including, without limitation, goods in transit, wheresoever located, whether now owned or hereafter acquired by the Company or any of its Subsidiaries, which are held for sale, rental or lease, furnished under any contract of service or held as raw materials, work in process or supplies, and all materials used or consumed in the business of the Company or any of its Subsidiaries, and shall include all right, title and interest of the Company or any of its Subsidiaries in any property the sale or other disposition of which has given rise to Receivables and which has been returned to or repossessed or stopped in transit by the Company or any of its Subsidiaries.

"Investment" means, with respect to any Person, (a) any purchase or other acquisition by that Person of any Indebtedness, Equity Interests or other securities, or of a beneficial interest in any Indebtedness, Equity Interests or other securities, issued by any other Person, (b) any purchase by that Person of all or substantially all of the assets of a business (whether of a division, branch, unit operation, or otherwise) conducted by another Person, and (c) any loan, advance (other than deposits with financial institutions available for withdrawal on demand, prepaid expenses, accounts receivable, advances to employees and similar items made or incurred in the ordinary course of business) or capital contribution by that Person to any other Person, including all

Indebtedness to such Person arising from a sale of property by such Person other than in the ordinary course of its business.

"IRS" means the Internal Revenue Service and any Person succeeding to the functions thereof.

"Issuing Banks" means ABN, Fleet National Bank, The Bank of Nova Scotia or any of their respective Affiliates in its separate capacity as an issuer of Letters of Credit pursuant to Section 3.1 and ABN or Fleet National Bank in its separate capacity as an issuer of Letters of Credit pursuant to Section 3.2.

"L/C Documents" is defined in Section 3.4 hereof.

"L/C Draft" means a draft drawn on an Issuing Bank pursuant to a Letter of Credit.

"L/C Interest" shall have the meaning ascribed to such term in Section 3.6 hereof.

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"L/C Obligations" means, without duplication, an amount equal to the sum of (a) the aggregate amount then available for drawing under each of the Letters of Credit, (b) the face amount of all outstanding L/C Drafts corresponding to the Letters of Credit, which L/C Drafts have been accepted by the applicable Issuing Bank, (c) the aggregate outstanding amount of all Reimbursement Obligations at such time and (d) the aggregate amount equal to the face amount of all Letters of Credit requested by the Borrowers but not yet issued (unless the request for an unissued Letter of Credit has been denied).

"Lenders" means the lending institutions listed on the signature pages of this Agreement, and their successors and assigns.

"Lending Installation" means, with respect to a Lender or the Administrative Agent, any office, branch, subsidiary or Affiliate of such Lender or the Administrative Agent.

"Letter of Credit" means standby letters of credit to be (a) issued by the Issuing Banks pursuant to Section 3.1 hereof or (b) deemed issued by the Issuing Banks pursuant to Section 3.2 hereof.

"Leverage Ratio" means, as of any date of determination, the ratio of (a) Total Indebtedness (not including the Seller Subordinated Debt) on such date of determination to (b) EBITDA for the most recently ended period of four fiscal quarters (including any fiscal quarters ending on the date of determination.)

"Lien" means any lien (statutory or other), mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance or preference, priority or security agreement of any kind or nature whatsoever (including, without limitation, the interest of a vendor or lessor under any conditional sale, Capitalized Lease or other title retention agreement); provided that in no event shall the lessor's interest under any lease properly classified as an operating lease in accordance with Agreed Accounting Principles be a "Lien" for purposes of this definition.

"Loan(s)" means, (a) in the case of any Lender, such Lender's portion of any Advance made pursuant to Section 2.1 hereof, in the case of any Alternate Currency Bank, any Alternate Currency Loan made by it pursuant to Section 2.21 and the applicable Alternate Currency Addendum, and in the case of the Swing Line Bank, any Swing Line Loan made by it pursuant to Section 2.3, and (b) collectively, all Revolving Loans, Term Loans, Alternate Currency Loans, and Swing Line Loans.

"Loan Account" is defined in Section 2.13(a) hereof.

"Loan Documents" means this Agreement, each Alternate Currency Addendum executed hereunder, each Assumption Letter executed hereunder, the Collateral Documents, the Guaranty, the Subordination Agreement, the Fee Letter and all other documents, instruments, notes and agreements executed in connection therewith or contemplated thereby, as the same may be amended, restated or otherwise modified and in effect from time to time.

"Loan Parties" means each of the Company, each Subsidiary Borrower and each of the Guarantors.



"Margin Stock" shall have the meaning ascribed to such term in Regulation U.

"Material Adverse Effect" means a material adverse effect upon (a) the business, condition (financial or otherwise), operations, performance, properties or prospects of the Company or the Company and its Subsidiaries, taken as a whole, (b) the ability of the Company or any of its Subsidiaries to perform their respective obligations under the Loan Documents, or (c) the ability of the Lenders or the Administrative Agent to enforce the Obligations.

"Mortgages" means one or more deeds of trust, mortgages, leasehold mortgages, assignments of rents or similar documents, satisfactory in form and substance to the Administrative Agent, executed and delivered by the Company and its Domestic Subsidiaries pursuant to or in connection with the transactions contemplated hereby, as the same may be amended, supplemented or otherwise modified from time to time.

"Multiemployer Plan" means a "Multiemployer Plan" as defined in Section 4001(a)(3) of ERISA which is, or within the immediately preceding six (6) years was, or was required to be, contributed to by either the Company or any member of the Controlled Group.

"National Currency Unit" means the unit of currency (other than a euro) of each member state of the European Union that participates in the third stage of Economic and Monetary Union.

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"Net Income" means, for any period, the net income (or loss) after taxes of the Company and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with Agreement Accounting Principles.

"Net Proceeds" means (a) with respect to any Asset Sale, the sum of cash or readily marketable cash equivalents received (including by way of a cash generating sale or discounting of a note or receivable, but excluding any other consideration received in the form of assumption by the acquiring Person of debt or other obligations relating to the properties or assets so disposed of or received in any other non-cash form) therefrom, whether at the time of such disposition or subsequent thereto, or (b) with respect to any sale or issuance of any debt or equity securities of any Borrower, cash or readily marketable cash equivalents received (but excluding any other non-cash form) therefrom, whether at the time of such disposition, sale or issuance or subsequent thereto, net, in either case, of all legal, title and recording tax expenses, commissions and other fees and all costs and expenses incurred and all federal, state, local and other taxes required to be paid or accrued as a liability as a consequence of such transactions.

"Notice of Assignment" is defined in Section 14.3(b) hereof.

"Obligations" means all Loans, L/C Obligations, advances, debts, liabilities, obligations, covenants and duties owing by the Borrowers or any of their Subsidiaries to the Administrative Agent, any Lender, the Swing Line Bank, any Arranger, any Affiliate of the Administrative Agent or any Lender, any Issuing Bank or any Indemnitor, of any kind or nature, present or future, arising under this Agreement, the L/C Documents, any Alternate Currency Addendum or any other Loan Document, whether or not evidenced by any note, guaranty or other instrument, whether or not for the payment of money, whether arising by reason of an extension of credit, loan, guaranty, indemnification, or in any other manner, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising and however acquired. The term includes, without limitation, all interest, charges, expenses, fees, reasonable attorneys' fees and disbursements, reasonable paralegals' fees (in each case whether or not allowed), and any other sum chargeable to the Company or any of its Subsidiaries under this Agreement or any other Loan Document.

"Obligor" is defined in Section 10.1 hereof.

"Off-Balance Sheet Liabilities" of a Person means (i) any repurchase obligation or liability of such Person or any of its Subsidiaries with respect to Receivables sold by such Person or any of its Subsidiaries, (ii) any liability of such Person or any of its Subsidiaries under any sale and leaseback

transactions which do not create a liability on the consolidated balance sheet of such Person, (iii) any liability of such Person or any of its Subsidiaries under any financing lease or so-called "synthetic" lease transaction, or (iv) any obligations of such Person or any of its Subsidiaries arising with respect to any other transaction which is the functional equivalent of or takes the place of borrowing but which does not constitute a liability on the consolidated balance sheets of such Person and its Subsidiaries.

"Other Taxes" is defined in Section 2.15(e) (ii) hereof.

"Participants" is defined in Section 14.2(a) hereof.

"Payment Date" means the last day of each March, June, September and December, the date on which the Aggregate Commitment shall terminate or be cancelled, and the Facility Termination Date.

"PBGC" means the Pension Benefit Guaranty Corporation, or any successor thereto.

"Permitted Acquisition" is defined in Section 7.3(f) hereof.

"Permitted Existing Contingent Obligations" means the Contingent Obligations of the Company and its Subsidiaries identified as such on Schedule 1.1.1 to this Agreement.

"Permitted Existing Indebtedness" means the Indebtedness of the Company and its Subsidiaries identified as such on Schedule 1.1.2 to this Agreement.

"Permitted Existing Investments" means the Investments of the Company and its Subsidiaries identified as such on Schedule 1.1.3 to this Agreement.

"Permitted Existing Liens" means the Liens on assets of the Company and its Subsidiaries identified as such on Schedule 1.1.4 to this Agreement.

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"Person" means any individual, corporation, firm, enterprise, partnership, trust, incorporated or unincorporated association, joint venture, joint stock company, limited liability company or other entity of any kind, or any government or political subdivision or any agency, department or instrumentality thereof.

"Plan" means an employee benefit plan defined in Section 3(3) of ERISA, other than a Multiemployer Plan, in respect of which the Company or any member of the Controlled Group is, or within the immediately preceding six (6) years was, an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements" means one or more pledge agreements, each in form and substance satisfactory to the Administrative Agent, executed and delivered by the Company and/or certain of its Subsidiaries pursuant to or in connection with the transactions contemplated hereby, as the same may be amended, supplemented or otherwise modified from time to time.

"Prime Rate" means the "prime rate" of interest announced by ABN from time to time at its Chicago office, changing when and as said prime rate changes.

"Pro Rata Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (a) such Lender's Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement) by (b) the Aggregate Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement); provided, however, that if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of (A) such Lender's Revolving Loans, plus (B) such Lender's share of the obligations to purchase participations in Alternate Currency Loans and Letters of Credit plus (C) such Lender's share of the obligations to refund or purchase participations in Swing Line Loans, by (ii) the sum of (A) the aggregate outstanding amount of all Revolving Loans, plus (B) the aggregate outstanding amount of all Alternate Currency Loans and all Letters of Credit, plus (C) the aggregate outstanding amount of all Swing Line Loans.

"Pro Rata Share" means, with respect to any Lender, the percentage obtained by dividing (a) such Lender's Commitment at such time (as adjusted from time to

time in accordance with the provisions of this Agreement) by (b) the Aggregate Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement); provided, however, that if all of the Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Share" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of (A) such Lender's Revolving Loans, plus (B) such Lender's Term Loans, plus (C) such Lender's share of the obligations to purchase participations in Alternate Currency Loans and Letters of Credit plus (D) such Lender's share of the obligations to refund or purchase participations in Swing Line Loans, by (ii) the sum of (A) the aggregate outstanding amount of all Revolving Loans, plus (B) the aggregate outstanding amount of all Term Loans, plus (C) the aggregate outstanding amount of all Alternate Currency Loans and all Letters of Credit, plus (D) the aggregate outstanding amount of all Swing Line Loans.

"Pro Rata Term Share" means, with respect to any Lender, the percentage obtained by dividing such Lender's Term Loan Commitment by the Aggregate Term Loan Commitment.

"Pro Rata Tranche A Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (a) such Lender's Tranche A Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement) by (b) the Aggregate Tranche A Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement); provided, however, that if all of the Tranche A Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Tranche A Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of (A) such Lender's Tranche A Revolving Loans, plus (B) such Lender's share of the obligations to purchase participations in Letters of Credit plus (C) such Lender's share of the obligations to refund or purchase participations in Swing Line Loans by (ii) the sum of (A) the aggregate outstanding amount of all Tranche A Revolving Loans, plus (B) the aggregate outstanding amount of all Letters of Credit, plus (C) the aggregate outstanding amount of all Swing Line Loans.

"Pro Rata Tranche B Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (a) such Lender's Tranche B Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement) by (b) the Aggregate Tranche B Revolving Loan Commitment at such time (as adjusted from time to time in accordance with the provisions of this Agreement); provided, however, that if all of the Tranche B Revolving Loan Commitments are terminated pursuant to the terms of this Agreement, then "Pro Rata Tranche B Revolving Share" means, with respect to any Lender, the percentage obtained by dividing (i) the sum of (A) such Lender's Tranche B Revolving Loans plus (B) such Lender's share of the obligations to purchase Alternate Currency Loans, by (ii) the sum of (A) the aggregate outstanding amount of all Tranche B Revolving Loans, plus (B) the aggregate outstanding amount of all Alternate Currency Loans.

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"Purchasers" is defined in Section 14.3(a) hereof.

"Rate Option" means the Eurocurrency Rate, the Floating Rate or the Alternate Currency Rate, as applicable.

"Receivable(s)" means and includes all of the Company's and its Subsidiaries' presently existing and hereafter arising or acquired accounts, accounts receivable, notes receivable, and all present and future rights of the Company or its Subsidiaries, as applicable, to payment for goods sold or leased or for services rendered (except those evidenced by instruments or chattel paper), whether or not they have been earned by performance, and all rights in any merchandise or goods which any of the same may represent, and all rights, title, security and guaranties with respect to each of the foregoing, including, without limitation, any right of stoppage in transit.

"Register" is defined in Section 14.3(c) hereof.

"Regulation T" means Regulation T of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by and to brokers and dealers of securities for the purpose of purchasing or carrying margin stock (as defined therein).

"Regulation U" means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by banks, non-banks and non-broker lenders for the purpose of purchasing or carrying Margin Stock applicable to member banks of the Federal Reserve System.

"Regulation X" means Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor or other regulation or official interpretation of said Board of Governors relating to the extension of credit by foreign lenders for the purpose of purchasing or carrying margin stock (as defined therein).

"Reimbursement Obligation" is defined in Section 3.7 hereof.

"Release" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including the movement of Contaminants through or in the air, soil, surface water or groundwater.

"Replacement Lender" is defined in Section 2.20 hereof.

"Reportable Event" means a reportable event as defined in Section 4043 of ERISA and the regulations issued under such section, with respect to a Plan, excluding, however, such events as to which the PBGC by regulation or otherwise waived the requirement of Section 4043(a) of ERISA that it be notified within thirty (30) days after such event occurs, provided, however, that a failure to meet the minimum funding standards of Section 412 of the Code and of Section 302 of ERISA shall be a Reportable Event regardless of the issuance of any such waiver of the notice requirement in accordance with either Section 4043(a) of ERISA or Section 412(d) of the Code.

"Required Lenders" means Lenders hereunder whose Pro Rata Shares, in the aggregate, are at least fifty-one percent (51%).

"Requirements of Law" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject including, without limitation, the Securities Act of 1933, the Securities Exchange Act of 1934, Regulations T, U and X, ERISA, the Fair Labor Standards Act, the Worker Adjustment and Retraining Notification Act, the Americans with Disabilities Act of 1990, and any certificate of occupancy, zoning ordinance, building, environmental or land use requirement or permit or environmental, labor, employment, occupational safety or health law, rule or regulation, including Environmental, Health or Safety Requirements of Law.

"Reserve Requirement " shall mean, at any time, the maximum reserve requirement, as the prescribed by the Board of Governors of the Federal Reserve System (or any successor) with respect to "Eurocurrency liabilities" or in respect of any other category of liabilities which includes deposits by reference to which the interest rate on Eurocurrency Rate Loans is determined or category of extensions of credit or other assets which includes loans by a non-United States office of any Lender to United States residents.

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"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any Equity Interests of the Company or any of its Subsidiaries now or hereafter outstanding, except a dividend payable solely in the Company's or such Subsidiaries' Equity Interests other than Disqualified Stock or in options, warrants or other rights to purchase such common stock, (b) any redemption, retirement, purchase or other acquisition for value, direct or indirect, of any Equity Interests of the Company or any of its Subsidiaries now or hereafter outstanding, other than in exchange for Equity Interests other than Disqualified Stock of the Company, and (c) any redemption, purchase, retirement, defeasance, prepayment or other acquisition for value, direct or indirect, of any Indebtedness subordinated to the Obligations.

"Revolving Credit Obligations" means, at any particular time, the sum of (a) the Tranche A Revolving Credit Obligations at such time, plus (b) the Tranche B Revolving Credit Obligations at such time.

"Revolving Loan" is defined in Section 2.1 hereof.

"Revolving Loan Commitment" means, for each Lender, the aggregate of such Lender's Tranche A Revolving Loan Commitment and such Lender's Tranche B Revolving Loan Commitment.

"Revolving Loan Termination Date" means July 14, 2003.

"Sale and Leaseback Transaction" shall mean any lease, whether an operating lease or a Capitalized Lease, of any property (whether real or personal or mixed), (a) which the Company or one of its Subsidiaries sold or transferred or is to sell or transfer to any other Person, or (b) which the Company or one of its Subsidiaries intends to use for substantially the same purposes as any other property which has been or is to be sold or transferred by the Company or one of its Subsidiaries to any other Person in connection with such lease.

"Securities Act" means the Securities Act of 1933, as amended from time to time.

"Security Agreements" means one or more security agreements, each in form and substance satisfactory to the Administrative Agent, executed and delivered by the Company and its Domestic Subsidiaries pursuant to or in connection with the transactions contemplated hereby, as the same may be amended, supplemented or otherwise modified from time to time.

"Seller" means Spectra Precision Holdings, Inc. and each party to the Stock and Asset Purchase Agreement, other than the Company.

"Single Employer Plan" means a Benefit Plan maintained by the Company or any member of the Controlled Group for employees of the Company or any member of the Controlled Group.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(a) the fair value of its assets (both at fair valuation and at present fair saleable value) is equal to or in excess of the total amount of its liabilities, including, without limitation, contingent liabilities; and

(b) it is then able and expects to be able to pay its debts as they mature; and

(c) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

With respect to contingent liabilities (such as litigation, guarantees and pension plan liabilities), such liabilities shall be computed at the amount which, in light of all the facts and circumstances existing at the time, represent the amount which can be reasonably be expected to become an actual or matured liability.

"Spectra Precision Acquisition" is defined in the Recitals to this Agreement.

"Stock and Asset Purchase Agreement" means that certain Stock and Asset Purchase Agreement dated May 11, 2000 by and among the Company, Spectra Physics Holdings USA, Inc., Spectra Precision AB and Spectra Precision Europe Holdings, BV, as amended.

"Subordinated Seller Debt" means the Indebtedness of the Company to Spectra Physics Holdings USA, Inc., evidenced by the Seller Subordinated Note, which Indebtedness is subordinated to the Obligations.

"Subordinated Seller Note" means the \$80,000,000 promissory note issued to Spectra Physics Holdings USA, Inc. by the Company pursuant to the Stock and Asset Purchase Agreement.

"Subordination Agreement" means that certain Subordination Agreement (and any and all supplements thereto) executed from time to time by each Subsidiary

of the Company which may now or in the future have any claim against any Loan Party and each other Subsidiary of the Company as required pursuant to Section 7.2(k) in favor of the Administrative Agent for the benefit of itself and the Holders of Obligations, in substantially the form of Exhibit G-2 attached hereto, as the same may be amended, restated, supplemented or otherwise modified from time to time.

"Subsidiary" of a Person means (a) any corporation more than fifty (50%) of the outstanding securities having ordinary voting power of which shall at the time be owned or controlled, directly or indirectly, by such Person or by one or more of its Subsidiaries or by such Person and one or more of its Subsidiaries, or (b) any partnership, association, limited liability company, joint venture or similar business organization more than fifty percent (50%) of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled. Unless otherwise expressly provided, all references herein to a "Subsidiary" mean a Subsidiary of the Company.

"Subsidiary Borrower" means each Subsidiary of the Company (whether now existing or hereafter formed) duly designated by the Company pursuant to Section 2.24 to request Advances hereunder, which Subsidiary shall have delivered to the Administrative Agent an Assumption Letter in accordance with Section 2.24 and such other documents as may be required pursuant to this Agreement, in each case together with its respective successors and assigns, including a debtor-in-possession on behalf of such Subsidiary Borrower.

"Swing Line Bank" means ABN.

"Swing Line Commitment" means the obligation of the Swing Line Bank to make Swing Line Loans up to a maximum principal amount of \$10,000,000 at any one time outstanding.

"Swing Line Loan" means a Loan made to the Company by the Swing Line Bank pursuant to Section 2.3 hereof.

"Syndication Agent" means Fleet National Bank, in its capacity as syndication agent for the loan transaction evidenced by this Agreement, together with its successors and assigns.

"TARGET Settlement Day" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open.

"Taxes" is defined in Section 2.15(e) (i) hereof.

"Term Loan" means a term loan made by a Lender pursuant to Section 2.2 hereof and, collectively, all such term loans.

"Term Loan Commitment" means, for each Lender, (a) prior to the making of the Term Loans, the amount set forth on Exhibit A to this Agreement opposite its name thereon under the heading "Term Loan Commitment" and (b) after the making of the Term Loans, the outstanding principal balance of its Term Loan.

"Term Loan Maturity Date" means July 14, 2005.

"Termination Event" means (a) a Reportable Event with respect to any Benefit Plan; (b) the withdrawal of the Company or any member of the Controlled Group from a Benefit Plan during a plan year in which the Company or such Controlled Group member was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or the cessation of operations which results in the termination of employment of twenty percent (20%) of Benefit Plan participants who are employees of the Company or any member of the Controlled Group; (c) the imposition of an obligation on the Company or any member of the Controlled Group under Section 4041 of ERISA to provide affected parties written notice of intent to terminate a Benefit Plan in a distress termination described in Section 4041(c) of ERISA; (d) the institution by the PBGC or any similar foreign governmental authority of proceedings to terminate a Benefit Plan or Foreign Pension Plan; (e) any event or condition which constitutes grounds under Section 4042 of ERISA which are reasonably likely to lead to the termination of, or the appointment of a trustee to administer, any Benefit Plan; (f) that a foreign governmental authority shall appoint or institute proceedings to appoint a trustee to administer any Foreign Pension Plan in place of the existing administrator, or (g) the partial or complete withdrawal of the Company or any member of the Controlled Group from a Multiemployer Plan or Foreign Pension Plan.

"Total Indebtedness" means, without duplication, (a) all Indebtedness for

borrowed money of the Company and its Subsidiaries, on a consolidated basis, plus, without duplication, (b) (i) the face amount of all outstanding letters of credit (including Letters of Credit) in respect of which the Company or any Subsidiary has any actual or contingent reimbursement obligation, plus (ii) the principal amount of all Indebtedness of any Person in respect of which the Company

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or any Subsidiary has a Contingent Obligation, plus (iii) Indebtedness of the Company and its Subsidiaries evidenced by notes, acceptances or similar instruments, plus (iv) Capitalized Lease Obligations of the Company and its Subsidiaries, plus (v) the implied debt component of synthetic leases of which the Company or any of its Subsidiaries is lessee, plus (vi) Hedging Obligations of the Company and its subsidiaries.

"Tranche A Advance" means an Advance comprised of Tranche A Revolving Loans.

"Tranche A Revolving Credit Availability" means, at any particular time, the amount by which (a) the Aggregate Tranche A Revolving Loan Commitment at such time exceeds (b) the Dollar Amount of the Tranche A Revolving Credit Obligations outstanding at such time.

"Tranche A Revolving Credit Obligations" means, at any particular time, the sum of (a) the outstanding principal Dollar Amount of the Tranche A Revolving Loans at such time, plus (b) the outstanding L/C Obligations at such time, plus (c) the outstanding principal amount of all Swing Line Loans at such time.

"Tranche A Revolving Loan" is defined in Section 2.1 hereof.

"Tranche A Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Tranche A Revolving Loans, to purchase participations in Letters of Credit and to refund or participate in Swing Line Loans not exceeding the amount set forth on Exhibit A to this Agreement opposite its name thereon under the heading "Tranche A Revolving Loan Commitment" or the signature page of the assignment and acceptance by which it became a Lender as such amount may be modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable assignment and acceptance.

"Tranche B Advance" means an Advance comprised of Tranche B Revolving Loans.

"Tranche B Revolving Credit Availability" means, at any particular time, the amount by which (a) the Aggregate Tranche B Revolving Loan Commitment at such time exceeds (b)(i) the Dollar Amount of the Tranche B Revolving Credit Obligations outstanding at such time, plus (ii) the aggregate unused Alternate Currency Commitments at such time.

"Tranche B Revolving Credit Obligations" means, at any particular time, (a) the outstanding principal Dollar Amount of the Tranche B Revolving Loans at such time, plus (b) the Dollar Amount of the outstanding principal amount of the Alternate Currency Loans at such time.

"Tranche B Revolving Loan" is defined in Section 2.1 hereof.

"Tranche B Revolving Loan Commitment" means, for each Lender, the obligation of such Lender to make Tranche B Revolving Loans and to participate in Alternate Currency Loans not exceeding the amount set forth on Exhibit A to this Agreement opposite its name thereon under the heading "Tranche B Revolving Loan Commitment" or the signature page of the assignment and acceptance by which it became a Lender as such amount may be modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable assignment and acceptance.

"Transferee" is defined in Section 14.5 hereof.

"Trigger Event Date" means the date on which the Company shall have demonstrated to the reasonable satisfaction of the Administrative Agent that (a) no Default or Unmatured Default then exists and (b) the Leverage Ratio of the Company and its Subsidiaries, as reflected in the financial statements delivered pursuant to Section 7.1(a)(i) and (ii) shall have been less than 2.00 for four

consecutive fiscal quarters after the Closing Date.

"Type" means, with respect to any Loan, its nature as a Floating Rate Loan or a Eurocurrency Rate Loan.

"UCC" means the Uniform Commercial Code as in effect in the State of Illinois.

"Unfunded Liabilities" means (a) in the case of Single Employer Plans, the amount (if any) by which the aggregate accumulated benefit obligations exceeds the aggregate fair market value of assets of all Single Employer Plans as of the most recent measurement date for which actuarial valuations have been completed and certified to the Company, all as determined under FAS 87 using the methods and assumptions used by the Company for financial accounting purposes, and (b) in the case of Multiemployer Plans, the withdrawal liability that would be incurred by the Controlled Group if all members of the Controlled Group completely withdrew from all Multiemployer Plans.

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"Unmatured Default" means an event which, but for the lapse of time or the giving of notice, or both, would constitute a Default.

"Wholly-Owned Subsidiary" of a Person means (a) any Subsidiary all of the outstanding voting securities of which shall at the time be owned or controlled, directly or indirectly, by such Person or one or more Wholly-Owned Subsidiaries of such Person, or by such Person and one or more Wholly-Owned Subsidiaries of such Person, or (b) any partnership, limited liability company, association, joint venture or similar business organization 100% of the ownership interests having ordinary voting power of which shall at the time be so owned or controlled, in each case, other than director qualifying shares. Unless the context otherwise requires, "Wholly-Owned Subsidiary" means a wholly-owned subsidiary of the Company.

The foregoing definitions shall be equally applicable to both the singular and plural forms of the defined terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with generally accepted accounting principles in existence as of the date hereof.

References. Any references to Subsidiaries of the Company set forth herein shall not in any way be construed as consent by the Administrative Agent or any Lender to the establishment, maintenance or acquisition of any Subsidiary, except as may otherwise be permitted hereunder.

Rounding and Other Consequential Changes. Without prejudice to any method of conversion or rounding prescribed by any legislative measures of the Council of the European Union, each reference in this Agreement to a fixed amount or to fixed amounts in a National Currency Unit to be paid to or by the Administrative Agent shall be replaced by a reference to such comparable and convenient fixed amount or fixed amounts in euro as the Administrative Agent may from time to time specify unless such National Currency Unit remains available and the Company and the Administrative Agent agree to use such National Currency Unit instead of the euro.

#### : LOAN FACILITIES

##### Revolving Loans.

Upon the satisfaction of the conditions precedent set forth in Sections 5.1, 5.2 and 5.3, as applicable, from and including the Closing Date and prior to the Revolving Loan Termination Date, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to the Borrowers from time to time (i) in Dollars, in a Dollar Amount not to exceed such Lender's Pro Rata Tranche A Revolving Share of Tranche A Revolving Credit Availability at such time (each individually, a "Tranche A Revolving Loan" and, collectively, the "Tranche A Revolving Loans"); and (ii) in Dollars or any Agreed Currency, in a Dollar Amount not to exceed such Lender's Pro Rata Tranche B Revolving Share of Tranche B Revolving Credit Availability at such time (each individually, a "Tranche B Revolving Loan," collectively, the "Tranche B Revolving Loans" and, together with the Tranche A Revolving Loans, the "Revolving Loans"); provided,



however, that (i) at no time shall the Dollar Amount of the Tranche A Revolving Credit Obligations exceed the Aggregate Tranche A Revolving Loan Commitment; (ii) at no time shall the Dollar Amount of the Tranche B Revolving Credit Obligations exceed the Aggregate Tranche B Revolving Loan Commitment; (iii) at no time shall the Dollar Amount of the Revolving Credit Obligations of any Subsidiary Borrower that is a Domestic Subsidiary exceed \$40,000,000; (iv) at no time shall the aggregate Dollar Amount of the Revolving Credit Obligations of all Foreign Subsidiaries exceed \$30,000,000 and (v) Tranche A Revolving Loans shall not be made to any Borrower which is not organized under the laws of a jurisdiction located in the United States of America. Subject to the terms of this Agreement, the Borrowers may borrow, repay and reborrow Revolving Loans at any time prior to the Revolving Termination Date. Revolving Loans shall be, at the option of the applicable Borrower, selected in accordance with Section 2.10, and shall be either Floating Rate Loans or Eurocurrency Rate Loans. On the Revolving Loan Termination Date, each Borrower shall repay in full the outstanding principal balance of Revolving Loans made to it. Tranche A Revolving Loans shall be made by each Lender ratably in proportion to such Lender's respective Pro Rata Tranche A Revolving Share and Tranche B Revolving Loans shall be made by each Lender ratably in proportion to such Lender's respective Pro Rata Tranche B Revolving Share.

Making of Tranche A Revolving Loans. Promptly after receipt of the Borrowing/ Conversion/Continuation Notice under Section 2.8 in respect of Tranche A Revolving Loans, the Administrative Agent shall notify each Lender with a Tranche A Revolving Loan Commitment by telex or telecopy, or other similar form of transmission, of the requested Tranche A Revolving Loan. Each Lender with a Tranche A Revolving Loan Commitment shall make available its Tranche A Revolving Loan in accordance with the terms of Section 2.7. The Administrative Agent will promptly make the funds so received from the Lenders available to the applicable Borrower at the Administrative Agent's office in New York, New York on the applicable Borrowing Date and shall disburse such

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proceeds in accordance with the applicable Borrower's disbursement instructions set forth in such Borrowing/Conversion/Continuation Notice. The failure of any Lender to deposit the amount described above with the Administrative Agent on the applicable Borrowing Date shall not relieve any other Lender of its obligations hereunder to make its Tranche A Revolving Loan on such Borrowing Date.

(c) Making of Tranche B Revolving Loans. Promptly after receipt of the Borrowing/Conversion/Continuation Notice under Section 2.8 in respect of Tranche B Revolving Loans, the Administrative Agent shall notify each Lender with a Tranche B Revolving Loan Commitment by telex or telecopy, or other similar form of transmission, of the requested Tranche B Revolving Loan. Each Lender with a Tranche B Revolving Loan Commitment shall make available its Tranche B Revolving Loan in accordance with the terms of Section 2.7. The Administrative Agent will promptly make the funds so received from the Lenders available to the applicable Borrower at the Administrative Agent's office in New York, New York on the applicable Borrowing Date and shall disburse such proceeds in accordance with the applicable Borrower's disbursement instructions set forth in such Borrowing/Conversion/Continuation Notice. The failure of any Lender to deposit the amount described above with the Administrative Agent on the applicable Borrowing Date shall not relieve any other Lender of its obligations hereunder to make its Tranche B Revolving Loan on such Borrowing Date.

Term Loans.

(a) Upon the satisfaction of the conditions precedent set forth in Section 5.1, each Lender severally and not jointly agrees, on the terms and conditions set forth in this Agreement, to make a single term loan to the Company on the Closing Date, in Dollars, in an amount not to exceed such Lender's Term Loan Commitment. Amounts borrowed as a Term Loan which are repaid or prepaid by the Company may not be reborrowed. The Company shall repay all outstanding principal and all accrued but unpaid interest on the Term Loan Maturity Date.

(b) Term Loan Amortization. The Term Loan shall be payable in quarterly installments in the amounts and on the dates, commencing March 31, 2001, as follows:

PAYMENT DATE	AMOUNT
March 31, 2001	\$4,000,000
June 30, 2001	\$4,000,000
September 30, 2001	\$4,000,000
December 31, 2001	\$4,000,000
March 31, 2002	\$5,000,000
June 30, 2002	\$5,000,000
September 30, 2002	\$5,000,000
December 31, 2002	\$5,000,000
March 31, 2003	\$6,000,000
June 30, 2003	\$6,000,000
September 30, 2003	\$6,000,000
December 31, 2003	\$6,000,000
March 31, 2004	\$6,000,000
June 30, 2004	\$6,000,000
September 30, 2004	\$7,000,000
December 31, 2004	\$7,000,000
March 31, 2005	\$7,000,000
July 14, 2005	\$7,000,000 or such other amount as shall then be outstanding

Swing Line Loans.

Amount of Swing Line Loans. Upon the satisfaction of the conditions precedent set forth in Section 5.1, 5.2 and 5.3, as applicable, from and including the Closing Date and prior to the Revolving Loan Termination Date, the Swing Line Bank agrees, on the terms and conditions set forth in this Agreement, to make revolving swing line loans (each, individually, a "Swing Line Loan" and collectively, the "Swing Line Loans") to the Company from time to time in Dollars; provided, however, that at no time shall the aggregate outstanding principal amount of all Swing Line Loans exceed the Swing Line Commitment; and provided further that, at no time shall the Amount of the Tranche A Revolving Credit Obligations exceed the Aggregate Tranche A Revolving Loan Commitment; and

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provided, further, that at no time shall the sum of (i) the outstanding principal amount of the Swing Line Loans plus (ii) the Dollar Amount of the Swing Line Bank's Pro Rata Tranche A Revolving Share of the amount equal to the Tranche A Revolving Credit Obligations less the outstanding principal amount of Swing Line Loans, exceed the Swing Line Bank's Tranche A Revolving Loan Commitment at such time.

Borrowing/Conversion/Continuation Notice; Interest Rate. The Company and/or the applicable Borrower shall deliver to the Administrative Agent and the Swing Line Bank a Borrowing/Conversion/Continuation Notice, signed by it, not later than 12:00 noon (Chicago time) on the Borrowing Date of each Swing Line Loan (or at such later time as may be acceptable to the Swing Line Bank in its sole discretion), specifying (i) the applicable Borrowing Date (which date shall be a Business Day and which may be the same date as the date the Borrowing/Conversion/Continuation Notice is given, (ii) the aggregate amount of the requested Swing Line Loan, the amount of which shall be not less than \$1,000,000 and (iii) payment instructions for the disbursement of such Loans. The Swing Line Loans shall bear interest at the Floating Rate.

Making of Swing Line Loans. Not later than 3:00 p.m. (Chicago time) on the applicable Borrowing Date, the Swing Line Bank shall make available its Swing Line Loan, in funds immediately available in New York, New York to the Administrative Agent at its address specified pursuant to Article XV. The Administrative Agent will promptly make the funds so received from the Swing Line Bank available to the Company on the Borrowing Date at the Administrative Agent's aforesaid address.

Repayment of Swing Line Loans. Each Swing Line Loan shall be paid in full by the Company on or before the seventh (7th) Business Day after the Borrowing Date for such Swing Line Loan. The Company may at any time pay, without penalty or premium, all outstanding Swing Line Loans. In addition, the Administrative Agent (i) may at any time in its sole discretion with respect to any outstanding Swing Line Loan, (ii) shall at any time upon the request of the Swing Line Bank in its sole discretion, or (iii) shall on the seventh (7th) Business Day after the Borrowing Date of any Swing Line Loan, require (by giving notice thereof to each Lender with a Tranche A Revolving Loan Commitment not later than 10:00 a.m. (Chicago time) one Business Day before the date of such Loan) each Lender with a Tranche A Revolving Loan Commitment (including the Swing Line Bank) to make a Tranche A Revolving Loan in the amount of such Lender's Pro Rata Tranche A Revolving Share of such Swing Line Loan, for the purpose of repaying all or any outstanding portion of such Swing Line Loan. Not later than 2:00 p.m. (Chicago time) on the date of any notice received pursuant to this Section 2.3(d), each Lender shall make available its required Tranche A Revolving Loan, in funds immediately available in Chicago to the Administrative Agent at its address specified pursuant to Article XV. Tranche A Revolving Loans made pursuant to this Section 2.3(d) shall initially be Floating Rate Loans and thereafter may be continued as Floating Rate Loans or converted into Eurocurrency Rate Loans in the manner provided in Section 2.10 and subject to the other conditions and limitations therein set forth and set forth in this Article II. Unless a Lender shall have notified the Swing Line Bank, prior to its making any Swing Line Loan, that any applicable condition precedent set forth in Sections 5.1, 5.2 and 5.3, as applicable, had not then been satisfied, such Lender's obligation to make Tranche A Revolving Loans pursuant to this Section 2.3(d) to repay Swing Line Loans shall be unconditional, continuing, irrevocable and absolute and shall not be affected by any circumstances, including, without limitation, (a) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the Administrative Agent, the Swing Line Bank or any other Person, (b) the failure to satisfy any condition set forth herein or the occurrence or continuance of a Default or Unmatured Default, (c) any adverse change in the condition (financial or otherwise) of the Company, or (d) any other circumstances, happening or event whatsoever. In the event that any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.3(d), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives such payment from such Lender or such obligation is otherwise fully satisfied. In addition to the foregoing, if for any reason any Lender fails to make payment to the Administrative Agent of any amount due under this Section 2.3(d) or may not make any Revolving Loan required by this Section 2.3, such Lender shall be deemed, at the option of the Administrative Agent or the Swing Line Bank, to have unconditionally and irrevocably purchased from the Swing Line Bank, without recourse or warranty, an undivided interest and participation in the Swing Line Loan in the amount of such Revolving Loan, and such interest and participation shall be paid by such Lender upon demand by the Swing Line Bank together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand and ending on the date such amount is received. On the Revolving Loan Termination Date, the Company shall repay in full the outstanding principal balance of the Swing Line Loans.

Rate Options for all Advances; Maximum Interest Periods. The Revolving Loans and Term Loans may be Floating Rate Advances or Eurocurrency Rate Advances, or a combination thereof, selected by the Company or the applicable Borrower in accordance with Section 2.9; provided that until the earlier of (a) the date on which syndication of the Aggregate Commitment has been completed to the satisfaction of the Administrative Agent and (b) three months after the Closing Date, the Revolving Loans and Term Loans shall be Floating Rate Advances; provided further that Loans

denominated in euros may not be Floating Advances. The Company or the applicable Borrower may select, in accordance with Section 2.9, Rate Options and Interest Periods applicable to portions of the Revolving Loans, Term Loans and Alternate Currency Loans; provided that there shall be no more than twelve (12)

Interest Periods in effect with respect to all of the Loans at any time (unless otherwise provided in the applicable Alternate Currency Addendum with respect to Alternate Currency Loans). Each Alternate Currency Loan shall bear interest on the outstanding principal amount thereof, for the Interest Period applicable thereto, at the Alternate Currency Rate as set forth in the applicable Alternate Currency Addendum.

Optional Payments; Mandatory Prepayments.

Optional Payments. The Company or the applicable Borrower may from time to time and at any time upon at least one (1) Business Day's prior written notice repay or prepay without penalty or premium all or any part of outstanding Floating Rate Advances in an aggregate minimum amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess thereof. Eurocurrency Rate Advances may be voluntarily repaid or prepaid prior to the last day of the applicable Interest Period, subject to the indemnification provisions contained in Section 4.4, provided that the applicable Borrower may not so prepay Eurocurrency Rate Advances unless it shall have provided at least four (4) Business Days' prior written notice to the Administrative Agent of such prepayment. Each Subsidiary Borrower may, upon prior written notice to the Administrative Agent and to the applicable Alternate Currency Bank as prescribed in the applicable Alternate Currency Addendum and specifying that it is prepaying all or a portion of its Alternate Currency Loans, prepay its Alternate Currency Loans in whole at any time, or from time to time in part in a Dollar Amount aggregating \$5,000,000 or any larger multiple Dollar Amount of \$1,000,000 (or as otherwise specified in the applicable Alternate Currency Addendum) by paying the principal amount to be paid together with all accrued and unpaid interest thereon to and including the date of payment; provided that any such payment occurring prior to the last day of any Interest Period related to such Alternate Currency Loan shall be subject to the indemnification provisions contained in Section 4.4.

Mandatory Prepayments of Loans. (i) If at any time and for any reason (other than fluctuations in currency exchange rates) the Dollar Amount of the Tranche A Revolving Credit Obligations or Tranche B Revolving Credit Obligations is greater than the Aggregate Tranche A Revolving Loan Commitment or the Aggregate Tranche B Revolving Loan Commitment, respectively, the Company shall immediately make or cause to be made a mandatory prepayment of the Tranche A Revolving Credit Obligations or the Tranche B Revolving Credit Obligations, as the case may be, in an amount equal to such excess.

(ii) On the last Business Day of each month, the Administrative Agent shall calculate the Dollar Amount of all outstanding Alternate Currency Loans and Tranche B Revolving Credit Obligations using, for each currency, the arithmetic mean of the buy and sell spot rates of exchange of the Administrative Agent in the London interbank market (or other market where the Administrative Agent's foreign exchange operations in respect of such currency are then being conducted) and if, on such Business Day:

(A) the Dollar Amount of the Tranche B Revolving Credit Obligations exceeds one hundred percent (100%) of the Aggregate Tranche B Revolving Loan Commitment as a result of fluctuations in currency exchange rates, the Borrowers shall immediately prepay Tranche B Revolving Loans in an aggregate amount such that after giving effect thereto the Dollar Amount of the Tranche B Revolving Credit Obligations is less than or equal to the Aggregate Tranche B Revolving Loan Commitment; or

(B) the Dollar Amount of the aggregate outstanding principal amount of Alternate Currency Loans in the same Alternate Currency exceeds the aggregate Alternate Currency Commitments with respect thereto as a result of fluctuations in currency exchange rates, the applicable Borrowers shall on such date prepay Alternate Currency Loans in such Alternate Currency in an aggregate amount such that after giving effect thereto the Dollar amount of all Alternate Currency Loans is less than or equal to the aggregate Alternate Currency Commitments with respect thereto.

(iii) The Company shall make all mandatory prepayments required under Section 2.6.

(iv) At any time prior to the Trigger Event Date and so long as any Term Loans are outstanding, the Company shall prepay the Loans in an amount equal to 100% of (A) the Net Proceeds realized upon any Asset Sale made by the

Company or its Subsidiaries, (B) any insurance proceeds received by the Company or its Subsidiaries in respect of any casualty involving such Person's property and (C) any payments received by the Company or its Subsidiaries from a condemnation of such Person's property, to the extent any of the foregoing Net Proceeds are not applied (or committed to be applied) within one hundred and twenty (120) days after the consummation or receipt thereof, as applicable, to the purchase of similar assets that are not classified as current assets under Agreement Accounting Principles and are used or useful in the business of the Company or its Subsidiaries or to the repair or restoration of the Borrowers' property. If the

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Company does intend to so reinvest any such amounts, it shall give notice of such intent (and the amount intended to be reinvested) to the Administrative Agent upon receipt of such proceeds. Pending such reinvestment, the Company shall use such Net Proceeds to pay down the principal amount of the Revolving Loans to the extent thereof (but without a permanent reduction of the Revolving Loan Commitments). If the Company does not intend to so reinvest such Net Proceeds or if the period set forth in the immediately preceding sentence expires without the Company having reinvested such Net Proceeds, the Company shall prepay the Term Loans (within one (1) Business Day of the expiration of said one hundred and twenty (120) day period) in an amount equal to the Net Proceeds of such Asset Disposition after giving effect to all reinvestments permitted by this subsection.

(v) At any time prior to the Trigger Event Date and so long as any Term Loans are outstanding, within ninety (90) days after the end of each fiscal year, the Company shall prepay the Term Loans in an amount equal to fifty percent (50%) of the Excess Cash Flow, if any, generated by the Company and its Subsidiaries during the immediately preceding fiscal year of the Company.

(vi) At any time prior to the Trigger Event Date and so long as any Term Loans are outstanding, if the Company or any Subsidiary shall issue new Equity Interests or receive any capital contributions other than Equity Interests issued to the Company or another Subsidiary and capital contributions received from the Company or another Subsidiary, the Company shall promptly notify the Administrative Agent of the estimated Net Proceeds of such issuance to be received in respect thereof. Promptly upon, and in no event later than one (1) Business Day after, receipt by the Company or such Subsidiary of Net Proceeds of such issuance, the Company shall prepay the Term Loans in an amount equal to 50% of such Net Proceeds (unless a Default or Unmatured Default shall have occurred and be continuing, in which case the Company shall prepay the Loans in an amount equal to 100% of such Net Proceeds). The Company shall have no obligation to prepay the Term Loans pursuant to this Section 2.5(b)(vi) to the extent that the Company has an obligation to prepay the Seller Subordinated Note in accordance with Section 4.2 of the Seller Subordinated Note (but only to the extent otherwise permitted by the subordination provisions of the Seller Subordinated Note).

(vii) At any time prior to the Trigger Event Date and so long as any Term Loans are outstanding, the Company shall immediately prepay the Term Loans in an amount equal to 100% of the Net Proceeds of any Indebtedness incurred by the Company or any Subsidiary (excluding Indebtedness permitted pursuant to Section 7.3(c)).

(viii) All of the mandatory prepayments made under Section 2.5(b)(i)-(iii) shall be applied to the Tranche A Revolving Credit Obligations or Tranche B Revolving Credit Obligations, as applicable, first to Floating Rate Loans and to any Eurocurrency Rate Loans and Alternate Currency Loans maturing on such date and then to subsequently maturing Eurocurrency Rate Loans and Alternate Currency Loans in order of maturity.

(ix) Any prepayments pursuant to Sections 2.5(b)(iv)-(vii) shall be applied to the outstanding principal balance of the Term Loans against all remaining scheduled principal installments in inverse order of maturity.

Reductions in Commitments. The Company may permanently reduce (i) the Aggregate Tranche A Revolving Loan Commitment in whole, or in part ratably among the Lenders with a Tranche A Revolving Loan Commitment, in an aggregate minimum amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess of that

amount (unless the Aggregate Tranche A Revolving Loan Commitment is reduced in whole), (ii) the Aggregate Tranche B Revolving Loan Commitment in whole, or in part ratably among the Lenders with a Tranche B Revolving Loan Commitment, in an aggregate minimum amount of \$5,000,000 and in integral multiples of \$1,000,000 in excess of that amount (unless the Aggregate Tranche B Revolving Loan Commitment is reduced in whole), (iii) the Swing Line Commitments in whole or in part in amounts of \$1,000,000 upon at least three (3) Business Day's prior written notice to the Administrative Agent and the Swing Line Bank, which notice shall specify the amount of any such reduction or (iv) in whole and terminate the Aggregate Term Loan Commitment upon any reduction in whole of the Aggregate Revolving Loan Commitment; provided, however, that (a) the amount of the Aggregate Tranche A Revolving Loan Commitment may not be reduced below the aggregate principal Dollar Amount of the outstanding Tranche A Revolving Credit Obligations or below the aggregate amount of the Swing Line Commitment and (b) the amount of the Aggregate Tranche B Revolving Loan Commitment may not be reduced below the aggregate principal Dollar Amount of the outstanding Tranche B Revolving Obligations or below the aggregate amount of Alternate Currency Commitments. All accrued commitment fees shall be payable on the effective date of any termination of all or any part the obligations of the Lenders to make Loans hereunder. Each Subsidiary Borrower may, upon three (3) Business Days prior written notice to the Administrative Agent and to the applicable Alternate Currency Bank, terminate entirely at any time or reduce from time to time by an aggregate amount of \$5,000,000 or any larger multiple of \$1,000,000 (or as set forth on the applicable Alternate Currency Addendum), the unused portions

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of the applicable Alternate Currency Commitment as specified by the applicable Subsidiary Borrower in such notice to the Administrative Agent and the applicable Alternate Currency Bank; provided, however, that at no time shall the Alternate Currency Commitment of any Lender in respect of any Alternate Currency be reduced to an amount less than the total outstanding principal amount of all Alternate Currency Loans of such Lender made in such Alternate Currency.

Method of Borrowing. Not later than 2:00 p.m. (Chicago time) on each Borrowing Date, each Lender shall make available its Revolving Loan in immediately available funds in the applicable Agreed Currency to the Administrative Agent at its address specified on its signature page hereto or as otherwise specified pursuant to Article XV, unless the Administrative Agent has notified the Lenders that such Loan is to be made available to the applicable Borrower at the Administrative Agent's Eurocurrency Payment office, in which case each Lender shall make available its Loan or Loans, in funds immediately available to the Administrative Agent at its Eurocurrency Payment Office, not later than 12:00 noon (local time in the city of the Administrative Agent's Eurocurrency Payment Office) in the Agreed Currency designated by the Administrative Agent. The Administrative Agent will promptly make the funds so received from the Lenders available to the applicable Borrower at the Administrative Agent's aforesaid address or Eurocurrency Payment Office, as applicable.

Method of Selecting Types and Interest Periods for Advances. The applicable Borrower shall select the Type of Advance and, in the case of each Eurocurrency Rate Advance, the Interest Period, Agreed Currency and/or Alternate Currency applicable to each Advance from time to time. The applicable Borrower shall give the Administrative Agent irrevocable notice in substantially the form of Exhibit B hereto (a "Borrowing/Conversion/Continuation Notice") not later than 11:00 a.m. (Chicago time) (a) one (1) Business Day before the Borrowing Date of each Floating Rate Advance, and (b) three (3) Business Days before the Borrowing Date for each Eurocurrency Rate Advance to be made in Dollars, and (c) four (4) Business Days before the Borrowing Date for each Eurocurrency Rate Advance to be made in any Agreed Currency other than Dollars and (d) three (3) Business Days before the Borrowing Date for each Alternate Currency Loan (or such other period as may be agreed to by the Administrative Agent and the applicable Borrower), and the applicable Borrower shall give the applicable Alternate Currency Bank irrevocable notice by 11:00 a.m. (local time) three (3) Business Days prior to the Borrowing Date for such Alternate Currency Loan (or such other period as may be agreed to by the applicable Alternate Currency Bank or specified in the applicable Alternate Currency Addendum), specifying: (i) the Borrowing Date (which shall be a Business Day) of such Advance; (ii) the aggregate amount of such Advance; (iii) the Type of Advance selected; (iv) whether the Advance will be a Tranche A Advance or a Tranche B Advance; and (v) in the case of each Eurocurrency Rate Loan, the Interest Period and Agreed Currency or Alternate

Currency applicable thereto. Each Floating Rate Advance, each Alternate Currency Loan bearing a fluctuating Alternate Currency Rate and all Obligations other than Loans shall bear interest from and including the date of the making of such Advance, in the case of Loans, and the date such Obligation is due and owing in the case of such other Obligations, to (but not including) the date of repayment thereof at the Floating Rate or Alternate Currency Rate, as applicable, changing when and as such Floating Rate or Alternate Currency Rate, as applicable, changes. Changes in the rate of interest on that portion of any Advance maintained as a Floating Rate Loan will take effect simultaneously with each change in the Alternate Base Rate. Changes in the rate of interest on any portion of any Alternate Currency Loan bearing a fluctuating Alternate Currency Rate will take effect simultaneously with each change in such Alternate Currency Rate. Each Eurocurrency Rate Advance shall bear interest from and including the first day of the Interest Period applicable thereto to (but not including) the last day of such Interest Period at the interest rate determined as applicable to such Eurocurrency Rate Advance and shall change as and when the Applicable Eurocurrency Margin changes.

Minimum Amount of Each Advance. Each Advance (other than an Advance to repay a Swing Line Loan or Reimbursement Obligation) shall be in the minimum Dollar Amount of \$5,000,000 (or the Approximate Equivalent Amount of any Agreed Currency other than Dollars or any Alternate Currency) and in Dollar Amount multiples of \$1,000,000 (or the Approximate Equivalent Amount of any Agreed Currency other than Dollars or any Alternate Currency) if in excess thereof (or such other amounts as may be specified in the applicable Alternate Currency Addendum), provided, however, that any Floating Rate Advance may be in the amount of the unused Aggregate Tranche A Revolving Loan Commitment or Tranche B Revolving Loan Commitment, as the case may be.

Method of Selecting Types and Interest Periods for Conversion and Continuation of Advances.

Right to Convert. The applicable Borrower may elect from time to time, subject to the provisions of Section 2.4 and this Section 2.10, to convert all or any part of a Loan (other than a Swing Line Loan) of any Type into any other Type or Types of Loans (other than a Swing Line Loan); provided that any conversion of any Eurocurrency Rate Advance shall be made on, and only on, the last day of the Interest Period applicable thereto.

Automatic Conversion and Continuation. Floating Rate Loans shall continue as Floating Rate Loans unless and until such Floating Rate Loans are converted into Eurocurrency Rate Loans. Eurocurrency Rate Loans shall continue as Eurocurrency Rate Loans until the end of the then applicable Interest Period therefor, at which time

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such Eurocurrency Rate Loans shall be automatically converted into Floating Rate Loans unless the Company shall have given the Administrative Agent notice in accordance with Section 2.10(d) requesting that, at the end of such Interest Period, such Eurocurrency Rate Loans continue as a Eurocurrency Rate Loan. Unless a Borrowing/Conversion/Continuation Notice shall have timely been given in accordance with the terms of this Section 2.10, Eurocurrency Rate Advances in an Agreed Currency other than Dollars and Alternate Currency Loans shall automatically continue as Eurocurrency Rate Advances in the same Agreed Currency or Alternate Currency Loans in the same Alternate Currency, as applicable, with an Interest Period of one (1) month.

No Conversion Post-Default or Post-Unmatured Default. Notwithstanding anything to the contrary contained in Section 2.10(a) or Section 2.10(b), no Loan may be converted into or continued as a Eurocurrency Rate Loan (except with the consent of the Required Lenders) when any Default or Unmatured Default has occurred and is continuing.

Borrowing/Conversion/Continuation Notice. The Company shall give the Administrative Agent a Borrowing/Conversion/Continuation Notice with respect to each conversion of a Floating Rate Loan into a Eurocurrency Rate Loan or continuation of a Eurocurrency Rate Loan not later than 11:00 a.m. (Chicago time) (i) three (3) Business Days prior to the

date of the requested conversion or continuation, with respect to any Loan to be converted or continued as a Eurocurrency Rate Loan in Dollars, (ii) four (4) Business Days prior to the date of the requested conversion or continuation with respect to any Loan to be converted or continued as a Eurocurrency Rate Loan in an Agreed Currency other than Dollars, and (iii) five (5) Business Days before the date of the requested conversion or continuation Borrowing Date with respect to the conversion or continuation of any Alternate Currency Loan (or such other period as may be agreed to by the Administrative Agent), and the applicable Subsidiary Borrower shall give the applicable Alternate Currency Bank irrevocable notice by 11:00 a.m. (local time) three (3) Business Days prior to the conversion or continuation of such Alternate Currency Loan (or such other period as may be specified in the applicable Alternate Currency Addendum), specifying: (x) the requested date (which shall be a Business Day) of such conversion or continuation; (y) the amount and Type of the Loan to be converted or continued; and (z) the amount of Eurocurrency Rate Loan(s) or Alternate Currency Loan(s), as applicable, into which such Loan is to be converted or continued, the Agreed Currency or Alternate Currency, as applicable, and the duration of the Interest Period applicable thereto.

Notwithstanding anything herein to the contrary, (i) Eurocurrency Rate Advances in an Agreed Currency may be continued as Eurocurrency Rate Advances only in the same Agreed Currency, (ii) Alternate Currency Loans in an Alternate Currency may be continued as Alternate Currency Loans only in the same Alternate Currency, (iii) Tranche A Advances may only be continued as Tranche A Advances and (iv) Tranche B Advances may only be continued as Tranche B Advances.

Default Rate. After the occurrence and during the continuance of a Default, each outstanding Loan shall bear interest at a rate equal to the rate otherwise applicable thereto (giving effect to the provisions of Section 2.15(d)(ii)) plus 2% per annum.

Method of Payment. All payments of principal, interest, fees, commissions, and other amounts payable hereunder shall be made, without setoff, deduction or counterclaim in immediately available funds to the Administrative Agent (a) at the Administrative Agent's address specified pursuant to Article XV with respect to Advances or other Obligations denominated in Dollars and (b) at the Administrative Agent's Eurocurrency Payment Office with respect to any Advance or other Obligations denominated in an Agreed Currency other than Dollars, or at any other Lending Installation of the Administrative Agent specified in writing by the Administrative Agent to the Company, by 1:00 p.m. (Chicago time) on the date when due and shall be applied ratably among the applicable Lenders with respect to any principal and interest due in connection with Loans. Each Advance shall be repaid or prepaid in the Agreed Currency in which it was made in the amount borrowed and interest payable thereon shall also be paid in such currency. Each payment delivered to the Administrative Agent for the account of any Lender shall be delivered promptly by the Administrative Agent to such Lender in the same type of funds which the Administrative Agent received at its address specified pursuant to Article XV or at any Lending Installation specified in a notice received by the Administrative Agent from such Lender. The Company authorizes the Administrative Agent to charge the account of the Company maintained with ABN for each payment of principal, interest, fees, commissions and L/C Obligations as it becomes due hereunder. Each reference to the Administrative Agent in this Section 2.12 shall also be deemed to refer, and shall apply equally, to each Issuing Bank, in the case of payments required to be made by the Company to any Issuing Bank pursuant to Article III.

All payments to be made by the Borrowers hereunder in respect of any Alternate Currency Loans shall be made in the currencies in which such Loans are denominated and in funds immediately available, at the office or branch from which

the Loan was made pursuant to Section 2.20 and the applicable Alternate Currency Addendum not later than 3:00 p.m. (local time) on the date on which such payment shall become due. Promptly, and in any event within two (2) Business Days after receipt, upon receipt of any payment of principal of the Alternate Currency Loans the applicable Alternate Currency Bank shall give written notice to the Administrative Agent by telex or telecopy of the receipt



of such payment.

Notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, currency control or exchange regulations are imposed in the country which issues such Agreed Currency or Alternate Currency, as applicable, with the result that different types of such Agreed Currency or Alternate Currency, as applicable, (the "New Currency") are introduced and the type of currency in which the Advance was made (the "Original Currency") no longer exists or any Borrower is not able to make payment to the Administrative Agent for the account of the Lenders or Alternate Currency Bank, as applicable, in such Original Currency, then all payments to be made by the Borrowers hereunder in such currency shall be made to the Administrative Agent or Alternate Currency Bank, as applicable, in such amount and such type of the New Currency or Dollars as shall be equivalent to the amount of such payment otherwise due hereunder in the Original Currency, it being the intention of the parties hereto that the Borrowers take all risks of the imposition of any such currency control or exchange regulations. In addition, notwithstanding the foregoing provisions of this Section, if, after the making of any Advance in any currency other than Dollars, the applicable Borrower is not able to make payment to the Administrative Agent for the account of the Lenders or the applicable Alternate Currency Bank in the type of currency in which such Advance was made because of the imposition of any such currency control or exchange regulation, then such Advance shall instead be repaid when due in Dollars in a principal amount equal to the Dollar Amount (as of the date of repayment) of such Advance.

#### Evidence of Debt.

Each Lender shall maintain in accordance with its usual practice an account or accounts (a "Loan Account") evidencing the indebtedness of the Borrowers owing to such Lender hereunder from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

The Register maintained by the Administrative Agent pursuant to Section 14.3(c) shall reflect (i) the date and the amount of each Loan made hereunder, the Type thereof and the Interest Period, if any, applicable thereto, (ii) the amount and the currency of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder, (iii) the effective date and amount of each Assignment Agreement delivered to and accepted by it and the parties thereto pursuant to Section 14.3, (iv) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof, and (v) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all fees, charges, expenses and interest.

The entries made in the Loan Account, the Register and the other accounts maintained pursuant to subsections (a) or (b) of this Section shall be presumptively correct for all purposes, absent manifest error; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrowers to repay the Obligations in accordance with the terms of this Agreement.

Any Lender may request that the Tranche A Revolving Loans, the Tranche B Revolving Loans or the Term Loan made by it each be evidenced by a promissory note in substantially the forms of Exhibit I-1A, Exhibit I-1B or Exhibit I-2, respectively, to evidence such Lender's Tranche A Revolving Loans, Tranche B Revolving Loans or Term Loan, as applicable. In such event, the applicable Borrower shall promptly prepare, execute and deliver to such Lender a promissory note for such Loans payable to the order of such Lender and in a form approved by the Administrative Agent and consistent with the terms of this Agreement. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 14.3) be represented by one or more promissory notes in such form payable to the order of the payee named therein.

Telephonic Notices. The Borrowers authorize the Lenders and the Administrative Agent to extend Loans, effect selections of Types of Advances and to transfer funds based on telephonic notices made by any person or persons the Administrative Agent or any Lender in good faith believes to be acting on behalf of the applicable Borrower. The Borrowers agree to deliver promptly to the

Administrative Agent a written confirmation, signed by an Authorized Officer. If the written confirmation differs in any material respect from the action taken by the Administrative Agent and the Lenders, the records of the Administrative Agent and the Lenders shall govern absent manifest error.

Promise to Pay; Interest and Fees; Interest Payment Dates; Interest and Fee Basis; Taxes; Loan and Control Accounts.

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Promise to Pay. Each Borrower unconditionally promises to pay when due the principal amount of each Loan and all other Obligations incurred by it, and to pay all unpaid interest accrued thereon, in accordance with the terms of this Agreement and the other Loan Documents.

Interest Payment Dates. Interest accrued on each Floating Rate Loan and each Alternate Currency Loan bearing a fluctuating Alternate Currency Rate shall be payable on each Payment Date, commencing with the first such date to occur after the date hereof, upon any prepayment whether by acceleration or otherwise, and at maturity (whether by acceleration or otherwise). Interest accrued on each Fixed-Rate Loan shall be payable on the last day of its applicable Interest Period, on any date on which the Fixed-Rate Loan is prepaid, whether by acceleration or otherwise, and at maturity. Interest accrued on each Fixed-Rate Loan having an Interest Period longer than three months shall also be payable on the last day of each three-month interval during such Interest Period. Interest accrued on the principal balance of all other Obligations shall be payable in arrears (i) on the last day of each calendar month, commencing on the first such day following the incurrence of such Obligation, (ii) upon repayment thereof in full or in part, and (iii) if not theretofore paid in full, at the time such other Obligation becomes due and payable (whether by acceleration or otherwise).

Fees.

(i) The Company shall pay to the Administrative Agent (A) for the account of the Lenders in accordance with their Pro Rata Tranche A Revolving Shares, from and after the date of this Agreement until the Facility Termination Date, a commitment fee accruing at the rate of the then Applicable Commitment Fee Percentage on the unutilized portion of such Lender's Tranche A Revolving Loan Commitment (treating Letters of Credit, but not Swing Line Loans, as usage) and (B) for the account of the Lenders in accordance with their Pro Rata Tranche B Revolving Shares, from and after the date of this Agreement until the Facility Termination Date, a commitment fee accruing at the rate of the then Applicable Commitment Fee Percentage on the unutilized portion of such Lender's Tranche B Revolving Loan (treating Alternate Currency Loans as usage). The commitment fee shall be payable in arrears on each Payment Date hereafter, and, in addition, on any date on which the Tranche A Revolving Loan Commitment or Tranche B Revolving Loan Commitment, as applicable, shall be terminated in whole or, with respect to such terminated amount, in part.

(ii) The Company agrees to pay to the Administrative Agent, for the sole account of the Administrative Agent (unless otherwise agreed between the Administrative Agent and any Lender) the fees set forth in the Fee Letter, payable at the times and in the amounts set forth therein.

(iii) The applicable Borrower agrees to pay to each Alternate Currency Bank, for its sole account, a fronting fee equal to 0.25% of the average daily outstanding Dollar Amount of all Alternate Currency Loans made by such Alternate Currency Bank.

Interest and Fee Basis; Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage.

(i) Interest on all Fixed-Rate Loans (except as provided otherwise in the applicable Alternate Currency Addendum in the case of an Alternate Currency Loan) and fees shall be calculated for actual days elapsed on the basis of a 360-day year. Interest on all Floating Rate Loans shall be calculated for actual days elapsed on the basis of a 365-, or when appropriate 366-, day year. Interest shall be payable

for the day an Obligation is incurred but not for the day of any payment on the amount paid if payment is received prior to 3:00 p.m. (local time) at the place of payment. If any payment of principal of or interest on a Loan or any payment of any other Obligations shall become due on a day which is not a Business Day, such payment shall be made on the next succeeding Business Day and, in the case of a principal payment, such extension of time shall be included in computing interest, fees and commissions in connection with such payment.

(ii) The Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage shall be determined from time to time on the basis of the then applicable Leverage Ratio in accordance with the following table:

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LEVERAGE RATIO	APPLICABLE	
	FLOATING RATE MARGIN	APPLICABLE COMMITMENT EUROCURRENCY MARGIN FEE PERCENTAGE
Less than 1.50	0.25%	1.25% 0.375%
1.50 or greater, but less than 2.00	0.75%	1.75% 0.375%
2.00 or greater, but less than 2.50	1.25%	2.25% 0.500%
2.50 or greater	1.75%	2.75% 0.500%

The Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage shall be 1.75%, 2.75% and 0.500%, respectively, until the Administrative Agent has received the Company's financial statements for the fiscal quarter ending December 31, 2000. Thereafter, upon receipt of the financial statements to be delivered by the Company in accordance with Section 7.1(a)(i) or (ii), as applicable, for any fiscal quarter or, if earlier, upon receipt of the Company's audited financial statements for any fiscal year, the Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage shall be adjusted, such adjustment being effective five (5) Business Days following the Administrative Agent's receipt of such financial statements and the compliance certificate required to be delivered in connection therewith pursuant to Section 7.1(a)(iii); provided, that if the Company shall not have timely delivered its financial statements in accordance with Section 7.1(a)(i) or (ii), as applicable, then commencing on the date upon which such financial statements should have been delivered and continuing until such financial statements are actually delivered, it shall be assumed for purposes of determining the Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage that the Leverage Ratio was greater than 2.50 to 1.0. Notwithstanding the foregoing, for so long as any Default shall have occurred and be continuing, the Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage shall be the highest Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Margin set forth in the foregoing table.

Taxes.

(i) Any and all payments by the Borrowers hereunder (whether in respect of principal, interest, fees or otherwise) shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, deductions, charges or withholdings or any interest, penalties and liabilities with respect thereto but excluding, in the case of each Lender and the Administrative Agent, such taxes (including income taxes, franchise taxes and branch profit taxes) as are imposed on or measured by such Lender's or the Administrative Agent's, as the case may be, net income by the United States of America or any Governmental Authority of the jurisdiction under the laws of which such Lender or the Administrative Agent, as the

case may be, is organized (all such non-excluded taxes, levies, imposts, deductions, charges, withholdings, and liabilities which the Administrative Agent or a Lender determines to be applicable to this Agreement, the other Loan Documents, the Revolving Loan Commitments, the Loans or the Letters of Credit being hereinafter referred to as "Taxes"). If any Borrower shall be required by law to deduct or withhold any Taxes from or in respect of any sum payable hereunder or under the other Loan Documents to any Lender or the Administrative Agent, (i) the sum payable shall be increased as may be necessary so that after making all required deductions or withholdings (including deductions applicable to additional sums payable under this Section 2.15(e)) such Lender or Agent (as the case may be) receives an amount equal to the sum it would have received had no such deductions or withholdings been made, (ii) the applicable Borrower shall make such deductions or withholdings, and (iii) the applicable Borrower shall pay the full amount deducted or withheld to the relevant taxation authority or other authority in accordance with applicable law.

(ii) In addition, the Borrowers agree to pay any present or future stamp or documentary taxes or any other excise or property taxes, charges, or similar levies which arise from any payment made hereunder, from the issuance of Letters of Credit hereunder, or from the execution, delivery or registration of, or otherwise with respect to, this Agreement, the other Loan Documents, the Revolving Loan Commitments, the Loans or the Letters of Credit (hereinafter referred to as "Other Taxes").

(iii) The Company and each Subsidiary Borrower shall indemnify each Lender and the Administrative Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed by any Governmental Authority on amounts payable under this Section 2.15(e)) paid by such Lender or the Administrative Agent (as the case may be) and any liability (including penalties, interest, and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or

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legally asserted. This indemnification shall be made within thirty (30) days after the date such Lender or the Administrative Agent (as the case may be) makes written demand therefor. A certificate as to any additional amount payable to any Lender or the Administrative Agent under this Section 2.15(e) submitted to the applicable Borrower and the Administrative Agent (if a Lender is so submitting) by such Lender or the Administrative Agent shall show in reasonable detail the amount payable and the calculations used to determine such amount and shall, absent manifest error, be final, conclusive and binding upon all parties hereto.

(iv) Within thirty (30) days after the date of any payment of Taxes or Other Taxes by the Company or any Subsidiary Borrower, the Company shall furnish to the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof.

(v) Without prejudice to the survival of any other agreement of the Company and the Subsidiary Borrowers hereunder, the agreements and obligations of the Borrowers contained in this Section 2.15(e) shall survive the payment in full of all Obligations, the termination of the Letters of Credit and the termination of this Agreement.

(vi) Each Lender (including any Replacement Lender or Purchaser) that is not created or organized under the laws of the United States of America or a political subdivision thereof (each a "Non-U.S. Lender") shall deliver to the Company and the Administrative Agent on or before the Closing Date, or, if later, the date on which such Lender becomes a Lender pursuant to Section 12.3 hereof (and from time to time thereafter upon the request of the Company or the Administrative Agent, but only for so long as such Non-U.S. Lender is legally entitled to do so), either (A) (I) two (2) duly completed copies of either (x) IRS Form W-8BEN (or, if delivered on or before December 31, 1999, IRS Form 1001), or (y) IRS Form W-8ECI (or, if delivered on or before December 31, 1999, IRS Form 4224), or in either case an applicable successor form, and (II) for periods prior to

January 1, 2000, a duly completed copy of IRS Form W-8 or W-9 or applicable successor form; or (B) in the case of a Non-U.S. Lender that is not legally entitled to deliver either form listed in clause (vi)(A)(I), (I) a certificate of a duly authorized officer of such Non-U.S. Lender to the effect that such Non-U.S. Lender is not (x) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (y) a "10 percent shareholder" of the Company or any Subsidiary Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (z) a controlled foreign corporation receiving interest from a related person within the meaning of Section 881(c)(3)(C) of the Code (such certificate, an "Exemption Certificate") and (II) two (2) duly completed copies of IRS Form W-8BEN or applicable successor form. Each such Lender further agrees to deliver to the Company and the Administrative Agent from time to time a true and accurate certificate executed in duplicate by a duly authorized officer of such Lender in a form satisfactory to the Company and the Administrative Agent, before or promptly upon the occurrence of any event requiring a change in the most recent certificate previously delivered by it to the Company and the Administrative Agent pursuant to this Section 2.15(e)(vi). Further, each Lender which delivers a form or certificate pursuant to this clause (vi) covenants and agrees to deliver to the Company and the Administrative Agent within fifteen (15) days prior to the expiration of such form, for so long as this Agreement is still in effect, another such certificate and/or two (2) accurate and complete original newly-signed copies of the applicable form (or any successor form or forms required under the Code or the applicable regulations promulgated thereunder).

Each Lender shall promptly furnish to the Company and the Administrative Agent such additional documents as may be reasonably required by any Borrower or the Administrative Agent to establish any exemption from or reduction of any Taxes or Other Taxes required to be deducted or withheld and which may be obtained without undue expense to such Lender. Notwithstanding any other provision of this Section 2.15(e), no Borrower shall be obligated to gross up any payments to any Lender pursuant to Section 2.15(e)(i), or to indemnify any Lender pursuant to Section 2.15(e)(iii), in respect of United States federal withholding taxes to the extent imposed as a result of (x) the failure of such Lender to deliver to the Company the form or forms and/or an Exemption Certificate, as applicable to such Lender, pursuant to Section 2.15(e)(vi), or (y) such form or forms and/or Exemption Certificate not establishing a complete exemption from U.S. federal withholding tax or the information or certifications made therein by the Lender being untrue or inaccurate on the date delivered in any material respect, provided, however, that the applicable Borrower shall be obligated to gross up any payments to any such Lender pursuant to Section 2.15(e)(i), and to indemnify any such Lender pursuant to Section 2.15(e)(iii), in respect of United States federal withholding taxes if (x) any such failure to deliver a form or forms or an Exemption Certificate or the failure of such form or forms or exemption certificate to establish a complete exemption from U.S. federal withholding tax or inaccuracy or untruth contained therein resulted from a change in any applicable statute, treaty, regulation or other applicable law or any interpretation of any of the foregoing occurring after the date hereof, which change rendered such Lender no longer legally entitled to deliver such form or forms or Exemption Certificate or otherwise ineligible for a complete exemption from U.S. federal withholding tax, or rendered the information or the certifications made in such form or forms or Exemption Certificate untrue or inaccurate in any material respect, or (y) the obligation to gross up payments to any such Lender pursuant to

Section 2.15(e)(i), or to indemnify any such Lender pursuant to Section 2.15(e)(iii), is with respect to a Purchaser that becomes a Purchaser as a result of an assignment made at the request of the Company.

Notification of Advances, Interest Rates, Prepayments and Aggregate Revolving Loan Commitment Reductions. Promptly after receipt thereof, the Administrative Agent will notify each Lender of the contents of each Aggregate Revolving Loan Commitment reduction notice, Borrowing/Conversion/Continuation Notice, and repayment notice received by it hereunder. The Administrative Agent

will notify the Company or applicable Borrower and each Lender of the interest rate and Agreed Currency applicable to each Fixed-Rate Loan promptly upon determination of such interest rate and Agreed Currency and will give each Lender prompt notice of each change in the Alternate Base Rate.

Lending Installations. Each Lender may book its Loans or Letters of Credit at any Lending Installation selected by such Lender and may change its Lending Installation from time to time. All terms of this Agreement shall apply to any such Lending Installation. Each Lender may, by written or facsimile notice to the Administrative Agent and the Company, designate a Lending Installation through which Loans will be made by it and for whose account Loan payments and/or payments of L/C Obligations are to be made.

Non-Receipt of Funds by the Administrative Agent. Unless a Borrower or a Lender, as the case may be, notifies the Administrative Agent prior to the date on which it is scheduled to make payment to the Administrative Agent of (a) in the case of a Lender, the proceeds of a Loan or (b) in the case of any Borrower, a payment of principal, interest fees or other Obligations to the Administrative Agent for the account of any of the Lenders, that it does not intend to make such payment, the Administrative Agent may assume that such payment has been made. The Administrative Agent may, but shall not be obligated to, make the amount of such payment available to the intended recipient in reliance upon such assumption. If such Lender or the applicable Borrower, as the case may be, has not in fact made such payment to the Administrative Agent, the recipient of such payment shall, on demand by the Administrative Agent, repay to the Administrative Agent the amount so made available together with interest thereon in respect of each day during the period commencing on the date such amount was so made available by the Administrative Agent until the date the Administrative Agent recovers such amount at a rate per annum equal to (i) in the case of payment by a Lender, the Federal Funds Effective Rate for such day or (ii) in the case of payment by a Borrower, the interest rate applicable to the relevant Loan.

Termination Date. This Agreement shall be effective until the date (the "Facility Termination Date") upon which (a) all of the Obligations (other than contingent indemnity obligations) shall have been fully and indefeasibly paid and satisfied, (b) all commitments of the Lenders to extend credit hereunder have expired or have been terminated and (c) all of the Letters of Credit shall have expired, been canceled or terminated. Notwithstanding the occurrence of the Facility Termination Date, obligations of the Borrowers and other terms hereof which by the terms of this Agreement survive termination shall survive the Facility Termination Date.

Replacement of Certain Lenders. In the event a Lender ("Affected Lender") shall have: (a) failed to fund its Pro Rata Tranche A Revolving Share or Pro Rata Tranche B Revolving Share of any Advance requested by the applicable Borrower, or to make payment in respect of any Alternate Currency Loan purchased by such Lender pursuant to Section 2.21(e), which such Lender is obligated to fund under the terms of this Agreement and which failure has not been cured, (b) requested compensation from any Borrower under Sections 2.15(e), 4.1 or 4.2 to recover Taxes, Other Taxes or other additional costs incurred by such Lender which are not being incurred generally by the other Lenders except as provided under any applicable Alternate Currency Addendum, or (c) delivered a notice pursuant to Section 4.3 claiming that such Lender is unable to extend Eurocurrency Rate Loans to the Company for reasons not generally applicable to the other Lenders, then, in any such case, after the engagement of one or more "Replacement Lenders" (as defined below) by the Company and/or the Administrative Agent, the Company or the Administrative Agent may make written demand on such Affected Lender (with a copy to the Administrative Agent in the case of a demand by the Company and a copy to the Company in the case of a demand by the Administrative Agent) for the Affected Lender to assign, and such Affected Lender shall use commercially reasonable efforts to assign pursuant to one or more duly executed Assignment Agreements five (5) Business Days after the date of such demand, to one or more financial institutions that comply with the provisions of Section 14.3(a) which the Company or the Administrative Agent, as the case may be, shall have engaged for such purpose ("Replacement Lender"), all of such Affected Lender's rights and obligations under this Agreement and the other Loan Documents (including, without limitation, its Revolving Loan Commitment, all Loans owing to it, all of its participation interests in existing Letters of Credit, and its obligation to participate in additional Letters of Credit and Alternate Currency Loans hereunder) in accordance with Section 14.3. The Administrative Agent is authorized to execute one or more of such assignment agreements as attorney-in-fact for any Affected Lender failing to execute and deliver the same within five (5) Business Days after the date of such demand. With respect to such assignment the Affected Lender shall be

entitled to receive, in cash, all amounts due and owing to the Affected Lender hereunder or under any other Loan Document, including, without limitation, the aggregate outstanding principal amount of the Loans owed to such Lender, together with accrued interest thereon through the date of such assignment, amounts payable under Sections 2.15(e), 4.1, and 4.2 with respect to such Affected Lender and compensation payable under Section 2.15(c) in the event of any

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replacement of any Affected Lender under clause (b) or clause (c) of this Section 2.20; provided that upon such Affected Lender's replacement, such Affected Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15(e), 4.1, 4.2, 4.4, and 11.6, as well as to any fees accrued for its account hereunder and not yet paid, and shall continue to be obligated under Section 12.8.

#### Alternate Currency Loans.

Upon the satisfaction of the conditions precedent set forth in Article V hereof and set forth in the applicable Alternate Currency Addendum, from and including the later of the date of this Agreement and the date of execution of the applicable Alternate Currency Addendum and prior to the termination of the Aggregate Tranche B Revolving Credit Commitment (or such earlier termination date as shall be specified in or pursuant to the applicable Alternate Currency Addendum), each Alternate Currency Bank agrees, on the terms and conditions set forth in this Agreement and in the applicable Alternate Currency Addendum, to make Alternate Currency Loans under such Alternate Currency Addendum to the applicable Borrower party to such Alternate Currency Addendum from time to time in the applicable Alternate Currency, in an amount not to exceed each such Alternate Currency Bank's applicable Alternate Currency Commitment; provided, further, at no time shall the Dollar Amount of the Alternate Currency Loans for any specific Alternate Currency exceed the maximum amount specified as the maximum amount for such Alternate Currency in the applicable Alternate Currency Addendum other than as a result of currency fluctuations and then only to the extent permitted in Section 2.5(b)(ii) and provided, further that at no time shall the Dollar Amount of the Tranche B Revolving Credit Obligations exceed the Aggregate Tranche B Revolving Loan Commitments. Subject to the terms of this Agreement and the applicable Alternate Currency Addendum, the applicable Borrowers may borrow, repay and reborrow Alternate Currency Loans in the applicable Alternate Currency at any time prior to the termination of the Aggregate Tranche B Revolving Credit Commitment (or such earlier termination date as shall be specified in or pursuant to the applicable Alternate Currency Addendum). On the termination of the Aggregate Tranche B Revolving Credit Commitment (or such earlier termination date as shall be specified in or pursuant to the applicable Alternate Currency Addendum), the outstanding principal balance of the Alternate Currency Loans shall be paid in full by the applicable Borrower and prior to the termination of the Aggregate Tranche B Revolving Credit Commitment (or such earlier termination date as shall be specified in or pursuant to the applicable Alternate Currency Addendum) prepayments of the Alternate Currency Loans shall be made by the applicable Borrower if and to the extent required by Section 2.5(b)(ii). For the avoidance of doubt, it is understood that no Lender shall have any obligation hereunder to execute an Alternate Currency Addendum and so to become an Alternate Currency Bank.

**Borrowing Notice.** When the applicable Borrower desires to borrow under this Section 2.21, the applicable Borrower shall deliver to the applicable Alternate Currency Bank and the Administrative Agent a Borrowing/Conversion/Continuation Notice, signed by it, as provided in Section 2.8 specifying that such Borrower is requesting an Alternate Currency Loan pursuant to this Section 2.21, and the Administrative Agent shall give prompt notice to the Lenders with a Tranche B Revolving Loan Commitment of any such request for an Alternate Currency Loan. Any Borrowing/Conversion/Continuation Notice given pursuant to this Section 2.21 shall be irrevocable.

**Termination.** Except as otherwise required by applicable law, in no event shall any Alternate Currency Bank have the right to accelerate the Alternate Currency Loans outstanding under any Alternate Currency

Addendum or to terminate its commitments (if any) thereunder to make Alternate Currency Loans prior to the stated termination date in respect thereof, except that each Alternate Currency Bank shall have such rights upon an acceleration of the Loans and a termination of the Revolving Credit Commitments pursuant to Article IX.

Statements. Each Alternate Currency Bank shall furnish to the Administrative Agent not less frequently than monthly, at the end of each calendar quarter, and at any other time at the reasonable request of the Administrative Agent, a statement setting forth the outstanding Alternate Currency Loans made and repaid during the period since the last such report under such Alternate Currency Addendum.

Risk Participation. Immediately and automatically upon the occurrence of a Default under Sections 8.1(a), (e) or (f), each Lender with a Tranche B Revolving Loan Commitment shall be deemed to have unconditionally and irrevocably purchased from the applicable Alternate Currency Bank, without recourse or warranty, an undivided interest in and participation in each Alternate Currency Loan ratably in an amount equal to such Lender's Pro Rata Tranche B Revolving Share of the amount of principal and accrued interest of such Loan, and immediately and automatically all Alternate Currency Loans shall be converted to and redenominated in Dollars equal to the Dollar Amount of each such Alternate Currency Loan determined as of the date of such conversion; provided, that to the extent such conversion shall occur other than at the end of an Interest Period, the applicable Borrower shall pay to the applicable Alternate Currency Bank, all losses and breakage costs related thereto in accordance with Section 4.4. Each of the Lenders shall pay to the applicable Alternate Currency Bank not later than two (2) Business Days

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following a request for payment from such Alternate Currency Bank, in Dollars, an amount equal to the undivided interest in and participation in the Alternate Currency Loan purchased by such Lender pursuant to this Section 2.21(e). In the event that any Lender fails to make payment to the applicable Alternate Currency Bank of any amount due under this Section 2.21(e), the Administrative Agent shall be entitled to receive, retain and apply against such obligation the principal and interest otherwise payable to such Lender hereunder until the Administrative Agent receives from such Lender an amount sufficient to discharge such Lender's payment obligation as prescribed in this Section 2.21(e) together with interest thereon at the Federal Funds Effective Rate for each day during the period commencing on the date of demand by the applicable Alternate Currency Bank and ending on the date such obligation is fully satisfied. The Administrative Agent will promptly remit all payments received as provided above to the applicable Alternate Currency Bank. In consideration of the risk participations prescribed in this Section 2.21(e), each Lender shall receive, from the accrued interest paid for periods prior to the conversion of any Alternate Currency Loan as described above by the applicable Borrower on each Alternate Currency Loan, a fee equal to such Lender's Pro Rata Tranche B Revolving Share of the Applicable Eurocurrency Margin component of the interest accrued on such Loan, as in effect from time to time during the period such interest accrued. Such portion of the interest paid by the applicable Borrower on Alternate Currency Loans to the applicable Alternate Currency Bank shall be paid as promptly as possible by such Alternate Currency Bank to the Administrative Agent, and the Administrative Agent shall as promptly as possible convert such amount into Dollars at the spot rate of exchange in accordance with its normal banking practices and apply such resulting amount ratably among the Lenders (including the Alternate Currency Banks) in proportion to their Pro Rata Tranche B Revolving Share.

Other Provisions Applicable to Alternate Currency Loans. The specification of payment of Alternate Currency Loans in the related Alternate Currency at a specific place pursuant to this Agreement is of the essence. Such Alternate Currency shall, subject to Section 2.21, be the currency of account and payment of such Loans under this Agreement and the applicable Alternate Currency Addendum. Notwithstanding anything in this Agreement, the obligation of the applicable Borrower in respect of such Loans shall not be discharged by an amount paid in



any other currency or at another place, whether pursuant to a judgment or otherwise, to the extent the amount so paid, on prompt conversion into the applicable Alternate Currency and transfer to such Lender under normal banking procedure, does not yield the amount of such Alternate Currency due under this Agreement or the applicable Alternate Currency Addendum. In the event that any payment, whether pursuant to a judgment or otherwise, upon conversion and transfer, does not result in payment of the amount of such Alternate Currency due under this Agreement or the applicable Alternate Currency Addendum, such Lender shall have an independent cause of action against each of the Borrowers for the currency deficit. In the event that any payment, upon conversion and transfer, results in payment in excess of the amount of such Alternate Currency due under this Agreement or the applicable Alternate Currency Addendum, such Lender shall refund such excess to the applicable Borrower.

Judgment Currency. If, for the purposes of obtaining judgment in any court, it is necessary to convert a sum due from any Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's office in New York, New York on the Business Day preceding that on which the final, non-appealable judgment is given. The obligations of each Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, each Borrower agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 13.2, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to such Borrower.

Market Disruption; Denomination of Amounts in Dollars; Dollar Equivalent of Reimbursement Obligations.

Notwithstanding the satisfaction of all conditions referred to in this Article II with respect to any Advance in any Agreed Currency other than Dollars or an Alternate Currency, as applicable, if there shall occur on or prior to the date of such Advance any change in national or international financial, political or economic conditions or currency exchange rates or exchange controls which would in the reasonable opinion of the Company, any

Subsidiary Borrower, any Alternate Currency Bank, the Administrative Agent or the Required Lenders make it impracticable for the Eurocurrency Rate Loans or Alternate Currency Loans comprising such Advance to be denominated in the Agreed Currency or Alternate Currency, as applicable, specified by the applicable Borrower, then the Administrative Agent shall forthwith give notice thereof to the Company or such Borrower, the applicable Alternate Currency Bank and the Lenders, or the applicable Borrower shall give notice to the Administrative Agent, the applicable Alternate Currency Bank and the Lenders, as the case may be, and such Eurocurrency Rate Loans or Alternate Currency Loans shall not be denominated in such currency but shall be made on such Borrowing Date in Dollars, in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice, as Floating Rate Loans, unless the applicable Borrower notifies the Administrative Agent at least one (1) Business Day before such date that (i) it elects not to borrow on such date or (ii) it elects to borrow on a

date at least three (3) Business Days thereafter in a different Agreed Currency or Alternate Currency, as the case may be, in which the denomination of such Loans would in the opinion of the Administrative Agent, any Alternate Currency Bank, if applicable, and the Required Lenders be practicable and in an aggregate principal amount equal to the Dollar Amount of the aggregate principal amount specified in the related Borrowing Notice.

Except as set forth in Sections 2.1, 2.5 and 2.21, all amounts referenced in this Article II shall be calculated using the Dollar Amount determined based upon the Equivalent Amount in effect as of the date of any determination thereof; provided, however, to the extent that any Borrower shall be obligated hereunder to pay in Dollars any Advance denominated in a currency other than Dollars, such amount shall be paid in Dollars using the Dollar Amount of the Advance (calculated based upon the Equivalent Amount in effect on the date of payment thereof) and in the event that the applicable Borrower does not reimburse the Administrative Agent and the Lenders are required to fund a purchase of a participation in such Advance, such purchase shall be made in Dollars in an amount equal to the Dollar Amount of such Advance (calculated based upon the Equivalent Amount in effect on the date of payment thereof). Notwithstanding anything herein to the contrary, the full risk of currency fluctuations shall be borne by the Borrowers and the Borrowers agree to indemnify and hold harmless each Issuing Bank, the Alternate Currency Banks, the Administrative Agent and the Lenders from and against any loss resulting from any borrowing denominated in a currency other than in Dollars and for which the Lenders are not reimbursed on the day of such borrowing.

Subsidiary Borrowers. The Company may at any time or from time to time, with the consent of the Administrative Agent, add as a party to this Agreement any Wholly-Owned Subsidiary to be a "Subsidiary Borrower" hereunder by the execution and delivery to the Administrative Agent and the Lenders of (a) a duly completed Assumption Letter by such Subsidiary, with the written consent of the Company at the foot thereof and (b) such other guaranty, security and subordinated intercompany indebtedness documents (and related closing documentation) as may be reasonably required by the Administrative Agent, such documents with respect to any additional Subsidiaries to be substantially similar in form and substance to the Loan Documents executed on or about the Closing Date by or in respect of the Subsidiaries parties hereto as of the Closing Date. Upon such execution, delivery and consent such Subsidiary shall for all purposes be a party hereto as a Subsidiary Borrower as fully as if it had executed and delivered this Agreement. So long as the principal of and interest on any Advances made to any Subsidiary Borrower under this Agreement shall have been paid in full, all Letters of Credit issued for the account of such Subsidiary Borrower have expired or been returned and terminated and all other obligations of such Subsidiary Borrower under this Agreement shall have been fully performed, the Company may, by not less than five (5) Business Days' prior notice to the Administrative Agent (which shall promptly notify the Lenders thereof), terminate such Subsidiary Borrower's status as a "Subsidiary Borrower".

Security. At all times prior to the Trigger Event Date, all Obligations of the Borrowers under this Agreement and all other Loan Documents shall be secured in accordance with the Collateral Documents. Provided no Default has then occurred and is continuing, at any time, and from time to time, on and after the Trigger Date, the Administrative Agent shall, at the Borrowers' expense, deliver such documents as the Borrowers may reasonably request to evidence the release of the Collateral from the assignments and security interests granted under the Collateral Documents.

: THE LETTER OF CREDIT FACILITY

Obligation to Issue Letters of Credit. Subject to the terms and conditions of this Agreement and in reliance upon the representations, warranties and covenants of the Company herein set forth, each Issuing Bank hereby agrees to issue for the account of the Company or any Subsidiary Borrower through such Issuing Bank's branches as it and the Company may jointly agree, one or more Letters of Credit denominated in Dollars in accordance with this Article III, from time to time during the period, commencing on the Closing Date and ending on the Business Day prior to the termination of the Aggregate Tranche A Commitment.

Transitional Provision. Schedule 3.2 contains a schedule of certain letters of credit issued for the account of the Company and its Subsidiaries prior to the Closing Date. From and after the Closing Date, such letters of credit shall be deemed to be Letters of Credit issued pursuant to this Article III.

Types and Amounts. No Issuing Bank shall have any obligation to and no Issuing Bank shall:

(a) issue (or amend) any Letter of Credit if on the date of issuance (or amendment), before or after giving effect to the Letter of Credit requested hereunder, (i) the amount of the Tranche A Revolving Credit Obligations at such time would exceed the Aggregate Revolving Tranche A Loan Commitment at such time, or (ii) the aggregate outstanding amount of the L/C Obligations would exceed \$25,000,000; or

(b) issue (or amend) any Letter of Credit which has an expiration date later than the date which is the earlier of one (1) year after the date of issuance thereof or the Revolving Loan Termination Date; provided, that any Letter of Credit with a one-year tenor may provide for the renewal thereof for additional one-year periods (not to extend beyond the Revolving Loan Termination Date) with the consent of the applicable Issuing Bank.

Conditions. In addition to being subject to the satisfaction of the conditions contained in Sections 5.1, 5.2 and 5.3, the obligation of an Issuing Bank to issue any Letter of Credit is subject to the satisfaction in full of the following conditions:

(a) the Company shall have delivered to the applicable Issuing Bank (at such times and in such manner as such Issuing Bank may reasonably prescribe) and the Administrative Agent, a request for issuance of such Letter of Credit in substantially the form of Exhibit C hereto (each such request a "Request For Letter of Credit"), duly executed application for such Letter of Credit, and such other documents, instructions and agreements as may be required pursuant to the terms thereof (all such applications, documents, instructions, and agreements being referred to herein as the "L/C Documents"), and the proposed Letter of Credit shall be reasonably satisfactory to such Issuing Bank as to form and content; and

(b) as of the date of issuance no order, judgment or decree of any court, arbitrator or Governmental Authority shall purport by its terms to enjoin or restrain the applicable Issuing Bank from issuing such Letter of Credit and no law, rule or regulation applicable to such Issuing Bank and no request or directive (whether or not having the force of law) from a Governmental Authority with jurisdiction over such Issuing Bank shall prohibit or request that such Issuing Bank refrain from the issuance of Letters of Credit generally or the issuance of that Letter of Credit.

Procedure for Issuance of Letters of Credit. (a) Subject to the terms and conditions of this Article III and provided that the applicable conditions set forth in Sections 5.1, 5.2 and 5.3 hereof have been satisfied, the applicable Issuing Bank shall, on the requested date, issue a Letter of Credit on behalf of the Company or a Subsidiary Borrower, as applicable in accordance with such Issuing Bank's usual and customary business practices and, in this connection, such Issuing Bank may assume that the applicable conditions set forth in Sections 3.3(b), 3.4(b) and 5.3 hereof have been satisfied unless it shall have received notice to the contrary from the Administrative Agent or a Lender or has knowledge that the applicable conditions have not been met.

(b) Promptly, and in any event not more than one (1) Business Day following the date of issuance of any Letter of Credit, the applicable Issuing Bank shall give the Administrative Agent written or telex notice, or telephonic notice confirmed promptly thereafter in writing, of the issuance of a Letter of Credit (provided, however, that the failure to provide such notice shall not result in any liability on the part of such Issuing Bank), and the Administrative Agent shall promptly give notice to the Lenders of each such issuance.

(c) No Issuing Bank shall extend or amend any Letter of Credit unless the requirements of this Section 3.5 are met as though a new Letter of Credit was being requested and issued.

Letter of Credit Participation. On the date of the making of the initial Loans, with respect to the Letters of Credit identified on Schedule 3.2, and immediately upon the issuance of each Letter of Credit hereunder, each Lender

shall be deemed to have automatically, irrevocably and unconditionally purchased and received from the applicable Issuing Bank an undivided interest and participation in and to such Letter of Credit, the obligations of the Company in respect thereof, and the liability of such Issuing Bank thereunder (collectively, an "L/C Interest") in the amount available for drawing under such Letter of Credit multiplied by such Lender's Pro Rata Tranche A Revolving Share.

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Reimbursement Obligation. (a) The Company agrees unconditionally, irrevocably and absolutely to pay immediately to the Administrative Agent, for the account of the Lenders with Tranche A Revolving Loan Commitments, the amount of each advance drawn under or pursuant to a Letter of Credit or an L/C Draft related thereto (such obligation of the Company to reimburse the Administrative Agent for an advance made under a Letter of Credit or L/C Draft being hereinafter referred to as a "Reimbursement Obligation" with respect to such Letter of Credit or L/C Draft), each such reimbursement to be made by the Company no later than the Business Day on which the applicable Issuing Bank makes payment of each such L/C Draft or, if the Company shall have received notice of a Reimbursement Obligation later than 12:00 noon (Chicago time), on any Business Day or on a day which is not a Business Day, no later than 12:00 noon (Chicago time), on the immediately following Business Day or, in the case of any other draw on a Letter of Credit, the date specified in the demand of such Issuing Bank. If the Company at any time fails to repay a Reimbursement Obligation pursuant to this Section 3.7, the Issuing Bank shall promptly notify the Administrative Agent and the Administrative Agent shall promptly notify each Lender and the Company shall be deemed to have requested to borrow Tranche A Revolving Loans from the Lenders with Tranche A Revolving Loan Commitments, as of the date of the advance giving rise to the Reimbursement Obligation, equal to the amount of the unpaid Reimbursement Obligation. Such Tranche A Revolving Loans shall be made as of the date of the payment giving rise to such Reimbursement Obligation, automatically, without notice and without any requirement to satisfy the conditions precedent otherwise applicable to an Advance of Tranche A Revolving Loans.

(b) Each Lender with a Tranche A Revolving Loan Commitment shall upon any notice pursuant to Section 3.7(a) make available to the Administrative Agent for the account of the relevant Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Tranche A Revolving Share of the amount of the drawing, whereupon such Lenders shall (subject to Section 3.7(d)) each be deemed to have made a Revolving Loan constituting a Floating Rate Advance, the proceeds of which Advance shall be used to repay such Reimbursement Obligation. If any Lender so notified fails to make available to the Administrative Agent for the account of the Issuing Bank the amount of such Lender's Pro Rata Tranche A Revolving Share of the amount of the drawing by no later than 2:00 p.m. (Chicago time) on the date of the advance giving rise to the Reimbursement Obligation, then interest shall accrue on such Lender's obligation to make such payment, from such date to the date such Lender makes such payment, at a rate per annum equal to the Federal Funds Effective Rate in effect from time to time during such period. The Administrative Agent will promptly give notice of the occurrence of the draw, but failure of the Administrative Agent to give any such notice in sufficient time to enable any Lender to effect such payment on such date shall not relieve such Lender from its obligations under this Section 3.7.

(c) Each Lender's obligation in accordance with this Agreement to make the Tranche A Revolving Loans, as contemplated by this Section 3.7, as a result of a drawing under a Letter of Credit, shall be absolute and unconditional and without recourse to the Issuing Banks and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Revolving Lender may have against an Issuing Bank, the Company or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Unmatured Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(d) If, for any reason, the Company fails to repay a Reimbursement Obligation on the day such Reimbursement Obligation arises and, for any reason, the Lenders are unable to make or have no obligation to make Revolving Loans, then such Reimbursement Obligation shall bear interest from and after such day, until paid in full, at the interest rate applicable to a Floating Rate Advance.

Letter of Credit Fees. The Company agrees to pay:

(a) quarterly, in arrears, to the Administrative Agent for the ratable benefit of the Lenders with a Tranche A Revolving Loan Commitment a letter of credit fee at a rate per annum equal to the Applicable L/C Fee Percentage on the average daily outstanding amount available for drawing under all Letters of Credit;

(b) quarterly, in arrears, to the applicable Issuing Bank, a letter of credit fronting fee in an amount agreed to between the Company and the applicable Issuing Bank on the average daily outstanding face amount available for drawing under all Letters of Credit issued by such Issuing Bank; and

(c) to the applicable Issuing Bank, all reasonable and customary fees and other issuance, amendment, document examination, negotiation and presentment expenses and related charges in connection with the issuance, amendment, presentation of L/C Drafts, and the like customarily charged by such Issuing Banks with respect to standby letters of credit.

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Issuing Bank Reporting Requirements. In addition to the notices required by Section 3.5(b), each Issuing Bank shall, no later than the tenth (10th) Business Day following the last day of each month, provide to the Administrative Agent, upon the Administrative Agent's request, schedules, in form and substance reasonably satisfactory to the Administrative Agent, showing the date of issue, account party, amount, expiration date and the reference number of each Letter of Credit issued by it outstanding at any time during such month and the aggregate amount paid by the Company during such month. In addition, upon the request of the Administrative Agent, each Issuing Bank shall furnish to the Administrative Agent copies of any Letter of Credit and any application for or reimbursement agreement with respect to a Letter of Credit to which the Issuing Bank is party and such other documentation as may reasonably be requested by the Administrative Agent. Upon the request of any Lender, the Administrative Agent will provide to such Lender information concerning such Letters of Credit.

Indemnification; Exoneration. (a) In addition to amounts payable as elsewhere provided in this Article III, the Company hereby agrees to protect, indemnify, pay and save harmless the Administrative Agent, each Issuing Bank and each Lender from and against any and all liabilities and costs which the Administrative Agent, such Issuing Bank or such Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit other than, in the case of the applicable Issuing Bank, as a result of its gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, or (ii) the failure of the applicable Issuing Bank to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto Governmental Authority (all such acts or omissions herein called "Governmental Acts").

(b) As among the Company, the Lenders, the Administrative Agent and the Issuing Banks, the Company assumes all risks of the acts and omissions of, or misuse of such Letter of Credit by, the beneficiary of any Letters of Credit. In furtherance and not in limitation of the foregoing, subject to the provisions of the Letter of Credit applications and Letter of Credit reimbursement agreements executed by the Company at the time of request for any Letter of Credit, neither the Administrative Agent, any Issuing Bank nor any Lender shall be responsible (in the absence of gross negligence or willful misconduct of such party in connection therewith, as determined by the final judgment of a court of competent jurisdiction): (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of the Letters of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply duly with conditions not expressly provided on the face of such Letter of Credit and required in order to draw upon such Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any

messages, by mail, cable, telegraph, telex, or other similar form of teletransmission or otherwise; (v) for errors in interpretation of technical trade terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit or of the proceeds thereof; (vii) for the misapplication by the beneficiary of a Letter of Credit of the proceeds of any drawing under such Letter of Credit; and (viii) for any consequences arising from causes beyond the control of the Administrative Agent, the Issuing Banks and the Lenders, including, without limitation, any Governmental Acts. None of the above shall affect, impair, or prevent the vesting of any Issuing Bank's rights or powers under this Section 3.10.

(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by any Issuing Bank under or in connection with the Letters of Credit or any related certificates shall not, in the absence of gross negligence or willful misconduct, as determined by the final judgment of a court of competent jurisdiction, put the applicable Issuing Bank, the Administrative Agent or any Lender under any resulting liability to the Company or relieve the Company of any of its obligations hereunder to any such Person.

(d) Without prejudice to the survival of any other agreement of the Company hereunder, the agreements and obligations of the Company contained in this Section 3.10 shall survive the payment in full of principal and interest hereunder, the termination of the Letters of Credit and the termination of this Agreement.

Cash Collateral. Notwithstanding anything to the contrary herein or in any application for a Letter of Credit, after the occurrence and during the continuance of a Default, the Company shall, on the Business Day that it receives the Administrative Agent's demand, deliver to the Administrative Agent for the benefit of the Lenders and the Issuing Banks, cash, or other collateral of a type satisfactory to the Required Lenders, having a value, as determined by such Lenders, equal to one hundred percent (100%) of the aggregate Dollar Amount of the outstanding L/C Obligations. In addition, if the Tranche A Revolving Credit Availability is at any time less than the Dollar Amount of all contingent L/C Obligations outstanding at any time, the Company shall deposit cash collateral with the Administrative Agent in Dollars in an amount equal to one-hundred five percent (105%) of the Dollar Amount by which such L/C Obligations exceed such Tranche A Revolving Credit Availability. Any such collateral shall be held by the Administrative Agent in a separate account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and retained by

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the Administrative Agent for the benefit of the Lenders and the Issuing Banks as collateral security for the Company's obligations in respect of this Agreement and each of the Letters of Credit and L/C Drafts. Such amounts shall be applied to reimburse the Issuing Banks for drawings or payments under or pursuant to Letters of Credit or L/C Drafts, or if no such reimbursement is required, to payment of such of the other Obligations as the Administrative Agent shall determine. If no Default shall be continuing, amounts remaining in any cash collateral account established pursuant to this Section 3.11 which are not to be applied to reimburse an Issuing Bank for amounts actually paid or to be paid by such Issuing Bank in respect of a Letter of Credit or L/C Draft, shall be returned to the Company within one (1) Business Day (after deduction of the Administrative Agent's expenses incurred in connection with such cash collateral account).

: CHANGE IN CIRCUMSTANCES

Yield Protection. If any law or any governmental or quasi-governmental rule, regulation, policy, guideline or directive (whether or not having the force of law) adopted after the date of this Agreement or any interpretation or application thereof by any Governmental Authority charged with the interpretation or application thereof, or the compliance of any Lender therewith, subjects any Lender or any applicable Lending Institution to any tax, duty, charge or withholding on or from payments due from any Borrower (excluding taxation of the overall net income of any Lender or taxation of a similar basis, which are governed by Section 2.14(e)), or changes the basis of taxation of payments to any Lender in respect of its Revolving Loan Commitment, Loans, its L/C Interests, the Letters of Credit or other amounts due it

hereunder, or imposes or increases or deems applicable any reserve, assessment, insurance charge, special deposit or similar requirement against assets of, deposits with or for the account of, or credit extended by, any Lender or any applicable Lending Installation (other than reserves and assessments taken into account in determining the interest rate applicable to Eurocurrency Rate Loans) with respect to its Revolving Loan Commitment, Loans, L/C Interests or the Letters of Credit, or

imposes any other condition the result of which is to increase the cost to any Lender or any applicable Lending Installation of making, funding or maintaining its Revolving Loan Commitment, Loans, the L/C Interests or the Letters of Credit or reduces any amount received by any Lender or any applicable Lending Installation in connection with its Revolving Loan Commitment, Loans or Letters of Credit, or requires any Lender or any applicable Lending Installation to make any payment calculated by reference to the amount of Revolving Loan Commitment, Loans or L/C Interests held or interest received by it or by reference to the Letters of Credit, by an amount deemed material by such Lender;

and the result of any of the foregoing is to increase the cost to that Lender of making, renewing or maintaining its Revolving Loan Commitment, Loans, L/C Interests, or Letters of Credit or to reduce any amount received under this Agreement, then, within fifteen (15) days after receipt by the Company or any other Borrower of written demand by such Lender pursuant to Section 4.5, the applicable Borrowers shall pay such Lender that portion of such increased expense incurred or reduction in an amount received which such Lender reasonably determines is attributable to making, funding and maintaining its Loans, L/C Interests, Letters of Credit and its Revolving Loan Commitment.

Changes in Capital Adequacy Regulations. If a Lender determines (a) the amount of capital required or expected to be maintained by such Lender, any Lending Installation of such Lender or any corporation controlling such Lender is increased as a result of a "Change" (as defined below), and (b) such increase in capital will result in an increase in the cost to such Lender of maintaining its Revolving Loan Commitment, Loans, L/C Interests, the Letters of Credit or its obligation to make Loans hereunder, then, within fifteen (15) days after receipt by the Company or any other Borrower of written demand by such Lender pursuant to Section 4.5, the applicable Borrowers shall pay such Lender the amount necessary to compensate for any shortfall in the rate of return on the portion of such increased capital which such Lender reasonably determines is attributable to this Agreement, its Revolving Loan Commitment, its Loans, its L/C Interests, the Letters of Credit or its obligation to make Loans hereunder (after taking into account such Lender's policies as to capital adequacy). "Change" means (i) any change after the date of this Agreement in the "Risk-Based Capital Guidelines" (as defined below) excluding, for the avoidance of doubt, the effect of any phasing in of such Risk-Based Capital Guidelines or any other capital requirements passed prior to the date hereof, or (ii) any adoption of or change in any other law, governmental or quasi-governmental rule, regulation, policy, guideline, interpretation, or directive (whether or not having the force of law) after the date of this Agreement which affects the amount of capital required or expected to be maintained by any Lender or any Lending Installation or any corporation controlling any Lender. "Risk-Based Capital Guidelines" means (i) the risk-based capital guidelines in effect in the United States on the date of this Agreement, including transition rules, and (ii) the corresponding capital regulations promulgated by regulatory authorities outside the United States implementing the July 1988 report of the Basle Committee on Banking Regulation and Supervisory Practices Entitled "International Convergence of Capital Measurements and Capital Standards," including transition rules, and any amendments to such regulations adopted prior to the date of this Agreement.

Availability of Types of Advances. If (a) any Lender determines that maintenance of its Eurocurrency Rate Loans at a suitable Lending Installation would violate any applicable law, rule, regulation or directive, whether or not having the force of law, or (b) the Required Lenders determine that (i) deposits of a type, currency or maturity appropriate to match

fund Fixed-Rate Advances are not available or (ii) the interest rate applicable to a Fixed-Rate Advance does not accurately reflect the cost of making or maintaining such an Advance, then the Administrative Agent shall suspend the availability of the affected Type of Advance and, in the case of any occurrence set forth in clause (a), require any Advances of the affected Type to

be repaid or converted into another Type.

Funding Indemnification. If any payment of a Fixed-Rate Advance occurs on a date which is not the last day of the applicable Interest Period, whether because of acceleration, prepayment, or otherwise, or a Fixed-Rate Advance is not made on the date specified by the applicable Borrower for any reason other than default by the Lenders, the Borrowers shall indemnify each Lender for any loss or cost incurred by it resulting therefrom, including, without limitation, any loss or cost in liquidating or employing deposits acquired to fund or maintain the Fixed-Rate Advance or Swing Line Loan, as applicable.

Lender Statements; Survival of Indemnity. If reasonably possible, each Lender shall designate an alternate Lending Installation with respect to its Fixed-Rate Loans to reduce any liability of any Borrower to such Lender under Sections 4.1 and 4.2 or to avoid the unavailability of a Type of Advance under Section 4.3, so long as such designation is not, in such Lender's judgment, disadvantageous to such Lender. Any demand for compensation pursuant to this Article IV shall be in writing and shall state the amount due, if any, under Section 4.1, 4.2 or 4.4 and shall set forth in reasonable detail the calculations upon which such Lender determined such amount. Such written demand shall be rebuttably presumed correct for all purposes. Determination of amounts payable under such Sections in connection with a Fixed-Rate Loan shall be calculated as though each Lender funded its Fixed-Rate Loan through the purchase of a deposit of the type, currency and maturity corresponding to the deposit used as a reference in determining the Fixed-Rate applicable to such Loan, whether in fact that is the case or not. The obligations of the Company and the other Borrowers under Sections 4.1, 4.2 and 4.4 shall survive payment of the Obligations and termination of this Agreement.

: CONDITIONS PRECEDENT

Initial Advances and Letters of Credit. The Lenders shall not be required to make the initial Loans or issue any Letters of Credit unless (i) such initial Loans are made not later than July 21, 2000; and (ii) the Company has furnished to the Administrative Agent each of the following, with sufficient copies for the Lenders, and the other conditions set forth below have been satisfied:

Copies of the material Acquisition Documents (including without limitation the documents evidencing the Subordinated Seller Debt) and such other information with respect to the Spectra Precision Acquisition as the Administrative Agent may reasonably request, which shall be in form and substance satisfactory to the Administrative Agent, and evidence satisfactory to the Administrative Agent that all conditions precedent thereunder or otherwise to the consummation of the Spectra Precision Acquisition shall have been satisfied (and not waived) and that the Spectra Precision Acquisition (other than certain modifications to the corporate structure of the Seller's European holdings in a manner acceptable to the Administrative Agent) has been or is substantially contemporaneously being consummated.

Copy of the Subordinated Seller Note duly executed by the Company.

Copies of the Certificate of Incorporation or equivalent document of each of the Loan Parties, together with all amendments thereto and, to the extent applicable, a certificate of good standing, all certified by the appropriate governmental officer in its jurisdiction of incorporation.

Copies, certified by the Secretary or Assistant Secretary of each of the Loan Parties of their respective By-Laws and of their respective Board of Directors' resolutions authorizing the execution of the Loan Documents.

An incumbency certificate, executed by the Secretary or Assistant Secretary of each of the Loan Parties, which shall identify by name and title and bear the signature of the officers of the applicable Loan Party authorized to sign the Loan Documents and to make borrowings hereunder, upon which certificate the Lenders shall be entitled to rely until informed of any change in writing by the applicable Loan Party.

A certificate, in form and substance satisfactory to the Administrative Agent, signed by the chief financial officer of the Company, stating that on the Closing Date all the representations and warranties of the Loan Parties in the Loan Documents are true and correct (unless such representation and warranty is made as of a specific date, in which



case, such representation and warranty shall be true as of such date) and no Default or Unmatured Default has occurred and is continuing.

The written opinions of the Loan Parties' United States counsel, and, if applicable, foreign counsel, addressed to the Administrative Agent and the Lenders, in form and substance satisfactory to the Administrative Agent.

The capital structure and corporate structure of the Company and its Subsidiaries is satisfactory to the Administrative Agent and is consistent in all material respects with the Acquisition Documents, and there exists no

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injunction or temporary restraining order which, in the reasonable judgment of the Administrative Agent, could prohibit or impose material restrictions on the Spectra Precision Acquisition or prohibit the making of the Loans or the other transactions contemplated by the Loan Documents or any litigation seeking such an injunction or restraining order.

A written solvency certificate from the chief financial officer of the Company in form and substance satisfactory to the Administrative Agent, dated the initial Borrowing Date, with respect to the value, Solvency and other factual information of or relating to, as the case may be, the Borrower and its Subsidiaries on a consolidated basis, after giving effect to the Spectra Precision Acquisition and the incurrence of Indebtedness related thereto (including the initial extensions of credit hereunder).

The Administrative Agent shall have received (i) pro forma opening financial statements giving effect to the Spectra Precision Acquisition which must not be materially less favorable, in the Administrative Agent's reasonable judgment, than the projections previously provided to the Arrangers and which must demonstrate, in the reasonable judgment of the Administrative Agent, together with all other information then available to the Administrative Agent, that the Company and its Subsidiaries can repay their debts and satisfy their respective other obligations as and when due, and can comply with the financial covenants set forth herein, (ii) a certificate from an Authorized Officer demonstrating to the satisfaction of the Administrative Agent that as of the Closing Date, but giving pro forma effect to the Spectra Precision Acquisition, the Company would have been in compliance with the financial covenants in Section 7.4 at the level prescribed for the fiscal quarter ending September 30, 2000, (iii) such information as the Administrative Agent may reasonably request to confirm the tax, legal and business assumptions made in such pro forma financial statements and (iv) the most recent audited financial statements for the Seller.

Evidence reasonably satisfactory to the Administrative Agent that, after giving effect to the initial extensions of credit hereunder, the sum of (i) the cash and Cash Equivalent of the Borrowers, and (ii) the Tranche A Revolving Credit Availability and (iii) the Tranche B Revolving Credit Availability shall be at least \$35,000,000.

The Administrative Agent shall have received a satisfactory business plan for the Company for the five fiscal years following the Closing Date, including a projected consolidated balance sheet, consolidated statements of income, retained earnings and cash flow with assumptions used in preparing the statements.

All governmental, shareholder and third party consents and approvals necessary in connection with this Agreement, the Spectra Precision Acquisition and the other transactions contemplated hereby shall have been obtained; all such consents and approvals shall be in full force and effect; and all applicable waiting periods shall have expired without any action being taken by any Governmental Authority that could restrain, prevent or impose any material adverse conditions on the Spectra Precision Acquisition or such other transactions or that could seek or threaten any of the foregoing, and no law or regulation shall be applicable which in the judgment of the Administrative Agent could have such effect.

There shall not have occurred a material adverse change since December 31, 1999 in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects of the Company and its Subsidiaries taken as a whole.

The Administrative Agent, Lenders and/or their Affiliates shall have received all fees and expenses, including the reasonable fees and expenses of Winston & Strawn, required to be paid on or before the Closing Date.

The Administrative Agent shall have received evidence satisfactory to it that all outstanding Indebtedness of the Company and its Subsidiaries except for Permitted Existing Indebtedness and Indebtedness permitted pursuant to Section 7.3(c)(x) has been paid in full and all Liens securing such Indebtedness shall have been terminated.

Written money transfer instructions with respect to the initial Advances and to future Advances in form and substance acceptable to the Administrative Agent and its counsel addressed to the Administrative Agent and signed by an Authorized Officer, together with such other related money transfer authorizations as the Administrative Agent may have reasonably requested.

The Administrative Agent shall have received the duly executed Collateral Documents (other than the Mortgages), together with insurance certificates naming the Administrative Agent, on behalf of the Lenders, as loss payee for any casualty policies and additional insured for any liability policies in form and substance acceptable to the Administrative Agent.

(i) Such duly completed and executed UCC-1 financing statements as the Administrative Agent shall have requested to perfect its security interest in the Collateral; (ii) copies of searches of financing statements filed under the Uniform Commercial Code, together with tax lien and judgment searches with respect to the assets of the Company and its Subsidiaries, in both cases in such jurisdictions as the Administrative Agent may request; and (iii) such duly executed UCC-3 termination statements, mortgage releases and similar documents as the

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Administrative Agent may request with respect to any mortgages or security interests securing indebtedness being repaid in full on the initial Borrowing Date.

Proof that the appropriate financing statements covering the Collateral, including, without limitation, such fixture filings as the Administrative Agent may request, have been executed and delivered by the Company or a Subsidiary, as the case may be, and filed or recorded in such jurisdictions as the Administrative Agent shall have specified or other arrangements with respect to filing or recording satisfactory to the Administrative Agent have been made.

A copy of the notice of prepayment sent by the Company to John Hancock Life Insurance Company pursuant to that certain note dated June 13, 1994.

Such other documents as the Administrative Agent or its counsel or the Required Lenders may have reasonably requested.

Initial Advance to Each New Subsidiary Borrower. No Lender shall be required to make an Advance hereunder or purchase participations in Letters of Credit, or Alternate Currency Loans hereunder, no Swing Line Bank shall be required to make any Swing Line Loans hereunder, and no Alternate Currency Bank shall be required to make any Alternate Currency Loans, in each case, to or for the account of a new Subsidiary Borrower added after the Closing Date unless the Company has furnished or caused to be furnished to the Administrative Agent with sufficient copies for the Lenders:

The Assumption Letter executed and delivered by such Subsidiary Borrower and containing the written consent of the Company thereon, as

contemplated by Section 2.24.

Copies, certified by the Secretary, Assistant Secretary, Director or Officer of the Subsidiary Borrower, of its Board of Directors' resolutions approving the Assumption Letter.

An incumbency certificate, executed by the Secretary, Assistant Secretary, Director or Officer of the Subsidiary Borrower, which shall identify by name and title and bear the signature of the officers of such Subsidiary Borrower authorized to sign the Assumption Letter and the other documents to be executed and delivered by such Subsidiary Borrower hereunder, upon which certificate the Administrative Agent and the Lenders shall be entitled to rely until informed of any change in writing by the Company.

An opinion of counsel to such Subsidiary Borrower, in form and substance satisfactory to the Administrative Agent.

Guaranty documentation and contribution agreement documentation from such Subsidiary Borrower in form and substance satisfactory to the Administrative Agent.

With respect to the initial Advance made to any Subsidiary Borrower organized under the laws of England and Wales, the Administrative Agent shall have received originals and/or copies, as applicable, of all filings required to be made and such other evidence as the Administrative Agent may require establishing to the Administrative Agent's satisfaction that each Lender and Issuing Bank is entitled to receive payments under the Loan Documents without deduction or withholding of any English taxes or with such deductions and withholding of English taxes as may be acceptable to the Administrative Agent.

Each Advance and Each Letter of Credit. The Lenders shall not be required to make any Loan, or issue any Letter of Credit, unless on the applicable Borrowing Date, or in the case of a Letter of Credit, the date on which the Letter of Credit is to be issued:

(a) There exists no Default or Unmatured Default;

(b) All of the representations and warranties contained in Article VI are true and correct as of such Borrowing Date (unless such representation and warranty is made as of a specific date, in which case, such representation and warranty shall be true as of such date);

(c) (i) The Tranche A Revolving Credit Obligations do not, and after making such proposed Advance or issuing such Letter of Credit would not, exceed the Aggregate Tranche A Revolving Loan Commitment, and (ii) the Tranche B Revolving Credit Obligations do not, and after making such proposed Advance or issuing such Letter of Credit would not, exceed the Aggregate Tranche B Revolving Loan Commitment; and

(d) the Administrative Agent has received a timely Borrowing Notice with respect to the applicable Loan.

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Each Borrowing/Conversion/Continuation Notice with respect to a new Advance and the letter of credit application with respect to each Letter of Credit or Letter of Credit amendment shall constitute a representation and warranty by the Company that the conditions contained in Sections 5.3(a), (b) and (c) have been satisfied.

: REPRESENTATIONS AND WARRANTIES

In order to induce the Administrative Agent and the Lenders to enter into this Agreement and to make and continue the Loans and the other financial accommodations to the Borrowers and to issue the Letters of Credit described herein, each of the Borrowers represents and warrants as follows to each Lender and the Administrative Agent as of the date of this Agreement, giving effect to the consummation of the transactions contemplated by the Loan Documents and the Acquisition Documents, and thereafter on each date as required by Sections 5.2 and 5.3:

Organization; Corporate Powers. Each of the Company and its Subsidiaries is duly organized, validly existing and in good standing under the laws of its jurisdiction of formation and has all requisite authority to conduct its business in each jurisdiction in which its business is conducted, except where the failure to do so would not have a Material Adverse Effect.

Authorization and Validity. Each of the Loan Parties has the requisite power and authority and legal right to execute and deliver the Loan Documents to which it is a party and to perform its obligations thereunder. The execution and delivery by each of the Loan Parties of the Loan Documents to which it is a party and the performance of its obligations thereunder have been duly authorized by proper proceedings, and the Loan Documents to which it is a party constitute legal, valid and binding obligations of each of the Loan Parties enforceable against each of the Loan Parties in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

No Conflict; Government Consent. Neither the execution and delivery by the Loan Parties of the Loan Documents, nor the consummation of the transactions therein contemplated, nor compliance with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on the Company or any Subsidiary or the Company's or any Subsidiary's articles of incorporation or by-laws or other constitutive documents and agreements or the provisions of any material indenture, instrument or agreement to which the Company or any Subsidiary is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any Lien in, of or on the property of the Company or any of its Subsidiaries pursuant to the terms of any such indenture, instrument or agreement. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental or public body or authority, or any subdivision thereof, is required to authorize any Loan Party, or is required to be obtained by any Loan Party in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.

Financial Statements. Each of the consolidated financial statements of the Company and its Subsidiaries for the fiscal years ended January 2, 1998, January 1, 1999 and December 31, 1999 were prepared in accordance with Agreement Accounting Principles and fairly present the consolidated financial condition and operations of the Company and its Subsidiaries at such dates and the consolidated results of their operations for the periods then ended.

Material Adverse Change. Since December 31, 1999, there has occurred no change in the business, assets, liabilities (actual or contingent), operations, condition (financial or otherwise) or prospects, of the Company, or the Company and its Subsidiaries taken as a whole, or any other event which has had or could reasonably be expected to have a Material Adverse Effect.

Taxes. The Company and the Subsidiaries have filed all United States federal tax returns and all other material tax returns which are required to be filed and have paid all taxes due pursuant to said returns or pursuant to any assessment received by the Company or any Subsidiary, except such taxes, if any, as are being contested in good faith and as to which adequate reserves have been provided. No tax liens have been filed and no claims are being asserted with respect to any such taxes. The charges, accruals and reserves on the books of the Company and the Subsidiaries in respect of any taxes or other governmental charges are adequate.

Litigation and Contingent Obligations. There is no litigation, arbitration, governmental investigation, proceeding or inquiry pending or, to the knowledge of any of the Borrowers, threatened against or affecting the Company or any of its Subsidiaries (a) challenging the Spectra Precision Acquisition or the validity or enforceability of any material provision of the Loan Documents or (b) which could reasonably be expected to have a Material Adverse Effect. There is no material loss contingency within the meaning of Agreement Accounting Principles which has not been reflected in the consolidated financial statements of the Company or prepared and delivered pursuant to Section 7.1(a) for the fiscal period during which such material loss contingency was incurred. Neither the Company nor any of its Subsidiaries is subject to or in default

with respect to any final judgment, writ, injunction, restraining order or order of any nature, decree, rule or regulation of any court or Governmental Authority which could reasonably be expected to have a Material Adverse Effect.

Subsidiaries. Schedule 6.8 hereto contains an accurate list of all of the Subsidiaries of the Company in existence on the Closing Date, setting forth their respective jurisdictions of formation and the percentage of their respective capital stock owned directly or indirectly by the Company or other Subsidiaries. All of the issued and outstanding Capital Stock of such Subsidiaries have been duly authorized and issued and are fully paid and non-assessable. Except as set forth on Schedule 6.8, no authorized but unissued or treasury shares of capital stock of any Subsidiary are subject to any option, warrant, right to call or commitment of any kind or character. Except as set forth on Schedule 6.8, neither the Company nor any Subsidiary has any outstanding stock or securities convertible into or exchangeable for any shares of its capital stock, or any right issued to any Person (either preemptive or other) to subscribe for or to purchase, or any options for the purchase of, or any agreements providing for the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to any of its capital stock or any stock or securities convertible into or exchangeable for any of its capital stock other than as expressly set forth in the certificate or articles of incorporation of the Company or such Subsidiary. Neither the Company nor any Subsidiary is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital stock or any convertible securities, rights or options of the type described in the preceding sentence except as otherwise set forth on Schedule 6.8. Except as set forth on Schedule 6.8, as of the date hereof the Company does not own or hold, directly or indirectly, any capital stock or equity security of, or any equity or partnership interest in any Person other than such Subsidiaries.

ERISA. As at December 31, 1999 the Unfunded Liabilities of all Single Employer Plans did not in the aggregate exceed \$5,000,000. Each Plan complies and has been maintained in all material respects with all applicable requirements of law and regulations. No Reportable Event has occurred with respect to any Single Employer Plan having any Unfunded Liability which has or may reasonably be expected to result in a liability to the Company in excess of \$10,000,000. Neither the Company nor any other members of the Controlled Group has terminated any Single Employer Plan without in each instance funding all vested benefit obligations thereunder. Each member of the Controlled Group has fulfilled its minimum funding obligations with respect to each Multiemployer Plan. No Termination Event has occurred or is reasonably expected to occur. There are no material actions, suits or claims (other than routine claims for benefits) pending or, to the knowledge of the Company or its Subsidiaries, threatened with respect to any Plan or Multiemployer Plan.

Accuracy of Information. None of the (a) information, exhibits or reports furnished or to be furnished by the Company or any Subsidiary to the Administrative Agent or to any Lender in connection with the negotiation of the Loan Documents, or (b) representations or warranties of the Company or any Subsidiary contained in this Agreement, the other Loan Documents, the Transaction Documents or any other document, certificate or written statement furnished to the Administrative Agent or the Lenders by or on behalf of the Company or any Subsidiary for use in connection with the transactions contemplated by this Agreement or the Transaction Documents, as the case may be, contained, contains or will contain any untrue statement of a material fact or omitted, omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading in light of the circumstances in which the same were made. The pro forma financial information contained in such materials is based upon good faith estimates and assumptions believed by the Company to be reasonable at the time made. There is no fact known to the Company (other than matters of a general economic nature) that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and statements furnished to the Lenders for use in connection with the transactions contemplated by this Agreement. No information, exhibit or report furnished by the Company or any Subsidiary to any Administrative Agent or to any Lender in connection with the negotiation of, or compliance with, the Loan Documents, contained any material misstatement of fact or omitted to state a material fact or any fact necessary to make the statements contained therein not materially misleading.

Regulation U. Margin Stock constitutes less than 25% of those assets of the Company and its Subsidiaries which are subject to any limitation on sale, pledge, or other restriction hereunder.

Material Agreements. Neither the Company nor any of its Subsidiaries is a party to any Contractual Obligation the performance of which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any of its Subsidiaries is subject to any charter or other restriction in any constitutive agreement or document affecting its business, properties, financial condition, prospects or results of operations which could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Contractual Obligation to which it is a party, which default could reasonably be expected to have a Material Adverse Effect.

Compliance With Laws. The Company and its Subsidiaries have complied with all Requirements of Law except to the extent that such non-compliance could not reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Subsidiary has received any notice to the effect that its operations are not in material compliance with

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any Requirements of Law or the subject of any federal or state investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could reasonably be expected to have a Material Adverse Effect.

Ownership of Properties. On the Closing Date, the Company and its Subsidiaries have good title, free of all Liens, to all of the properties and assets reflected in its December 31, 1999 audited financial statements as owned by it (other than properties and assets disposed of in the ordinary course of business since such date), except Liens permitted under Section 7.3(c).

Statutory Indebtedness Restrictions. Neither the Company nor any of its Subsidiaries is subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, or the Investment Company Act of 1940, or any other federal or state statute or regulation which limits its ability to incur indebtedness or its ability to consummate the transactions contemplated hereby.

Environmental Matters. Each of the Company and its Subsidiaries is in compliance with all Environmental, Health or Safety Requirements of Laws in effect in each jurisdiction where it is presently doing business and as to which the failure to so comply, in the aggregate for all such failures, would reasonably be likely to subject the Company to liability that would have a Material Adverse Effect. Neither the Company nor any Subsidiary is subject to any liability under the Environmental, Health or Safety Requirements of Laws in effect in any jurisdiction where it is presently doing business that could reasonably be expected to have a Material Adverse Effect. As of the date hereof, neither the Company nor any Subsidiary has received any:

notice from any Governmental Authority by which any of the Company's or such Subsidiary's present or previously-owned or leased property has been identified in any manner by any such Governmental Authority as a hazardous substance disposal or removal site, "Super Fund" clean-up site or candidate for removal or closure pursuant to any Environmental, Health or Safety Requirements of Law; or

notice of any Lien arising under or in connection with any Environmental, Health or Safety Requirements of Law that has attached to any of the Company's or such Subsidiary's owned or leased property or any revenues of the Company's or such Subsidiary's owned or leased property; or

communication, written or oral, from any Governmental Authority concerning action or omission by the Company or such Subsidiary in connection with its ownership or leasing of any property resulting in the release of any hazardous substance resulting in any violation of any Environmental, Health or Safety Requirements of Law;

where the effect of which, in the aggregate for all such notices and communications, could reasonably be expected to have a Material Adverse Effect.

Insurance. The properties and assets and business of the Company and its Subsidiaries are insured with financially sound and reputable insurance companies not Subsidiaries of the Company, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and are similarly situated.

Labor Matters. As of the Closing Date, no labor disputes, strikes or walkouts affecting the operations of the Company or any of its Subsidiaries, are pending, or, to the Company's knowledge, threatened, planned or contemplated which could reasonably be expected to have a Material Adverse Effect.

Solvency. After giving effect to (i) the extensions of credit made hereunder on the Closing Date or such other date as Loans requested hereunder were made, (ii) the other transactions contemplated by this Agreement and the other Loan Documents, including the Spectra Precision Acquisition and (iii) the payment and accrual of all transaction costs with respect to the foregoing, the Company and its Subsidiaries are Solvent.

Default. No Default or Unmatured Default has occurred and is continuing.

Foreign Employee Benefit Matters. (a) Each Foreign Employee Benefit Plan is in compliance in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such Plan; (b) the aggregate of the accumulated benefit obligations under all Foreign Pension Plans does not exceed to any material extent the current fair market value of the assets held in the trusts or similar funding vehicles for such Plans; (c) with respect to any Foreign Employee Benefit Plan (other than a Foreign Pension Plan), reasonable reserves have been established in accordance with prudent business practice or where required by ordinary accounting practices in the jurisdiction in which such Plan is maintained; and (d) there are no material actions, suits or claims (other than routine

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claims for benefits) pending or, to the knowledge of the Company and its Subsidiaries, threatened against the Company or any Subsidiary of it or any member of its Controlled Group with respect to any Foreign Employee Benefit Plan.

Acquisition Documents. The Company has delivered to the Administrative Agent true, complete and correct copies of the Acquisition Documents (including all schedules, exhibits, annexes, amendments, supplements, modifications and all other documents delivered pursuant thereto or in connection therewith). The Acquisition Documents as originally executed and delivered by the parties thereto have not been amended, waived, supplemented or modified without the consent of the Administrative Agent. The representations and warranties of the Company set forth therein and, to the knowledge of the Company, the representations and warranties of the other parties set forth therein are true and correct in all material respects as of the date thereof. On the date of this Agreement, neither the Company nor any other party to any of the Acquisition Documents is in default in the performance of or compliance with any provisions under the Acquisition Documents. The Spectra Precision Acquisition (other than certain modifications to the corporate structure of the Seller's European holdings in a manner acceptable to the Administrative Agent) has been consummated in accordance with applicable laws and regulations.

Collateral Documents. All representations and warranties of the Borrowers contained in the Collateral Documents are true and correct.

Security. The provisions of the Collateral Documents are effective to create and give the Administrative Agent, for the benefit of the Lenders, as security for the repayment of the obligations secured thereby, a legal, valid, perfected and enforceable Lien (which priority is subject only to prior Liens permitted by such agreements) upon all right, title and interest of the Borrower and its Subsidiaries in any and all of the Collateral described therein. The Mortgages, upon their execution and delivery, will be effective to create and give the Administrative Agent, for the benefit of the Lenders, as security for repayment of the obligations to be secured thereby, a legal, valid, perfected and enforceable Lien (which priority will be subject only to prior Liens permitted by such mortgages) upon all right, title and interest of the Borrowers in the Collateral described therein. The Pledge Agreement is effective to create and give the Administrative Agent, for the benefit of the Lenders, as security

for the repayment of the obligations secured thereby, a legal, valid, perfected and enforceable first priority Lien upon and security interest in the capital stock pledged thereby.

Subordinated Seller Debt. Each Borrower incurring the same has the corporate power and authority to incur the Indebtedness evidenced by the Subordinated Seller Debt. The subordination provisions of the Subordinated Seller Debt will be enforceable against the holders of the Subordinated Seller Debt by any Holder of Obligations which has not effectively waived the benefits thereof. All Obligations, including the Obligations to pay principal of and interest on the Loans, constitute senior Indebtedness entitled to the benefits of subordination created by the Subordinated Seller Debt. The Borrowers acknowledge that the Administrative Agent and each Lender are entering into this Agreement and are extending the Aggregate Total Commitment in reliance upon the subordination provisions of the Subordinated Seller Note and this Section 6.25.

Subsidiaries. Except as set forth on Schedule 6.8, each Subsidiary of the Borrower is a Wholly-Owned Subsidiary.

Representations and Warranties of each Subsidiary Borrower. Each Subsidiary Borrower further represents and warrants to the Administrative Agent and the Lenders that:

Organization and Corporate Powers. Such Subsidiary Borrower (i) is a company duly formed and validly existing and in good standing under the laws of the state or country of its organization (such jurisdiction being hereinafter referred to as the "Home Country"); (ii) has the requisite power and authority to own its property and assets and to carry on its business substantially as now conducted except where the failure to have such requisite authority would not have a material adverse effect on such Subsidiary Borrower; and (iii) has the requisite power and authority and legal right to execute and deliver any Alternate Currency Addendum to which it is a party and each other Loan Document to which it is a party and the performance by it of its obligations thereunder have been duly authorized by proper corporate proceedings.

Binding Effect. Each Loan Document, including, without limitation, any Alternate Currency Addendum, executed by such Subsidiary Borrower is the legal, valid and binding obligations of such Subsidiary Borrower enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general equitable principles.

No Conflict; Government Consent. Neither the execution and delivery by such Subsidiary Borrower of the Loan Documents to which it is a party, nor the consummation by it of the transactions therein contemplated to be consummated by it, nor compliance by such Subsidiary Borrower with the provisions thereof will violate any law, rule, regulation, order, writ, judgment, injunction, decree or award binding on such Subsidiary Borrower or any of

its Subsidiaries or such Subsidiary Borrower's or any of its Subsidiaries' memoranda or articles of association or the provisions of any indenture, instrument or agreement to which such Subsidiary Borrower or any of its Subsidiaries is a party or is subject, or by which it, or its property, is bound, or conflict with or constitute a default thereunder, or result in the creation or imposition of any lien in, of or on the property of such Subsidiary Borrower or any of its Subsidiaries pursuant to the terms of any such indenture, instrument or agreement in any such case which violation, conflict, default, creation or imposition could reasonably be expected to have a material adverse effect on such Subsidiary Borrower. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any governmental agency is required to authorize, or is required in connection with the execution, delivery and performance of, or the legality, validity, binding effect or enforceability of, any of the Loan Documents.



Filing. To ensure the enforceability or admissibility in evidence of this Agreement and each Loan Document to which such Subsidiary Borrower is a party (including, without limitation, any Alternate Currency Addendum) in its Home Country, it is not necessary that this Agreement or any other Loan Document to which such Subsidiary Borrower is a party or any other document be filed or recorded with any court or other authority in its Home Country or that any stamp or similar tax be paid to or in respect of this Agreement or any other Loan Document of such Subsidiary Borrower. The qualification by any Lender or the Administrative Agent for admission to do business under the laws of such Subsidiary Borrower's Home Country does not constitute a condition to, and the failure to so qualify does not affect, the exercise by any Lender or the Administrative Agent of any right, privilege, or remedy afforded to any Lender or the Administrative Agent in connection with the Loan Documents to which such Subsidiary Borrower is a party or the enforcement of any such right, privilege, or remedy against such Subsidiary Borrower. The performance by any Lender or the Administrative Agent of any action required or permitted under the Loan Documents will not (i) violate any law or regulation of such Subsidiary Borrower's Home Country or any political subdivision thereof, (ii) result in any tax or other monetary liability to such party pursuant to the laws of such Subsidiary Borrower's Home Country or political subdivision or taxing authority thereof (provided that, should any such action result in any such tax or other monetary liability to the Lender or the Administrative Agent, the Borrowers hereby agree to indemnify such Lender or the Administrative Agent, as the case may be, against (x) any such tax or other monetary liability and (y) any increase in any tax or other monetary liability which results from such action by such Lender or the Administrative Agent and, to the extent the Borrowers make such indemnification, the incurrence of such liability by the Administrative Agent or any Lender will not constitute a Default) or (iii) violate any rule or regulation of any federation or organization or similar entity of which the such Subsidiary Borrower's Home Country is a member.

No Immunity. Neither such Subsidiary Borrower nor any of its assets is entitled to immunity from suit, execution, attachment or other legal process. Such Subsidiary Borrower's execution and delivery of the Loan Documents to which it is a party constitute, and the exercise of its rights and performance of and compliance with its obligations under such Loan Documents will constitute, private and commercial acts done and performed for private and commercial purposes.

Application of Representations and Warranties. It is understood and agreed by the parties hereto that the representations and warranties of each Subsidiary Borrower (other than any Subsidiary Borrower that shall be a Subsidiary Borrower as of the Closing Date) in this Section 6.26 shall only be applicable to such Subsidiary Borrower on and after the date of its execution of an Assumption Letter and, if applicable, an Alternate Currency Addendum.

#### : COVENANTS

The Company covenants and agrees that so long as any Revolving Loan Commitments are outstanding and thereafter until payment in full of all of the Obligations (other than contingent indemnity obligations) and termination of all Letters of Credit, unless the Required Lenders shall otherwise give prior written consent:

Reporting. The Company shall:

Financial Reporting. Furnish to the Administrative Agent and the Lenders:

(i) Quarterly Reports. As soon as practicable and in any event within forty-five (45) days after the end of the first three quarterly periods of each of its fiscal years, for itself and the Subsidiaries, consolidated and consolidating unaudited balance sheets as at the end of each such period and consolidated and consolidating statement of income and consolidated and consolidating statement of changes in owners' equity, and a statement of cash flows for the period from the beginning of such fiscal year to the end of such quarter, presented on the same basis as described in Section 7.1(a)(ii) and on a comparative basis with the statements for such period in the prior fiscal year of the Company.

(ii) Annual Reports. As soon as practicable, and in any event within ninety (90) days after the end of each of its fiscal years, (a) an audit report, certified (as to consolidated, but not consolidating statements) by internationally recognized independent certified public accountants, prepared in accordance with generally accepted accounting principles, on a consolidated and consolidating basis for itself and the Subsidiaries, including balance sheets as of the end of such period, related statement of income and consolidated and consolidating statement of changes in owners' equity, and a statement of cash flows, which audit report shall be unqualified and shall state that such financial statements fairly present the consolidated financial position of the Company and its Subsidiaries as at the dates indicated and the results of operations and cash flows for the periods indicated in conformity with generally accepted accounting principles and that the examination by such accountants in connection with such consolidated and consolidating financial statements has been made in accordance with generally accepted auditing standards and (b) projected balance sheets, statements of income and cash flows for each fiscal year through the Termination Date, prepared in accordance with generally accepted accounting principles, on a consolidated basis, together with the appropriate supporting details and a statement of underlying assumptions, all in form similar to those delivered to the Arrangers prior to the Closing Date.

(iii) Officer's Certificate. Together with each delivery of any financial statement (a) pursuant to clauses (i) and (ii) of this Section 7.1(a), an Officer's Certificate of the Company, substantially in the form of Exhibit E attached hereto and made a part hereof, stating that as of the date of such Officer's Certificate no Default or Unmatured Default exists, or if any Default or Unmatured Default exists, stating the nature and status thereof and (b) pursuant to clauses (i) and (ii) of this Section 7.1(a), a compliance certificate, substantially in the form of Exhibit F attached hereto and made a part hereof, signed by the Company's chief financial officer, chief accounting officer or treasurer, setting forth calculations for the period then ended for Section 2.5(b), if applicable, which demonstrate compliance, when applicable, with the provisions of Sections 7.3(a) through (h), Section 7.3(p) and Section 7.4, and which calculate the Leverage Ratio for purposes of determining the then Applicable Floating Rate Margin, Applicable Eurocurrency Margin and Applicable Commitment Fee Percentage.

Notice of Default. Promptly upon any of the chief executive officer, chief operating officer, chief financial officer, treasurer, controller or other executive officer of the Company obtaining actual knowledge (i) of any condition or event which constitutes a Default or Unmatured Default, (ii) that any Lender or Administrative Agent has given any written notice to any Authorized Officer with respect to a claimed Default or Unmatured Default under this Agreement, or (iii) that any Person has given any written notice to any Authorized Officer or any Subsidiary of the Company or taken any other action with respect to a claimed default or event or condition of the type referred to in Section 8.1(d), the Company shall deliver to the Administrative Agent and the Lenders an Officer's Certificate specifying (A) the nature and period of existence of any such claimed default, Default, Unmatured Default, condition or event, (B) the notice given or action taken by such Person in connection therewith, and (C) what action the Company has taken, is taking or proposes to take with respect thereto.

Lawsuits. (i) Promptly upon the Company obtaining actual knowledge of the institution of, or written threat of, any action, suit, proceeding, governmental investigation or arbitration, by or before any Governmental Authority, against or affecting the Company or any of its Subsidiaries or any property of the Company or any of its Subsidiaries not previously disclosed pursuant to Section 6.7, which action, suit, proceeding, governmental investigation or arbitration exposes, or in the case of multiple actions, suits, proceedings, governmental investigations or arbitrations arising out of the same general allegations or circumstances which expose, in the Company's reasonable judgment, the Company or any of its Subsidiaries to liability in an amount aggregating \$5,000,000 or more (exclusive of claims covered by insurance policies of the Company or any of its Subsidiaries unless the insurers of such claims have disclaimed coverage or reserved the right

to disclaim coverage on such claims), give written notice thereof to the Administrative Agent and the Lenders and provide such other information as may be reasonably available to enable each Lender and the Administrative Agent and its counsel to evaluate such matters; and (ii) in addition to the requirements set forth in clause (i) of this Section 7.1(c), upon request of the Administrative Agent or the Required Lenders, promptly give written notice of the status of any action, suit, proceeding, governmental investigation or arbitration covered by a report delivered pursuant to clause (i) above and provide such other information as may be reasonably available to it to enable the Required Lenders and the Administrative Agent and its counsel to evaluate such matters.

ERISA Notices. Deliver or cause to be delivered to the Administrative Agent and the Lenders, at the Company's expense, the following information and notices as soon as reasonably possible, and in any event:

(i) within ten (10) Business Days after the Company or any member of the Controlled Group obtains knowledge that a Termination Event has occurred or a lawsuit involving a Plan or Multiemployer Plan has been filed, in each case which could reasonably be expected to subject the Company to liability in excess of \$5,000,000, a written statement of the chief financial officer, treasurer or designee of the Company describing such Termination Event and the action, if

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any, which the member of the Controlled Group has taken, is taking or proposes to take with respect thereto, and when known, any action taken or threatened by the IRS, DOL or PBGC with respect thereto;

(ii) within ten (10) Business Days after the Company or any of its Subsidiaries obtains knowledge that a material prohibited transaction (defined in Sections 406 of ERISA and Section 4975 of the Code) has occurred, a statement of the chief financial officer, treasurer or designee of the Company describing such transaction and the action which the Company or such Subsidiary has taken, is taking or proposes to take with respect thereto;

(iii) within ten (10) Business Days after the Company or any of its Subsidiaries receives notice of any unfavorable determination letter from the IRS regarding the qualification of a Plan under Section 401(a) of the Code, copies of each such letter;

(iv) within ten (10) Business Days after the filing thereof with the IRS, a copy of each funding waiver request filed with respect to any Benefit Plan and all communications received by the Company or a member of the Controlled Group with respect to such request;

(v) within ten (10) Business Days after receipt by the Company or any member of the Controlled Group of the PBGC's intention to terminate a Benefit Plan or to have a trustee appointed to administer a Benefit Plan, copies of each such notice;

(vi) within ten (10) Business Days after the Company or any member of the Controlled Group fails to make a required installment or any other required payment under Section 412 of the Code on or before the due date for such installment or payment, a notification of such failure;

(vii) within ten (10) Business Days after the establishment of any Foreign Employee Benefit Plan or the commencement of, or obligation to commence, contributions to any Foreign Employee Benefit Plan to which the Company or any Subsidiary was not previously contributing, where the aggregate annual contributions to such Plan(s) resulting therefrom are or could reasonably be expected to be in excess of \$5,000,000, notification of such establishment, commencement or obligation to commence and the amount of such contributions; and

For purposes of this Section 7.1(d), the Company, any of its Subsidiaries and any member of the Controlled Group shall be deemed to know all facts known by the administrator of any Plan which is a Single Employer Plan.

Labor Matters. Notify the Administrative Agent and the Lenders in writing, promptly upon an Authorized Officer learning of (i) any material labor dispute to which the Company or any of its Subsidiaries may become a party, including, without limitation, any strikes, lockouts or other disputes relating to such Persons' plants and other facilities and (ii) any material Worker Adjustment and Retraining Notification Act liability incurred with respect to the closing of any plant or other facility of the Company or any of its Subsidiaries.

Other Indebtedness. Deliver to the Administrative Agent (i) a copy of each regular report, notice or communication regarding potential or actual defaults (including any accompanying officer's certificate) delivered by or on behalf of the Company to the holders of Indebtedness for money borrowed with an aggregate outstanding principal amount in excess of \$10,000,000 pursuant to the terms of the agreements governing such Indebtedness, such delivery to be made at the same time and by the same means as such notice of default is delivered to such holders, and (ii) a copy of each notice or other communication received by the Company from the holders of Indebtedness for money borrowed with an aggregate outstanding principal amount in excess of \$10,000,000 regarding potential or actual defaults pursuant to the terms of such Indebtedness, such delivery to be made promptly after such notice or other communication is received by the Company.

Other Reports. Deliver or cause to be delivered to the Administrative Agent and the Lenders copies of (i) all financial statements, reports on Form S-1, 8-K, 10-K or 10-Q and non-routine notices, if any, sent or made available generally by the Company to its securities holders or filed with the Commission by the Company, and (ii) all notifications received from the Commission by the Company or its Subsidiaries pursuant to the Securities Exchange Act of 1934 and the rules promulgated thereunder other than routine reminders or notices that do not relate to specific violations of rules promulgated by the Commission. The Company shall include the Administrative Agent and the Lenders on its standard distribution lists for all press releases made available generally by the Company or any of the Company's Subsidiaries to the public concerning material developments in the business of the Company or any such Subsidiary.

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Environmental Notices. As soon as possible and in any event within fifteen (15) days after receipt by the Company, deliver to the Administrative Agent and the Lenders a copy of (i) any notice or claim to the effect that the Company or any of its Subsidiaries is or may be liable to any Person as a result of the Release by the Company, any of its Subsidiaries, or any other Person of any Contaminant into the environment, and (ii) any notice alleging any violation of any Environmental, Health or Safety Requirements of Law by the Company or any of its Subsidiaries if, in either case, such notice or claim relates to an event which could reasonably be expected to subject the Company and each of its Subsidiaries to liability individually or in the aggregate in excess of \$10,000,000.

Other Information. Promptly upon receiving a request therefor from the Administrative Agent, prepare and deliver to the Administrative Agent and the Lenders such other information with respect to the Company or any of its Subsidiaries, as from time to time may be reasonably requested by the Administrative Agent.

Affirmative Covenants.

Corporate Existence, Etc. Subject to Section 7.3(i), the Company shall, and shall cause each of its Subsidiaries to, at all times maintain its corporate existence and preserve and keep, or cause to be preserved and kept, in full force and effect its rights and franchises material to its businesses except where, in the case of Subsidiaries which are not Subsidiary Borrowers, failure to do so could not reasonably be expected to have a Material Adverse Effect.

Corporate Powers; Conduct of Business. The Company shall, and shall cause each of its Subsidiaries to, qualify and remain qualified to do business in each jurisdiction in which the nature of its business

requires it to be so qualified and where the failure to be so qualified will have or could reasonably be expected to have a Material Adverse Effect.

Compliance with Laws, Etc. The Company shall, and shall cause its Subsidiaries to, (a) comply with all Requirements of Law and all restrictive covenants affecting such Person or the business, prospects, properties, assets or operations of such Person, and (b) obtain as needed all permits necessary for its operations and maintain such permits in good standing unless failure to comply or obtain such permits could not reasonably be expected to have a Material Adverse Effect.

Payment of Taxes and Claims; Tax Consolidation. The Company shall pay, and cause each of its Subsidiaries to pay, (i) all material taxes, assessments and other governmental charges imposed upon it or on any of its properties or assets or in respect of any of its franchises, business, income or property before any penalty or interest accrues thereon, and (ii) all claims (including, without limitation, claims for labor, services, materials and supplies) for material sums which have become due and payable and which by law have or may become a Lien (other than a Lien permitted by Section 7.3(C)) upon any of the Company's or such Subsidiary's property or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that no such taxes, assessments and governmental charges referred to in clause (i) above or claims referred to in clause (ii) above (and interest, penalties or fines relating thereto) need be paid if being contested in good faith by appropriate proceedings diligently instituted and conducted and if such reserve or other appropriate provision, if any, as shall be required in conformity with Agreement Accounting Principles shall have been made therefor.

Insurance. The Company will maintain, and will cause to be maintained on behalf of each of its Subsidiaries, insurance coverage by financially sound and reputable insurance companies or associations, against such casualties and contingencies, of such types and in such amounts as are customary for companies engaged in similar businesses and owning and operating similar properties, it being understood that the Company and its Subsidiaries may self-insure against hazards and risks with respect to which, and in such amounts, as the Company in good faith determines prudent and consistent with sound financial practice, and as are customary for companies engaged in similar businesses and owning and operating similar properties. The Company shall furnish to any Lender upon request full information as to the insurance carried.

Inspection of Property; Books and Records; Discussions. The Company shall permit and cause each of the Company's Subsidiaries to permit, any authorized representative(s) designated by either the Administrative Agent or the Required Lenders to visit and inspect, for a reasonable purpose, any of the properties of the Company or any of its Subsidiaries, to examine, audit, check and make copies of their respective financial and accounting records, books, journals, orders, receipts and any correspondence and other data relating to their respective businesses or the transactions contemplated hereby (including, without limitation, in connection with environmental compliance, hazard or liability), and to discuss their affairs, finances and accounts with their officers and their independent certified public accountants, all upon reasonable notice and at such reasonable times during normal business hours, as often as may be reasonably requested. The Company shall keep and maintain, and cause each of the Company's Subsidiaries to keep and maintain proper books of record and account in which entries in conformity with

Agreement Accounting Principles shall be made of all dealings and transactions in relation to their respective businesses and activities.

ERISA Compliance. The Company shall, and shall cause each of the Company's Subsidiaries to, establish, maintain and operate all Plans (and, to the extent it is within the power of the Company or a Subsidiary, all Multiemployer Plans) to comply in all material respects

with the provisions of ERISA, the Code, all other applicable laws, and the regulations and interpretations thereunder and the respective requirements of the governing documents for such Plans.

Maintenance of Property. The Company shall cause all property used or useful in the conduct of its business or the business of any Subsidiary to be maintained and kept in good condition, repair and working order and supplied with all necessary equipment and shall cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof, all as in the judgment of the Company may be necessary so that the business carried on in connection therewith may be properly and advantageously conducted at all times and except to the extent that the failure to so maintain such property could not be reasonably expected to have a Material Adverse Effect.

Environmental Compliance. The Company shall, and shall cause each of the Company's Subsidiaries to comply with, all Environmental, Health or Safety Requirements of Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

Use of Proceeds. The Borrowers shall use the proceeds of the Advances to fund the Spectra Precision Acquisition in whole or in part, to make payments on the Seller Subordinated Note (subject to the provisions of this Agreement and the subordination provisions of the Seller Subordinated Note) and to provide funds for the additional working capital needs and other general corporate purposes of the Company and its Subsidiaries, including, without limitation, the financing of Permitted Acquisitions. The Company will not, nor will it permit any Subsidiary to, use any of the proceeds of the Advances to make any Acquisition other than a Permitted Acquisition made pursuant to Section 7.3(g).

Subsidiary Guarantees; Subsidiary Subordination Agreement.  
The Company will:

(i) cause each Subsidiary Borrower that is a Domestic Subsidiary and each Domestic Subsidiary that has assets with a book value in excess of \$10,000,000 to execute the Guaranty (and from and after the Closing Date cause each other Subsidiary Borrower that is a Domestic Subsidiary and each other Domestic Subsidiary which has such assets to execute and deliver to the Administrative Agent, within ten (10) days after becoming a Subsidiary Borrower or another Domestic Subsidiary which has such assets, as applicable, an assumption or joinder agreement pursuant to which it agrees to be bound by the terms and provisions of the Guaranty (whereupon such Subsidiary shall become a "Guarantor" under this Agreement)) and cause such Guarantors to execute and deliver to the Administrative Agent such Collateral Documents as the Administrative Agent may require;

(ii) in the event that at any time the book value of the assets of all Domestic Subsidiaries which are not Guarantors exceeds the lesser of (a) twelve percent (12%) of the Consolidated Net Assets of the Company and its Subsidiaries at such time and (b) \$25,000,000, within ten (10) days thereafter cause one or more of such Subsidiaries to execute and deliver to the Administrative Agent an assumption or joinder agreement pursuant to which it or they agree to be bound by the terms and provisions of the Guaranty (whereupon each such Subsidiary shall become a "Guarantor" under this Agreement) such that, after giving effect thereto, the book value of the assets of all Domestic Subsidiaries which are not Guarantors does not exceed the lesser of (a) twelve percent (12%) of the Consolidated Net Assets of the Company and its Subsidiaries at such time and (b) \$25,000,000, and cause such Guarantors to execute and deliver to the Administrative Agent such Collateral Documents as the Administrative Agent may require;

(iii) cause each Subsidiary, before it makes a loan to any of the Borrowers, to execute the Subordination Agreement (and from and after the Closing Date cause each other Subsidiary to execute and deliver to the Administrative Agent, within ten (10) days after becoming a Subsidiary, as applicable, an assumption or joinder agreement pursuant to which it agrees to be bound by the

terms and provisions of the Subordination Agreement);

(iv) deliver and cause such Subsidiaries to deliver corporate resolutions, opinions of counsel, and such other corporate documentation as the Administrative Agent may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent; and

(v) cause each Subsidiary to be a Wholly-Owned Subsidiary, except as set forth on Schedule 6.8.

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Foreign Employee Benefit Compliance. The Company shall, and shall cause each of its Subsidiaries and each member of its Controlled Group to, establish, maintain and operate all Foreign Employee Benefit Plans to comply in all material respects with all laws, regulations and rules applicable thereto and the respective requirements of the governing documents for such Plans, except for failures to comply which, in the aggregate, would not be reasonably expected to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of \$5,000,000.

Subordinated Seller Debt. (i) The Company shall (A) extend the payment date of the \$40,000,000 first installment payable under the Subordinated Seller Note on the first anniversary of the Closing Date unless on such date the conditions set forth in the third paragraph of Section 5.2(a) of the Seller Subordinated Note are satisfied and (B) elect not to make interest payments due under the Seller Subordinated Note pursuant to Section 2.3 of the Seller Subordinated Note if at the time of the proposed payment, the Company or any of its Subsidiaries is not in compliance with any of the covenants contained in this Article VII and (ii) the Company shall, and shall cause each of its Subsidiaries to, comply at all times with each covenant contained in the documents evidencing the Subordinated Seller Debt and shall not permit any potential or actual defaults to occur with respect to the Seller Subordinated Debt.

Post-Closing Deliveries. The Company and/or its Subsidiaries shall deliver, or cause to be delivered, to the Administrative Agent (or Collateral Agent, as applicable):

within fifteen (15) days after the Closing Date, a commitment for an ALTA Loan Policy-1992 (the "Title Policy") dated the Closing Date in favor of the Administrative Agent (or Collateral Agent, as applicable), for the benefit of the Lenders, for the parcels of real estate covered by the Mortgages, from a title insurance company, in amounts and subject to such exceptions and exclusions, and containing such information and endorsements as may be required by and acceptable to the Administrative Agent (or Collateral Agent, as applicable), including, without limitation, usury, zoning, comprehensive, revolving credit and creditor's rights endorsements and within forty-five days after the Closing Date, a final Title Policy for each such parcel of real estate;

within thirty (30) days after the Closing Date, a survey of each parcel of real estate referred to in clause (ii) by a registered surveyor, prepared in compliance with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys adopted in 1986 and meeting the accuracy requirements of a Class A survey and otherwise acceptable to the Administrative Agent (or Collateral Agent, as applicable). Each such survey shall set forth the legal description of the applicable real estate and show all improvements, easements, building and set-back lines and other restrictions, means of ingress and egress, electric, water, sewer, gas and other utility lines servicing such real estate, and other items as are required by the Administrative Agent (or Collateral Agent, as applicable);

within thirty (30) days after the Closing Date, proof that the Mortgages have been executed and delivered by the Company or a Subsidiary, as the case may be, and filed or recorded in such jurisdictions as the Administrative Agent shall have specified or other arrangements with respect to filing or recording satisfactory to the

Administrative Agent (or Collateral Agent, as applicable) have been made; and

within sixty (60) days after the Closing Date, landlord waiver(s) and a mortgagee estoppel letter(s) with respect to each parcel of property leased by the Company or any of its Subsidiaries, each in form and substance acceptable to the Administrative Agent.

The Administrative Agent may, but shall not be obligated to, extend any of the foregoing time periods (other than that set forth in Section 7.2(n)(iii)) as it may deem appropriate.

Negative Covenants.

Sales of Assets. The Company shall not, nor shall it permit any Subsidiary to, sell or otherwise dispose of any Receivables, with or without recourse or consummate any Asset Sale, except:

(i) transfers of assets to the Company, between the Company and any Guarantor which is a Domestic Subsidiary, between any such Guarantors or between Subsidiaries pursuant to the Spectra Precision Acquisition; and

(ii) sales, assignments, transfers, lease conveyances or other dispositions of other assets if such transaction (a) is for not less than fair market value (as determined in good faith by the Company's chief financial

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officer), and (b) when combined with all such other transactions (each such transaction being valued at book value) and all Sale and Leaseback Transactions (each such Sale and Leaseback Transaction being valued at book value) during the period from the Closing Date to the date of such proposed transaction, represents the disposition of not greater than ten percent (10%) of the Company's Consolidated Net Assets at the end of the fiscal year immediately preceding that in which such transaction is proposed to be entered into.

Liens. The Company shall not, nor shall it permit any Subsidiary to, directly or indirectly create, incur, assume or permit to exist a Lien on or with respect to the Capital Stock of any Subsidiary of the Company. In addition, the Company shall not, nor shall it permit any Subsidiary to, directly or indirectly create, incur, assume or permit to exist any Lien on or with respect to any of their respective other property or assets except:

(i) Permitted Existing Liens;

(ii) Customary Permitted Liens;

(iii) Liens with respect to Equipment acquired by the Company or any of its Subsidiaries after the date hereof pursuant to a Permitted Acquisition (and not created in contemplation of such acquisition); provided, that such Liens shall extend only to the property so acquired;

(iv) Liens securing Indebtedness of a Subsidiary to the Company or to another Wholly-Owned Subsidiary;

(v) Liens securing Indebtedness permitted under Section 7.3(c)(vii); and

(vi) Additional Liens, provided the Indebtedness secured thereby does not exceed in the aggregate \$10,000,000 (less the amount of any Indebtedness secured by Liens permitted under clause (v)).

Indebtedness. The Company shall not, nor shall it permit any Subsidiary to, cause or permit, directly or indirectly create, incur, assume or otherwise become or remain directly or indirectly liable with respect to any Indebtedness, except:

(i) the Obligations;



(ii) the Subordinated Seller Debt;

(iii) Permitted Existing Indebtedness;

(iv) Indebtedness arising from intercompany loans and advances from the Company or any Domestic Subsidiary to any Subsidiary, provided that (A) such intercompany Indebtedness shall not be evidenced by any note or similar instrument; (B) the Company and each applicable Subsidiary shall record all intercompany transactions on their respective books and records in a manner satisfactory to the Administrative Agent; (C) the obligations of each Subsidiary with respect to any such intercompany loans shall be subordinated to any Obligations of such Subsidiary hereunder in a manner satisfactory to the Administrative Agent; (D) no Default or Unmatured Default would occur and be continuing after giving effect to any such proposed intercompany loan; (E) the aggregate Dollar Amount outstanding of such intercompany loans owing by Foreign Subsidiaries other than loans pursuant to the Spectra Precision Acquisition shall not exceed \$30,000,000 at any time and (F) other than loans pursuant to the Spectra Precision Acquisition, such intercompany loans shall be made in the ordinary course of business, consistent with past practices and the proceeds of such loans shall be used to fund operating expenses of the applicable Subsidiary;

(v) Contingent Obligations to the extent permitted under Section 7.3(d);

(vi) Hedging Obligations to the extent permitted under Section 7.3(n);

(vii) Indebtedness with respect to Capital Lease Obligations and purchase money Indebtedness with respect to real or personal property in an aggregate amount not to exceed \$10,000,000;

(viii) Indebtedness incurred for the purpose of refinancing any of the Indebtedness permitted under clause (iii);

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(ix) additional unsecured Indebtedness in an aggregate amount at any time outstanding not exceeding \$50,000,000 (less any Indebtedness described in clause (vii) above) of which not more than \$25,000,000 may be incurred by Subsidiaries which are not Subsidiary Borrowers or Guarantors; and

(x) at any time on or before fifteen Business Days after the Closing Date, Indebtedness to John Hancock Life Insurance Company pursuant to that certain note dated June 13, 1994.

Contingent Obligations. The Company shall not, nor shall it permit any Subsidiary to, directly or indirectly create or become or be liable with respect to any Contingent Obligation, except: (i) recourse obligations resulting from endorsement of negotiable instruments for collection in the ordinary course of business; (ii) Permitted Existing Contingent Obligations; (iii) obligations, warranties, guaranties and indemnities, not relating to Indebtedness of any Person, which have been or are undertaken or made in the ordinary course of business and not for the benefit of or in favor of an Affiliate of the Company or such Subsidiary; (iv) Contingent Obligations of the Subsidiaries of the Company under the Guaranty to which they are a party, (v) obligations arising under or related to the Loan Documents; (vi) Contingent Obligations in respect of the Subordinated Seller Debt or other Indebtedness permitted by Section 7.3(c) above, and (vii) additional Contingent Obligations in an aggregate amount not to exceed in the aggregate five percent (5%) of Consolidated Net Worth at any one time outstanding.

Restricted Payments. The Company shall not, nor shall it permit any Subsidiary to, make or declare any Restricted Payments (other than Restricted Payments by a Subsidiary to the Company) except that (i) the Company may make prepayments of the Seller Subordinated Note from the proceeds of equity offerings as required by Section 4.2 of the Seller Subordinated Note (but only to the extent otherwise permitted by the

subordination provisions of the Seller Subordinated Note); (ii) so long as no Default or Unmatured Default then exists, the Company may repurchase shares from its employees, officers or directors pursuant to any vesting provisions with respect thereto; and (iii) so long as no Default or Unmatured Default then exists, the Company may make Restricted Payments not to exceed (A) during the period from the Closing Date through December 29, 2000, an aggregate amount equal to twelve and one-half percent (12.5%) of Net Income for the previous fiscal year and (B) for any subsequent fiscal year, an aggregate amount equal to twenty-five percent (25%) of Net Income for the previous fiscal year.

Conduct of Business; Subsidiaries; Acquisitions. The Company shall not, nor shall it permit any Subsidiary to, engage in any business other than the businesses engaged in by the Company on the date hereof and any business or activities which are similar, related or incidental thereto or logical extensions thereof. Except for the Spectra Precision Acquisition, the Company shall not create, acquire or capitalize any Subsidiary after the date hereof unless (i) no Default or Unmatured Default shall have occurred and be continuing or would result therefrom; (ii) after such creation, acquisition or capitalization, all of the representations and warranties contained herein shall be true and correct in all material respects (unless such representation and warranty is made as of a specific date, in which case, such representation or warranty shall be true as of such date); and (iii) after such creation, acquisition or capitalization the Company shall be in compliance with the terms of Section 7.2(k). The Company shall not make any Acquisitions, other than the Spectra Precision Acquisition or Acquisitions meeting the following requirements (each such Acquisition constituting a "Permitted Acquisition"):

(i) no Default or Unmatured Default shall have occurred and be continuing or would result from such Acquisition or the incurrence of any Indebtedness in connection therewith;

(ii) the purchase is consummated pursuant to a negotiated acquisition agreement on a non-hostile basis and approved by the target company's board of directors (and shareholders, if necessary) prior to the consummation of the Acquisition;

(iii) if the purchase price payable in respect to any such Acquisition (including, without limitation, cash or stock (other than Equity Interests (other than Disqualified Stock) of the Company) consideration paid and Indebtedness or other liabilities assumed) exceeds \$25,000,000, prior to each such Acquisition, the Company shall have delivered to the Administrative Agent and the Lenders a certificate from one of the Authorized Officers, demonstrating that after giving effect to such Acquisition, on a pro forma basis in respect of each such Acquisition as if the Acquisition and such incurrence of Indebtedness had occurred on the first day of the twelve-month period ending on the last day of the Company's most recently completed fiscal quarter, the Company would have been in compliance with the financial covenants in Section 7.4 and not otherwise in Default;

(iv) if the purchase price for the Acquisition (excluding consideration in the form of the Company's Equity Interests (other than Disqualified Stock)) exceeds, together with all other Permitted Acquisitions permitted under this Section 7.3(f) during the same fiscal year, \$25,000,000 (the "Permitted Acquisition Basket") (including

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the incurrence or assumption of any Indebtedness in connection therewith), the Required Lenders shall have consented to such Acquisition;

(v) the businesses being acquired shall be similar to that of the Company and its Subsidiaries as of the Closing Date, related or incidental thereto or logical extensions thereof; and

(vi) such Acquisition shall be structured as an asset acquisition,

as an acquisition of one hundred percent (100%) of the outstanding voting equity securities of the target company or as a merger permitted hereby.

Investments. Neither the Company nor any of its Subsidiaries shall purchase or acquire, or make any commitment therefor, any Equity Interest, or any obligations or other securities of, or any interest in, any Person, or make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of the Company, except for:

(i) Investments by the Company or any Subsidiary in any Wholly-Owned Subsidiary which is a Guarantor;

(ii) Investments incurred in order to consummate Permitted Acquisitions otherwise permitted herein;

(iii) Loans giving rise to Indebtedness permitted by Section 7.3(c) (iv);

(iv) Advances to employees for business expenses not to exceed \$1,000,000 in the aggregate outstanding at any one time;

(v) other loans to employees in the ordinary course of business and consistent with past practices, not to exceed \$5,000,000 in the aggregate outstanding at any one time;

(vi) Investments in Cash Equivalents;

(vii) Permitted Existing Investments; and

(viii) other Investments in an aggregate amount not to exceed the sum of (A) \$20,000,000 (based on the initial amount invested) plus (B) proceeds (net of the initial amount invested) from Investments permitted hereunder.

Transactions with Shareholders and Affiliates. Neither the Company nor any of its Subsidiaries shall directly or indirectly enter into or permit to exist any transaction (including, without limitation, the purchase, sale, lease or exchange of any property or the rendering of any service) with, or make loans or advances to, any Affiliate of the Company which is not its Wholly-Owned Subsidiary, on terms that are less favorable to the Company or any of its Subsidiaries, as applicable, than those that might be obtained in an arm's length transaction at the time from Persons who are not such a holder or Affiliate, except for Restricted Payments permitted by Section 7.3(f).

Restriction on Fundamental Changes. Neither the Company nor any of its Subsidiaries shall enter into any merger or consolidation, or liquidate, wind-up or dissolve (or suffer any liquidation or dissolution), or convey, lease, sell, transfer or otherwise dispose of, in one transaction or series of transactions, all or substantially all of the Company's consolidated business or property (each such transaction a "Fundamental Change"), whether now or hereafter acquired, except (i) Fundamental Changes permitted under Sections 7.3(a), 7.3(b) or 7.3(f), (ii) a Subsidiary of the Company may be merged into or consolidated with the Company or any Wholly-Owned Subsidiary of the Company (in which case the Company or such Wholly-Owned Subsidiary shall be the surviving corporation); provided that if the predecessor Subsidiary was a Guarantor, the surviving Subsidiary, if applicable, shall be a Guarantor hereunder, (iii) any liquidation of any Subsidiary of the Company into the Company or another Subsidiary of the Company, as applicable, and (iv) the Company may merge with any other Person, or any Subsidiary of the Company may consolidate or merge with any other Person, provided, that (A) no Default or Unmatured Default shall exist immediately before or after giving effect to such Fundamental Change,

(B) in the

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case of any merger of the Company, the Company is the surviving corporation in such merger and such merger is with a Person in a line of business substantially similar to that of the Company and its Subsidiaries as of the Closing Date or any business or activities which are similar, related or incidental thereto or logical extensions thereof, and (C) in the case of any merger or consolidation of any Subsidiary of the Company, the surviving corporation in such Fundamental Change is or becomes as a result thereof a Wholly-Owned Subsidiary of the Company and if the predecessor Subsidiary was a Guarantor, the surviving Subsidiary shall be a Guarantor hereunder, and (D) such transaction is with a Person in a line of business substantially similar to or related to that of the Company and its Subsidiaries as of the Closing Date or is a logical extension thereof.

Margin Regulations. Neither the Company nor any of its Subsidiaries, shall use all or any portion of the proceeds of any credit extended under this Agreement to purchase or carry Margin Stock.

ERISA. (i) The Company shall not:

(A) engage, or permit any of its Subsidiaries to engage, in any material prohibited transaction described in Sections 406 of ERISA or 4975 of the Code for which a statutory or class exemption is not available or a private exemption has not been previously obtained from the DOL;

(B) permit to exist any accumulated funding deficiency (as defined in Sections 302 of ERISA and 412 of the Code), with respect to any Benefit Plan, whether or not waived;

(C) fail, or permit any Controlled Group member to fail, to pay timely required material contributions or annual installments due with respect to any waived funding deficiency to any Benefit Plan;

(D) terminate, or permit any Controlled Group member to terminate, any Benefit Plan which would result in any material liability of the Company or any Controlled Group member under Title IV of ERISA;

(E) fail to make any material contribution or payment to any Multiemployer Plan which the Company or any Controlled Group member may be required to make under any agreement relating to such Multiemployer Plan, or any law pertaining thereto;

(F) permit any unfunded liabilities with respect to any Foreign Pension Plan except to the extent that any such unfunded liabilities are being funded by annual contributions made by the Borrower or any member of its Controlled Group and such annual contributions are not less than the minimum amounts, if any, required under applicable local law;

(G) fail, or permit any of its Subsidiaries or Controlled Group members to fail, to pay any required contributions or payments to a Foreign Pension Plan on or before the due date for such required installment or payment;

(H) fail, or permit any Controlled Group member to fail, to pay any required material installment or any other payment required under Section 412 of the Code on or before the due date for such installment or other payment; or

(I) amend, or permit any Controlled Group member to amend, a Plan resulting in a material increase in current liability for the plan year such that the Company or any Controlled Group member is required to provide security to such Plan under Section 401(a)(29) of the Code.

(ii) For purposes of this Section 7.3(k), "material" means any noncompliance or basis for liability which could reasonably be expected to subject the Company or any of its Subsidiaries to liability, individually or in the aggregate, in excess of \$5,000,000.

Certain Documents. Neither the Company nor any of its Subsidiaries shall amend, modify or otherwise change any of the terms or provisions

of (i) the Acquisition Documents, or of any of their respective constituent documents as in effect on the date hereof in any manner materially adverse to the interests of the Lenders or (ii) the documents evidencing the Subordinated Seller Debt.

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Fiscal Year. Neither the Company nor any of its consolidated Subsidiaries shall change its fiscal year for accounting or tax purposes from a period consisting of the twelve-month period ending on Friday nearest to December 31 of each year, except as required by Agreement Accounting Principles or by law and disclosed to the Lenders and the Administrative Agent.

Hedging Obligations. The Company shall not and shall not permit any of its Subsidiaries to enter into any interest rate, commodity or foreign currency exchange, swap, collar, cap or similar agreements evidencing Hedging Obligations, other than interest rate, foreign currency or commodity exchange, swap, collar, cap or similar agreements entered into by the Company or its Subsidiaries pursuant to which the Company or its Subsidiaries has hedged its actual or anticipated interest rate, foreign currency or commodity exposure. Such permitted hedging agreements entered into by the Company or its Subsidiaries and any Lender or any Affiliate of any Lender are sometimes referred to herein as "Hedging Agreements."

Capital Expenditures. The Company shall not, and shall not permit any of its Subsidiaries to, make Capital Expenditures in any fiscal year to the extent that during any fiscal year the aggregate amount of Capital Expenditures for the Company and its Subsidiaries would exceed \$15,000,000, excluding any amount attributable to a Permitted Acquisition (the "Capital Expenditures Limit"). Notwithstanding the foregoing, in the event that the Company and its Subsidiaries do not expend the entire Capital Expenditures Limit for any fiscal year, the Company and its Subsidiaries may carry forward to the immediately succeeding fiscal year the unutilized portion of such Capital Expenditures Limit

Restrictive Agreements. Other than (x) the Subordinated Seller Note, (y) customary provisions in licenses or similar agreements that restrict the ability of the Company or its Subsidiaries to assign, transfer, license or sublicense any intellectual property subject to such license or agreement and (z) negative pledge provisions in Equipment financing agreements which restrict only Liens on the Equipment subject to such agreement together with any accessions, additions, replacements or proceeds of such Equipment, the Company shall not, nor shall it permit any of its Subsidiaries to, enter into any indenture, agreement, instrument or other arrangement which directly or indirectly prohibits or restrains, or has the effect of prohibiting or restraining, or imposes materially adverse conditions upon, the ability of the Company or any Subsidiary to create Liens upon their assets securing the Obligations or of any Subsidiary to (i) pay dividends or make other distributions or Restricted Payments (A) on its Capital Stock or (B) with respect to any other interest or participation in, or measured by, its profits, (ii) make loans or advances to or other investments in the Company or any Subsidiary, (iii) repay loans or advances from the Company or any Subsidiary or (iv) transfer any of its properties to the Company or any Subsidiary.

Financial Covenants.

Minimum Fixed Charge Coverage Ratio. The Company shall maintain as of the end of each fiscal quarter set forth below a Fixed Charge Coverage Ratio for the four fiscal quarter period then ending of not less than the ratio set forth below opposite such period:

Fiscal Quarter Ending -----	Ratio -----
September 30, 2000 through March 31, 2002	1.50:1.00
June 30, 2002 and September 30, 2002	1.75:1.00
December 31, 2002 and March 31, 2003	2.00:1.00
June 30, 2003 and September 30, 2003	2.25:1.00
December 31, 2003 and March 31, 2004	2.50:1.00
June 30, 2004 and September 30, 2004	2.75:1.00

December 31, 2004 and thereafter

3.00:1.00

Maximum Leverage Ratio. The Company shall at all times during the periods specified below maintain a Leverage Ratio for the four fiscal quarter period then ending of not greater than the ratio set forth below opposite such period:

Fiscal Quarter Ending -----	Ratio -----
September 30, 2000	3.50:1.00
December 31, 2000 and March 31, 2001	3.00:1.00
June 30, 2001 and September 30, 2001	2.50:1.00
December 31, 2001 and March 31, 2002	2.00:1.00
June 30, 2002 and thereafter	1.50:1.00

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Minimum Consolidated Net Worth. The Company shall not permit its Consolidated Net Worth at any time to be less than the sum of (i) 85% of Consolidated Net Worth on the Closing Date plus (ii) fifty percent (50%) of Net Income (if positive) calculated separately for each subsequent quarterly accounting period, in each case, excluding changes in cumulative foreign exchange translation adjustment, plus (iii) the aggregate amount of all Equity Interests issued after the Closing Date.

: DEFAULTS

Defaults. Each of the following occurrences shall constitute a Default under this Agreement:

Failure to Make Payments When Due. The Company or any Subsidiary Borrower shall (i) fail to pay when due any of the Obligations consisting of principal with respect to any Loan or (ii) shall fail to pay within five (5) Business Days of the date when due any of the other Obligations under this Agreement or the other Loan Documents.

Breach of Certain Covenants. The Company or any Subsidiary Borrower shall fail duly and punctually to perform or observe any agreement, covenant or obligation binding on it under:

(i) Sections 7.1(b), 7.1(c), 7.1(f), 7.2(j), 7.2(k), 7.2(m), 7.3 or 7.4 or

(ii) any section of this Agreement or any other Loan Document not covered by Section 8.1(a), 8.1(b)(i) or 8.1(m) and such failure shall continue unremedied for thirty (30) days after the occurrence thereof.

Breach of Representation or Warranty. Any representation or warranty made or deemed made by the Company or any Subsidiary Borrower to the Administrative Agent or any Lender herein or by the Company or any Subsidiary Borrower or any of their Subsidiaries in any of the other Loan Documents or in any statement or certificate or information at any time given by any such Person pursuant to any of the Loan Documents shall be false in any material respect on the date as of which made or deemed made.

Default as to Other Indebtedness. The Company or any of its Subsidiaries shall fail to pay when due (i) any Subordinated Seller Debt or (ii) any Indebtedness in excess of \$5,000,000 (any such Indebtedness being "Material Indebtedness"); or the Company or any of its Subsidiaries shall fail to perform (beyond the applicable grace period with respect thereto, if any) any term, provision or condition contained in any agreement under which any such Material Indebtedness was created or is governed, or any other event shall occur or condition exist, the effect of which default or event is to cause, or to permit the holder or holders of such Material Indebtedness to cause, such Material Indebtedness to become due prior to its stated maturity; or any Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable or required to be prepaid or repurchased (other than by a regularly scheduled payment) prior to the stated maturity thereof.

Involuntary Bankruptcy; Appointment of Receiver, Etc.

(i) An involuntary case shall be commenced against the Company or any of the Company's Subsidiaries and the petition shall not be dismissed, stayed, bonded or discharged within forty-five (45) days after commencement of the case; or a court having jurisdiction in the premises shall enter a decree or order for relief in respect of the Company or any of the Company's Subsidiaries in an involuntary case, under any applicable bankruptcy, insolvency or other similar law now or hereinafter in effect; or any other similar relief shall be granted under any applicable federal, state, local or foreign law.

(ii) A decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other officer having similar powers over the Company or any of the Company's Subsidiaries or over all or a substantial part of the property of the Company or any of the Company's Subsidiaries shall be entered; or an interim receiver, trustee or other custodian of the Company or any of the Company's Subsidiaries or of all or a substantial part of the property of the Company or any of the Company's Subsidiaries shall be appointed or a warrant of attachment, execution or similar process against any substantial part of the property of the Company or any of the Company's Subsidiaries shall be issued and any such event shall not be stayed, dismissed, bonded or discharged within forty-five (45) days after entry, appointment or issuance.

Voluntary Bankruptcy; Appointment of Receiver, Etc. The Company or any of the Company's Subsidiaries shall (i) commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, (ii) consent to the entry of an order for relief in an involuntary case, or to the conversion of an

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involuntary case to a voluntary case, under any such law, (iii) consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, (iv) make any assignment for the benefit of creditors or (v) take any corporate action to authorize any of the foregoing.

Judgments and Attachments. Any money judgment(s) writ or warrant of attachment, or similar process against the Company or any Domestic Subsidiary or any of their respective assets involving in any single case or in the aggregate an amount in excess of \$5,000,000 is or are entered and shall remain undischarged, unvacated, unbonded or unstayed for a period of thirty (30) days or in any event later than fifteen (15) days prior to the date of any proposed sale thereunder.

Dissolution. Any order, judgment or decree shall be entered against the Company or any Domestic Subsidiary decreeing its involuntary dissolution or split up and such order shall remain undischarged and unstayed for a period in excess of forty-five (45) days; or the Company or any Domestic Subsidiary shall otherwise dissolve or cease to exist except as specifically permitted by this Agreement.

Termination Event. Any Termination Event occurs which the Required Lenders believe is reasonably likely to subject the Company to liability in excess of \$5,000,000. The Unfunded Liabilities of all Single Employer Plans shall exceed in the aggregate \$10,000,000.

Waiver of Minimum Funding Standard. If the plan administrator of any Plan applies under Section 412(d) of the Code for a waiver of the minimum funding standards of Section 412(a) of the Code and the Administrative Agent or the Required Lenders believe the substantial business hardship upon which the application for the waiver is based could reasonably be expected to subject either the Company or any Controlled Group member to liability in excess of \$5,000,000.

Change of Control. A Change of Control shall occur.

Guarantor Revocation. Any Guaranty shall fail to remain in full force

or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Guaranty, or any Guarantor shall fail to comply with any of the terms or provisions of any Guaranty to which it is a party, or any Guarantor shall deny that it has any further liability under any Guaranty to which it is a party, or shall give notice to such effect; in each case other than a Guarantor's ceasing to be a Subsidiary Borrower pursuant to Section 2.23 hereof or the disposition of such Guarantor in any transaction permitted by Section 7.3(b) hereof.

Collateral Documents. Any Collateral Documents shall fail to remain in full force or effect or any action shall be taken to discontinue or to assert the invalidity or unenforceability of any Collateral Document, or any "Default" or "Unmatured Default" shall occur under and as defined in any Collateral Document or shall deny, or give notice to such effect, that it has any further liability under such Collateral Document or any Collateral Document shall for any reason fail to create a valid and perfected, first priority security interest in any collateral purported to be covered thereby, except as permitted by the terms of such Collateral Document.

A Default shall be deemed "continuing" until cured or until waived in writing in accordance with Section 9.2.

: ACCELERATION, DEFAULTING LENDERS; WAIVERS, AMENDMENTS AND REMEDIES

Termination of Revolving Loan Commitments; Acceleration. If any Default described in Section 8.1(e) or 8.1(f) occurs with respect to the Company or any Subsidiary Borrower, the obligations of the Lenders to make Loans (including, without limitation, Alternate Currency Loans) hereunder and the obligation of any Issuing Banks to issue Letters of Credit hereunder shall automatically terminate and the Obligations shall immediately become due and payable without any election or action on the part of the Administrative Agent or any Lender. If any other Default occurs, the Required Lenders, or the Administrative Agent acting at the direction of the Required Lenders may terminate or suspend the obligations of the Lenders to make Loans (including, without limitation, Alternate Currency Loans) hereunder and the obligation of the Issuing Banks to issue Letters of Credit hereunder, or declare the Obligations to be due and payable, or both, whereupon the Obligations shall become immediately due and payable, without presentment, demand, protest or notice of any kind, all of which the Borrowers expressly waive.

Amendments. Subject to the provisions of this Article IX, the Required Lenders (or the Administrative Agent with the consent in writing of the Required Lenders) and the Borrowers may enter into agreements supplemental hereto for the purpose of adding or modifying any provisions to the Loan Documents or changing in any manner the rights of the Lenders or the Borrowers hereunder or waiving any Default or Unmatured Default hereunder; provided, however, that no such supplemental agreement shall, without the consent of each Lender directly affected thereby:

(a) Postpone or extend the Revolving Loan Termination Date, the Term Loan Maturity Date or any other date scheduled for any payment of principal of, or interest on, the Loans, the Reimbursement Obligations or

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any fees or other amounts payable to such Lender (except with respect to a waiver of the application of the default rate of interest pursuant to Section 2.12 hereof).

(b) Reduce the principal amount of any Loans or L/C Obligations, or reduce the rate or extend the time of payment of interest or fees thereon.

(c) Reduce the percentage specified in the definition of Required Lenders or any other percentage of Lenders hereunder specified to be the applicable percentage in this Agreement to act on specified matters or amend the definitions of "Required Lenders", "Pro Rata Revolving Share", "Pro Rata Share", "Pro Rata Term Share", "Pro Rata Tranche A Revolving Share" or "Pro Rata Tranche B Revolving Share".

(d) Increase the amount of the Revolving Loan Commitment or Term



Loan Commitment of any Lender hereunder.

(e) Permit the Company or any Subsidiary Borrower to assign its rights under this Agreement or any Guaranty.

(f) Release the Company or any Guarantor from any of its obligations under the Guaranty set forth in Article X hereof or any other Guaranty.

(g) Amend this Section 9.2.

(h) Release all or a substantial portion of the collateral pledged pursuant to the Collateral Documents (except as expressly provided therein).

(i) Amend the definition of "Trigger Event Date".

No amendment of any provision of this Agreement relating to (a) the Administrative Agent shall be effective without the written consent of the Administrative Agent, (b) any Issuing Bank shall be effective without the written consent of such Issuing Bank and (c) any Swing Line Loan shall be effective without the written consent of the Swing Line Bank. The Administrative Agent may waive payment of the fee required under Section 14.3(b) without obtaining the consent of any of the Lenders.

Preservation of Rights. No delay or omission of the Lenders or the Administrative Agent to exercise any right under the Loan Documents shall impair such right or be construed to be a waiver of any Default or an acquiescence therein, and the making of a Loan or the issuance of a Letter of Credit notwithstanding the existence of a Default or the inability of the Company or any other Borrower to satisfy the conditions precedent to such Loan or issuance of such Letter of Credit shall not constitute any waiver or acquiescence. Any single or partial exercise of any such right shall not preclude other or further exercise thereof or the exercise of any other right, and no waiver, amendment or other variation of the terms, conditions or provisions of the Loan Documents whatsoever shall be valid unless in writing signed by the requisite number of Lenders required pursuant to Section 9.2, and then only to the extent in such writing specifically set forth. All remedies contained in the Loan Documents or by law afforded shall be cumulative and all shall be available to the Administrative Agent and the Lenders until the Obligations have been paid in full.

: GUARANTY

Guaranty. For valuable consideration, the receipt of which is hereby acknowledged, and to induce the Lenders to make advances to each Subsidiary Borrower and to make, issue and participate in Letters of Credit, Swing Line Loans and Alternate Currency Loans, the Company hereby absolutely and unconditionally guarantees prompt payment when due, whether at stated maturity, upon acceleration or otherwise, and at all times thereafter, of any and all existing and future obligations including without limitation the Obligations, of each Subsidiary Borrower to the Administrative Agent, the Lenders, the Swing Line Bank, the Issuing Lenders, the Alternate Currency Banks, or any of them, under or with respect to the Loan Documents or under or with respect to any Hedging Agreement entered into in connection with this Agreement, whether for principal, interest, (including interest accruing after the commencement of any bankruptcy insolvency or similar proceeding whether or not allowed as a claim in such proceeding) fees, expenses or otherwise (collectively, the "Guaranteed Obligations", and each such Subsidiary Borrower being an "Obligor" and collectively, the "Obligors").

Waivers. The Company waives notice of the acceptance of this guaranty and of the extension or continuation of the Guaranteed Obligations or any part thereof. The Company further waives presentment, protest, notice of notices delivered or demand made on any Obligor or action or delinquency in respect of the Guaranteed Obligations or any part thereof, including any right to require the Administrative Agent and the Lenders to sue any Obligor, any other guarantor or

any other Person obligated with respect to the Guaranteed Obligations or any part thereof, or otherwise to enforce payment thereof against any collateral

securing the Guaranteed Obligations or any part thereof. The Administrative Agent and the Lenders shall have no obligation to disclose or discuss with the Company their assessments of the financial condition of the Obligors.

Guaranty Absolute. This guaranty is a guaranty of payment and not of collection, is a primary obligation of the Company and not one of surety, and the validity and enforceability of this guaranty shall be absolute and unconditional irrespective of, and shall not be impaired or affected by any of the following: (a) any extension, modification or renewal of, or indulgence with respect to, or substitutions for, the Guaranteed Obligations or any part thereof or any agreement relating thereto at any time; (b) any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or any collateral; (c) any waiver of any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto or with respect to any collateral; (d) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any Person with respect to the Guaranteed Obligations or any part thereof; (e) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral; (f) the application of payments received from any source to the payment of obligations other than the Guaranteed Obligations, any part thereof or amounts which are not covered by this guaranty even though the Administrative Agent and the Lenders might lawfully have elected to apply such payments to any part or all of the Guaranteed Obligations or to amounts which are not covered by this guaranty; (g) any change in the ownership of any Obligor or the insolvency, bankruptcy or any other change in the legal status of any Obligor; (h) the change in or the imposition of any law, decree, regulation or other governmental act which does or might impair, delay or in any way affect the validity, enforceability or the payment when due of the Guaranteed Obligations; (i) the failure of the Company or any Obligor to maintain in full force, validity or effect or to obtain or renew when required all governmental and other approvals, licenses or consents required in connection with the Guaranteed Obligations or this guaranty, or to take any other action required in connection with the performance of all obligations pursuant to the Guaranteed Obligations or this guaranty; (j) the existence of any claim, setoff or other rights which the Company may have at any time against any Obligor, or any other Person in connection herewith or an unrelated transaction; (k) the Administrative Agent's or any Lender's election, in any case or proceeding instituted under chapter 11 of the Bankruptcy Code, of the application of section 1111(b)(2) of the Bankruptcy Code; (l) any borrowing, use of cash collateral, or grant of a security interest by the Company, as debtor in possession, under section 363 or 364 of the United States Bankruptcy Code; (m) the disallowance of all or any portion any Lender's claims for repayment of the Guaranteed Debt under section 502 or 506 of the United States Bankruptcy Code; or (n) any other circumstances, whether or not similar to any of the foregoing, which could constitute a defense to a guarantor; all whether or not the Company shall have had notice or knowledge of any act or omission referred to in the foregoing clauses (a) through (n) of this paragraph. It is agreed that the Company's liability hereunder is several and independent of any other guaranties or other obligations at any time in effect with respect to the Guaranteed Obligations or any part thereof and that the Company's liability hereunder may be enforced regardless of the existence, validity, enforcement or non-enforcement of any such other guaranties or other obligations or any provision of any applicable law or regulation purporting to prohibit payment by any Obligor of the Guaranteed Obligations in the manner agreed upon between the Obligor and the Administrative Agent and the Lenders.

Acceleration. The Company agrees that, as between the Company on the one hand, and the Lenders and the Administrative Agent, on the other hand, the obligations of each Obligor guaranteed under this Article X may be declared to be forthwith due and payable, or may be deemed automatically to have been accelerated, as provided in Section 9.1 hereof for purposes of this Article X, notwithstanding any stay, injunction or other prohibition (whether in a bankruptcy proceeding affecting such Obligor or otherwise) preventing such declaration as against such Obligor and that, in the event of such declaration or automatic acceleration, such obligations (whether or not due and payable by such Obligor) shall forthwith become due and payable by the Company for purposes of this Article X.

Marshaling; Reinstatement. None of the Lenders nor the Administrative Agent nor any Person acting for or on behalf of the Lenders or the Administrative Agent shall have any obligation to marshal any assets in favor of the Company

or against or in payment of any or all of the Guaranteed Obligations. If the Company, any Borrower or any other guarantor of all or any part of the Guaranteed Obligations makes a payment or payments to any Lender or the Administrative Agent, which payment or payments or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside and/or required to be repaid to such Borrower, the Company, such other guarantor or any other Person, or their respective estates, trustees, receivers or any other party, including, without limitation, the Company, under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or repayment, the part of the Guaranteed Obligations which has been paid, reduced or satisfied by such amount shall be reinstated and continued in full force and effect as of the time immediately preceding such initial payment, reduction or satisfaction.

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Subrogation. Until the irrevocable payment in full of the Obligations and termination of all commitments which could give rise to any Guaranteed Obligation, the Company shall have no right of subrogation with respect to the Guaranteed Obligations, and hereby waives any right to enforce any remedy which the Administrative Agent and/or the Lenders now has or may hereafter have against the Company, any endorser or any other guarantor of all or any part of the Guaranteed Obligations, and the Company hereby waives any benefit of, and any right to participate in, any security or collateral given to the Administrative Agent and/or the Lenders to secure payment of the Guaranteed Obligations or any part thereof or any other liability of any Obligor to the Administrative Agent and/or the Lenders.

Termination Date. Subject to Section 10.5 this guaranty shall continue in effect until the later of (a) the Facility Termination Date, and (b) the date on which this Agreement has otherwise expired or been terminated in accordance with its terms and all of the Guaranteed Obligations have been paid in full in cash.

: GENERAL PROVISIONS

Survival of Representations. All representations and warranties of the Company contained in this Agreement shall survive delivery of this Agreement and the making of the Loans herein contemplated so long as any principal, accrued interest, fees, or any other amount due and payable under any Loan Document is outstanding and unpaid (other than contingent reimbursement and indemnification obligations) and so long as the Revolving Loan Commitments have not been terminated.

Governmental Regulation. Anything contained in this Agreement to the contrary notwithstanding, no Lender shall be obligated to extend credit to the Company or any other Borrower in violation of any limitation or prohibition provided by any applicable statute or regulation.

Headings. Section headings in the Loan Documents are for convenience of reference only, and shall not govern the interpretation of any of the provisions of the Loan Documents.

Entire Agreement. The Loan Documents embody the entire agreement and understanding among the Borrowers, the Administrative Agent and the Lenders and supersede all prior agreements and understandings among the Borrowers, the Administrative Agent and the Lenders relating to the subject matter thereof other than the Fee Letter.

Several Obligations; Benefits of this Agreement. The respective obligations of the Lenders hereunder are several and not joint and no Lender shall be the partner or agent of any other Lender (except to the extent to which the Administrative Agent is authorized to act as such). The failure of any Lender to perform any of its obligations hereunder shall not relieve any other Lender from any of its obligations hereunder. Any obligation of "the Borrowers" hereunder shall be joint and several obligation of the Borrowers. This Agreement shall not be construed so as to confer any right or benefit upon any Person other than the parties to this Agreement and their respective successors and assigns.

Expenses; Indemnification.

Expenses. The Borrowers shall reimburse the Administrative Agent for any reasonable costs and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees and time charges of attorneys and paralegals for the Administrative Agent, Issuing Banks, Swing Line Bank

and Alternative Currency Banks) paid or incurred by the Administrative Agent in connection with the preparation, negotiation, execution, delivery, syndication, review, proposed or completed amendment, waiver or modification, and administration of the Loan Documents. The Borrowers also agree to reimburse the Administrative Agent, each Alternate Currency Bank, and each Arranger and each of the Lenders for any costs and out-of-pocket expenses (including reasonable attorneys' and paralegals' fees and time charges of attorneys and paralegals for the Administrative Agent, each Alternate Currency Bank, each Arranger and each Lender, which attorneys and paralegals may be employees of the Administrative Agent, such Alternate Currency Bank, such Arranger, or the Lenders) paid or incurred by the Administrative Agent, the Alternate Currency Banks or the Arrangers or any Lender in connection with the collection of the Obligations and enforcement of the Loan Documents. The Administrative Agent shall provide the Borrowers with a detailed statement of all reimbursements requested under this Section 11.6(a).

Indemnity. The Borrowers hereby further agree to indemnify the Administrative Agent, the Arrangers, the Alternate Currency Banks, the Issuing Banks and each and all of the Lenders and each of their respective Affiliates, and each of the Administrative Agent's, Arranger's, Alternate Currency Bank's, Issuing Bank's, Lender's and Affiliate's directors, officers, employees, attorneys and agents (all such persons, "Indemnitees") against all losses, claims, damages, penalties, judgments, liabilities and expenses (including, without limitation, all expenses of litigation or preparation therefor whether or not such Indemnitee is a party thereto) which any of them may pay

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or incur arising out of or relating to this Agreement, the other Loan Documents, the Spectra Precision Acquisition, the transactions contemplated hereby or the direct or indirect application or proposed application of the proceeds of any Loan hereunder except to the extent that they are determined in a final non-appealable judgment by a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the party seeking indemnification.

Waiver of Certain Claims. The Borrowers further agree to assert no claim against any of the Indemnitees on any theory of liability seeking consequential, special, indirect, exemplary or punitive damages.

Survival of Agreements. The obligations and agreements of the Borrowers under this Section 11.6 shall survive the termination of this Agreement.

Numbers of Documents. All statements, notices, closing documents, and requests hereunder shall be furnished to the Administrative Agent with sufficient counterparts so that the Administrative Agent may furnish one to each of the Lenders.

Accounting. Except with respect to the pricing grid calculations in Section 2.15 and the financial covenant calculations in Section 7.4, both of which shall be made in accordance with Agreement Accounting Principles as in effect on the date hereof, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with generally accepted accounting principles as in effect from time to time, consistently applied.

Severability of Provisions. Any provision in any Loan Document that is held to be inoperative, unenforceable, or invalid in any jurisdiction shall, as to that jurisdiction, be inoperative, unenforceable, or invalid without affecting the remaining provisions in that jurisdiction or the operation, enforceability, or validity of that provision in any other jurisdiction, and to this end the provisions of all Loan Documents are declared to be severable.

Nonliability of Lenders. The relationship between the Borrowers and the Lenders and the Administrative Agent shall be solely that of borrower and lender. Neither the Administrative Agent nor any Lender shall have any fiduciary responsibilities to the Borrowers or the Guarantors. Neither the Administrative Agent nor any Lender undertakes any responsibility to any Borrower or Guarantor to review or inform any Borrower or Guarantor of any matter in connection with

any phase of the Borrowers' business or operations.

GOVERNING LAW. ANY DISPUTE BETWEEN ANY BORROWER AND THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY OTHER HOLDER OF OBLIGATIONS ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS, AND WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED IN ACCORDANCE WITH THE INTERNAL LAWS (BUT WITHOUT REGARD TO THE CONFLICTS OF LAWS PROVISIONS) OF THE STATE OF ILLINOIS.

CONSENT TO JURISDICTION; SERVICE OF PROCESS; JURY TRIAL.

EXCLUSIVE JURISDICTION. EXCEPT AS PROVIDED IN SUBSECTION (b), EACH OF THE PARTIES HERETO AGREES THAT ALL DISPUTES AMONG THEM ARISING OUT OF, CONNECTED WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH, THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS WHETHER ARISING IN CONTRACT, TORT, EQUITY, OR OTHERWISE, SHALL BE RESOLVED EXCLUSIVELY BY STATE OR FEDERAL COURTS LOCATED IN ILLINOIS, BUT THE PARTIES HERETO ACKNOWLEDGE THAT ANY APPEALS FROM THOSE COURTS MAY HAVE TO BE HEARD BY A COURT LOCATED OUTSIDE OF ILLINOIS. EACH OF THE PARTIES HERETO WAIVES IN ALL DISPUTES BROUGHT PURSUANT TO THIS SUBSECTION (a) ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT CONSIDERING THE DISPUTE.

OTHER JURISDICTIONS. EACH BORROWER AGREES THAT THE ADMINISTRATIVE AGENT, ANY LENDER OR ANY OTHER HOLDER OF OBLIGATIONS SHALL HAVE THE RIGHT TO PROCEED AGAINST EACH BORROWER OR ITS RESPECTIVE PROPERTY IN A COURT IN ANY LOCATION TO ENABLE SUCH PERSON TO (1) OBTAIN PERSONAL JURISDICTION OVER ANY BORROWERS (2) IN ORDER TO ENFORCE A JUDGMENT OR OTHER COURT ORDER ENTERED IN FAVOR OF SUCH PERSON OR (3) FORECLOSE ON COLLATERAL LOCATED IN SUCH JURISDICTION. EACH BORROWER AGREES THAT IT WILL NOT ASSERT ANY PERMISSIVE UNRELATED COUNTERCLAIMS IN ANY PROCEEDING BROUGHT BY SUCH PERSON TO REALIZE ON ANY SECURITY FOR THE OBLIGATIONS OR TO ENFORCE A JUDGMENT OR OTHER COURT ORDER IN

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FAVOR OF SUCH PERSON. EACH BORROWER WAIVES ANY OBJECTION THAT IT MAY HAVE TO THE LOCATION OF THE COURT IN WHICH SUCH PERSON HAS COMMENCED A PROCEEDING DESCRIBED IN THIS SUBSECTION (b).

VENUE. EACH BORROWER IRREVOCABLY WAIVES ANY OBJECTION (INCLUDING, WITHOUT LIMITATION, ANY OBJECTION OF THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS) WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY SUCH ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith IN ANY JURISDICTION SET FORTH ABOVE.

WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO IRREVOCABLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, ARISING OUT OF, CONNECTED WITH, RELATED TO OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THEM IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HERewith. EACH OF THE PARTIES HERETO AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND THAT ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS AGREEMENT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

ADVICE OF COUNSEL. EACH OF THE PARTIES REPRESENTS TO EACH OTHER PARTY HERETO THAT IT HAS DISCUSSED THIS AGREEMENT AND, SPECIFICALLY, THE PROVISIONS OF SECTION 11.6 AND THIS SECTION 11.12, WITH ITS COUNSEL.

Other Transactions. Each of the Administrative Agent, the Arrangers, the Lenders, the Issuing Banks, the Swing Line Bank and the Borrowers acknowledge that the Administrative Agent and the Lenders (or Affiliates of the Administrative Agent and the Lenders) may, from time to time, effect transactions for their own accounts or the accounts of customers, and hold positions in loans or options on loans of the Company, the Company's Subsidiaries and other companies that may be the subject of this credit arrangement and nothing in this Agreement shall impair the right of any such

Person to enter into any such transaction (to the extent it is not expressly prohibited by the terms of this Agreement) or give any other Person any claim or right of action hereunder as a result of the existence of the credit arrangements hereunder, all of which are hereby waived. In addition, certain Affiliates of one or more of the Lenders are or may be securities firms and as such may effect, from time to time, transactions for their own accounts or for the accounts of customers and hold positions in securities or options on securities of the Company, the Company's Subsidiaries and other companies that may be the subject of this credit arrangement and nothing in this Agreement shall impair the right of any such Person to enter into any such transaction (to the extent it is not expressly prohibited by the terms of this Agreement) or give any other Person any claim or right of action hereunder as a result of the existence of the credit arrangements hereunder, all of which are hereby waived. Other business units affiliated with the Administrative Agent may from time to time provide other financial services and products to the Company and its Subsidiaries.

: THE ADMINISTRATIVE AGENT

Appointment; Nature of Relationship. ABN is appointed by the Lenders as the Administrative Agent hereunder and under each other Loan Document, and each of the Lenders irrevocably authorizes the Administrative Agent to act as the contractual representative of such Lender with the rights and duties expressly set forth herein and in the other Loan Documents. The Administrative Agent agrees to act as such contractual representative upon the express conditions contained in this Article XII. Notwithstanding the use of the defined term "Administrative Agent," it is expressly understood and agreed that the Administrative Agent shall not have any fiduciary responsibilities to any Holder of Obligations by reason of this Agreement and that the Administrative Agent is merely acting as the representative of the Lenders with only those duties as are expressly set forth in this Agreement and the other Loan Documents. In its capacity as the Lenders' contractual representative, the Administrative Agent (i) does not assume any fiduciary duties to any of the Holders of Obligations, (ii) is a "representative" of the Holders of Obligations within the meaning of Section 9-105 of the Uniform Commercial Code and (iii) is acting as an independent contractor, the rights and duties of which are limited to those expressly set forth in this Agreement and the other Loan Documents. Each of the Lenders, for itself and on behalf of its Affiliates as Holders of Obligations, agrees to assert no claim against the Administrative Agent on any agency theory or any other theory of liability for breach of fiduciary duty, all of which claims each Holder of Obligations waives.

Powers. The Administrative Agent shall have and may exercise such powers under the Loan Documents as are specifically delegated to the Administrative Agent by the terms of each thereof, together with such powers as are reasonably incidental thereto. The Administrative Agent shall have no implied duties or fiduciary duties to the Lenders, or

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any obligation to the Lenders to take any action hereunder or under any of the other Loan Documents except any action specifically provided by the Loan Documents required to be taken by the Administrative Agent.

General Immunity. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be liable to the Company, the Lenders or any Lender for any action taken or omitted to be taken by it or them hereunder or under any other Loan Document or in connection herewith or therewith except to the extent such action or inaction is found in a final judgment by a court of competent jurisdiction to have arisen primarily from the gross negligence or willful misconduct of such Person.

No Responsibility for Loans, Creditworthiness, Recitals, Etc. Neither the Administrative Agent nor any of its directors, officers, agents or employees shall be responsible for or have any duty to ascertain, inquire into, or verify (a) any statement, warranty or representation made in connection with any Loan Document or any borrowing hereunder; (b) the performance or observance of any of the covenants or agreements of any obligor under any Loan Document; (c) the satisfaction of any condition specified in Article V, except receipt of items required to be delivered solely to the Administrative Agent; (d) the existence or possible existence of any Default or (e) the validity, effectiveness or genuineness of any Loan Document or any other instrument or writing furnished in connection therewith. The Administrative Agent shall not be responsible to any

Lender for any recitals, statements, representations or warranties herein or in any of the other Loan Documents, or for the execution, effectiveness, genuineness, validity, legality, enforceability, collectibility, or sufficiency of this Agreement or any of the other Loan Documents or the transactions contemplated thereby, or for the financial condition of any guarantor of any or all of the Obligations, the Company or any of its Subsidiaries.

Action on Instructions of Lenders. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, hereunder and under any other Loan Document in accordance with written instructions signed by the Required Lenders (or all of the Lenders in the event that and to the extent that this Agreement expressly requires such), and such instructions and any action taken or failure to act pursuant thereto shall be binding on all of the Lenders and on all owners of Loans and on all Holders of Obligations. The Administrative Agent shall be fully justified in failing or refusing to take any action hereunder and under any other Loan Document unless it shall first be indemnified to its satisfaction by the Lenders pro rata against any and all liability, cost and expense that it may incur by reason of taking or continuing to take any such action.

Employment of Agents and Counsel. The Administrative Agent may execute any of its duties as the Administrative Agent hereunder and under any other Loan Document by or through employees, agents, and attorneys-in-fact and shall not be answerable to the Lenders, except as to money or securities received by it or its authorized agents, for the default or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall be entitled to advice of counsel concerning the contractual arrangement between the Administrative Agent and the Lenders and all matters pertaining to the Administrative Agent's duties hereunder and under any other Loan Document.

Reliance on Documents; Counsel. The Administrative Agent shall be entitled to rely upon any notice, consent, certificate, affidavit, letter, telegram, statement, paper or document believed by it to be genuine and correct and to have been signed or sent by the proper person or persons, and, in respect to legal matters, upon the opinion of counsel selected by the Administrative Agent, which counsel may be employees of the Administrative Agent.

The Administrative Agent's, Issuing Banks', Swing Line Bank's and Alternate Currency Banks' Reimbursement and Indemnification. (a) The Lenders agree to reimburse and indemnify the Administrative Agent ratably in proportion to their respective Pro Rata Shares (i) for any expenses incurred by the Administrative Agent on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (ii) for any liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have arisen primarily from the gross negligence or willful misconduct of the Administrative Agent.

(b) The Lenders with a Revolving Loan Commitment agree to reimburse and indemnify the Administrative Agent, the Issuing Banks, the Swing Line Bank and the Alternate Currency Banks ratably in proportion to their respective Pro Rata Revolving Shares (i) any amounts not reimbursed by any Borrower for which the Administrative Agent, the Issuing Banks, the Swing Line Bank and the Alternate Currency Banks are entitled to reimbursement by any Borrower under the Loan Documents, (ii) for any other expenses incurred by the Administrative Agent, any Issuing Bank, the Swing Line Bank or any Alternate Currency Bank on behalf of the Lenders, in connection with the preparation, execution, delivery, administration and enforcement of the Loan Documents and (iii) for any liabilities, obligations, losses, damages,

penalties, actions, judgments, suits, costs, expenses or disbursements of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Administrative Agent, any Issuing Bank, the Swing Line Bank or any Alternate Currency Bank in any way relating to or arising out of the Loan Documents or any other document delivered in connection therewith or the

transactions contemplated thereby, or the enforcement of any of the terms thereof or of any such other documents, provided that no Lender shall be liable for any of the foregoing to the extent any of the foregoing is found in a final non-appealable judgment by a court of competent jurisdiction to have arisen primarily from the gross negligence or willful misconduct of the Administrative Agent, the applicable Issuing Bank, the Swing Line Bank or the applicable Alternate Currency Bank.

Rights as a Lender. With respect to its Revolving Loan Commitment, Loans made by it, Swing Line Loans made by it, and Letters of Credit issued by it, the Administrative Agent shall have the same rights and powers hereunder and under any other Loan Document as any Lender or Issuing Bank and may exercise the same as though it were not the Administrative Agent, and the term "Lender" or "Lenders", "Swing Line Bank", "Issuing Bank" or "Issuing Banks" shall, unless the context otherwise indicates, include the Administrative Agent in its individual capacity. The Administrative Agent may accept deposits from, lend money to, and generally engage in any kind of trust, debt, equity or other transaction, in addition to those contemplated by this Agreement or any other Loan Document, with the Company or any of its Subsidiaries in which such Person is not prohibited hereby from engaging with any other Person.

Lender Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender and based on the financial statements prepared by the Company and such other documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement and the other Loan Documents. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, the Arrangers or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement and the other Loan Documents.

Successor Administrative Agent. The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Company. Upon any such resignation, the Required Lenders shall have the right to appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. If no successor Administrative Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty days after the retiring Administrative Agent's giving notice of resignation, then the retiring Administrative Agent may appoint, on behalf of the Borrowers and the Lenders, a successor Administrative Agent. Such successor Administrative Agent shall be a commercial bank having capital and retained earnings of at least \$500,000,000. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor Administrative Agent, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article XII shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as the Administrative Agent hereunder and under the other Loan Documents.

No Duties Imposed Upon Syndication Agent, Documentation Agent or Arrangers. None of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreement as a "Syndication Agent", "Documentation Agent" or "Arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, (a) expressly granted indemnification rights and (b) if such Person is a Lender, those applicable to all Lenders as such. Without limiting the foregoing, none of the Persons identified on the cover page to this Agreement, the signature pages to this Agreement or otherwise in this Agreements as a "Syndication Agent", "Documentation Agent" or "Arranger" shall have or be deemed to have any fiduciary duty to or fiduciary relationship with any Lender. In addition to the agreements set forth in Section 12.10, each of the Lenders acknowledges that it has not relied, and will not rely, on any of the Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

Collateral Agent. The Lenders agree that the Administrative Agent may, on their behalf, appoint a Collateral Agent under the Mortgages with respect to real estate located in the State of Ohio and related title insurance, surveys and other documentation. All references to the "Administrative Agent" in Article XII shall also be deemed to be references to the Collateral Agent.



: SETOFF; RATABLE PAYMENTS

Setoff. In addition to, and without limitation of, any rights of the Lenders under applicable law, if any Default occurs and is continuing, any Indebtedness from any Lender to the Company or any other Borrower (including all account

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balances, whether provisional or final and whether or not collected or available) may be offset and applied toward the payment of the Obligations owing to such Lender, whether or not the Obligations, or any part hereof, shall then be due.

Ratable Payments. If any Lender, whether by setoff or otherwise, has payment made to it upon its Loans (other than payments received pursuant to Sections 4.1, 4.2 or 4.4 and payments expressly hereunder provided to be distributed on other than a pro rata basis or payments made and distributed in accordance with Section 2.12) in a greater proportion than that received by any other Lender, such Lender agrees, promptly upon demand, to purchase a portion of the Loans held by the other Lenders so that after such purchase each Lender will hold its ratable proportion of Loans. If any Lender, whether in connection with setoff or amounts which might be subject to setoff or otherwise, receives collateral or other protection for its Obligation or such amounts which may be subject to setoff, such Lender agrees, promptly upon demand, to take such action necessary such that all Lenders share in the benefits of such collateral ratably in proportion to the obligations owing to them. In case any such payment is disturbed by legal process, or otherwise, appropriate further adjustments shall be made.

Application of Payments. The Administrative Agent shall apply all payments and prepayments in respect of any Obligations in the following order:

first, to pay interest on and then principal of any portion of the Loans which the Administrative Agent may have advanced on behalf of any Lender for which the Administrative Agent has not then been reimbursed by such Lender or the applicable Borrower and to pay any Swing Line Loan, Alternate Currency Loan or Reimbursement Obligation that has not been paid; second, to the ratable payment of the Obligations then due and payable; and third, to the ratable payment of all other Obligations.

Relations Among Lenders. The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender.

: BENEFIT OF AGREEMENT; ASSIGNMENTS; PARTICIPATIONS

Successors and Assigns. The terms and provisions of the Loan Documents shall be binding upon and inure to the benefit of the Borrowers and the Lenders and their respective successors and assigns, except that (a) no Borrower shall have any right to assign its rights or obligations under the Loan Documents without the consent of all of the Lenders, and any such assignment in violation of this Section 14.1(a) shall be null and void, and (b) any assignment by any Lender must be made in compliance with Section 14.3 hereof. Notwithstanding clause (b) of this Section 14.1 or Section 14.3, (i) any Lender may at any time, without the consent of any Borrower or the Administrative Agent (unless a Default or Unmatured Default has occurred and is continuing, in which case the consent of the Administrative Agent shall be required, which consent shall not unreasonably be withheld), assign all or any portion of its rights under this Agreement to a Federal Reserve Bank and (ii) any Lender which is a fund or commingled investment vehicle that invests in commercial loans in the ordinary course of its business may at any time, without the consent of any Borrower or the Administrative Agent (unless a Default or Unmatured Default has occurred and is continuing, in which case the consent of the Administrative Agent shall be required, which consent shall not unreasonably be withheld), pledge or assign all or any part of its rights under this Agreement to a trustee or other representative of holders of obligations owed or securities issued by such Lender as collateral to secure such obligations or securities; provided, however, that no such assignment or pledge shall release the transferor Lender from its obligations hereunder. The Administrative Agent may treat each Lender as the owner of the Loans made by such Lender hereunder for all purposes hereof unless and until such Lender complies with Section 14.3 hereof in the case of an

assignment thereof or, in the case of any other transfer, a written notice of the transfer is filed with the Administrative Agent. Any assignee or transferee of a Loan, Revolving Loan Commitment, L/C Interest or any other interest of a lender under the Loan Documents agrees by acceptance thereof to be bound by all the terms and provisions of the Loan Documents. Any request, authority or consent of any Person, who at the time of making such request or giving such authority or consent is the owner of any Loan, shall be conclusive and binding on any subsequent owner, transferee or assignee of such Loan.

#### Participations.

Permitted Participants; Effect. Subject to the terms set forth in this Section 14.2, any Lender may, in the ordinary course of its business and in accordance with applicable law, at any time sell to one or more banks or other entities ("Participants") participating interests in any Loan owing to such Lender, any Revolving Loan Commitment of such Lender, any L/C Interest of such Lender or any other interest of such Lender under the Loan Documents on a pro rata or non-pro rata basis. Notice of such participation to the Administrative Agent shall be required prior to any participation becoming effective with respect to a Participant which is not a Lender or an Affiliate thereof. Upon receiving said notice, the Administrative Agent shall record the participation in the Register it maintains.

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Moreover, notwithstanding such recordation, such participation shall not be considered an assignment under Section 14.3 of this Agreement and such Participant shall not be considered a Lender. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, such Lender shall remain the owner of all Loans made by it for all purposes under the Loan Documents, all amounts payable by the applicable Borrower under this Agreement shall be determined as if such Lender had not sold such participating interests, and the applicable Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under the Loan Documents except that, for purposes of Article IV and Section 9.2 hereof, the Participants shall be entitled to the same rights as if they were Lenders.

Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, modification or waiver of any provision of the Loan Documents other than any amendment, modification or waiver with respect to any Loan, Letter of Credit or Revolving Loan Commitment in which such Participant has an interest which forgives principal, interest or fees or reduces the interest rate or fees payable pursuant to the terms of this Agreement with respect to any such Loan or Revolving Loan Commitment, postpones any date fixed for any regularly-scheduled payment of principal of, or interest or fees on, any such Loan or Revolving Loan Commitment.

#### Assignments.

Permitted Assignments. (i) Any Lender (each such assigning Lender under this Section 14.3 being a "Seller") may, in the ordinary course of its business and in accordance with applicable law, at any time assign to one or more banks or other entities (other than the Company or any of its Affiliates) ("Purchasers") all or a portion of its rights and obligations under this Agreement (including, without limitation, its Tranche A Revolving Loan Commitment, its Tranche B Revolving Loan Commitment, any Loans owing to it, all of its participation interests in existing Letters of Credit, Swing Line Loans and Alternate Currency Loans, and its obligation to participate in additional Letters of Credit, Swing Line Loans and Alternate Currency Loans hereunder) in accordance with the provisions of this Section 14.3. Such assignment shall be substantially in the form of Exhibit D hereto and shall not be permitted hereunder unless such assignment is either for all of such Seller's rights and obligations under the Loan Documents or, without the prior written consent of the Administrative Agent and the Company, involves loans and commitments as a consequence of which neither the

Seller nor the Purchaser will have a Commitment of less than \$5,000,000; provided that the foregoing restrictions with respect to Commitments having a minimum aggregate amount (A) shall not apply to any assignment between Lenders, or to an Affiliate or Approved Fund of any Lender, and (B) in any event may be waived by the Administrative Agent). The written consent of the Administrative Agent, and, prior to the occurrence of a Default, the Company (which consent, in each such case, shall not be unreasonably withheld), shall be required prior to an assignment becoming effective with respect to a Purchaser which is not a Lender or an Affiliate or Approved Fund of such Lender.

(ii) Notwithstanding anything to the contrary contained herein, any Lender (each such Lender, a "Granting Bank") may grant to a special purpose funding vehicle (each such special purpose funding vehicle, a "SPC"), identified as such in writing from time to time by the applicable Granting Bank to the Administrative Agent and the Company, the option to provide to the Company and the other Borrowers all or any part of any Advance that such Granting Bank would otherwise be obligated to make to the applicable Borrower pursuant to this Agreement; provided, that (i) nothing herein shall constitute a commitment by any SPC to make any Advance, (ii) if an SPC elects not to exercise such option or otherwise fails to provide all or any part of such Advance, the applicable Granting Bank shall be obligated to make such Advance pursuant to the terms hereof. The making of an Advance by any SPC hereunder shall utilize the Revolving Loan Commitment of the applicable Granting Bank to the same extent, and as if, such Advance were made by such Granting Bank. Each party hereto hereby agrees that no SPC shall be liable for any indemnity or other similar payment obligation under this Agreement (all liability for which shall remain with the applicable Granting Bank). All notices hereunder to any Granting Bank or the related SPC, and all payments in respect of the Obligations due to such Granting Bank or the related SPC, shall be made to such Granting Bank. In addition, each Granting Bank shall vote as a Lender hereunder without giving effect to any assignment under this Section 14.3(a)(ii), and not SPC shall have any vote as a Lender under this Agreement for any purpose. In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPC, it will not institute against, or join any other person in instituting against, such SPC any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereto. In addition, notwithstanding anything to the contrary contained in this Section 14.3, any SPC may (A) with notice to, but without the prior written consent of, the Company and the Administrative Agent and without paying any processing or

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administrative fee therefor, assign all or a portion of its interest in any Advances to the Granting Bank or to any financial institutions (consented to by the Company and the Administrative Agent in accordance with the terms of Section 14.3(a)(i)) providing liquidity and/or credit support to or for the account of such SPC to support the funding or maintenance of Advances and (B) disclose on a confidential basis any non-public information relating to its Advances to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPC. This Section 14.3(a)(ii) may not be amended without the written consent of each SPC affected thereby.

Effect; Effective Date. Upon (i) delivery to the Administrative Agent and the Alternate Currency Banks of a notice of assignment, substantially in the form attached as Appendix I to Exhibit D hereto (a "Notice of Assignment"), together with any consent required by Section 14.3(a) hereof, (ii) payment of a \$3,500 fee by the assignee or the assignor (as agreed) to the Administrative Agent for processing such assignment, and (iii) the completion of the recording requirements in Section 14.3(c), such assignment shall become effective on the later of such date when the requirements in clauses (i), (ii), and (iii) are met or the effective date specified in such Notice of Assignment. The Notice of Assignment shall contain a representation by the Purchaser to

the effect that none of the consideration used to make the purchase of the Revolving Loan Commitment, Loans and L/C Obligations under the applicable assignment agreement are "plan assets" as defined under ERISA and that the rights and interests of the Purchaser in and under the Loan Documents will not be "plan assets" under ERISA. On and after the effective date of such assignment, such Purchaser, if not already a Lender, shall for all purposes be a Lender party to this Agreement and any other Loan Documents executed by the Lenders and shall have all the rights and obligations of a Lender under the Loan Documents, to the same extent as if it were an original party hereto, and no further consent or action by any Borrower, the Lenders, the Alternate Currency Banks or the Administrative Agent shall be required to release the Seller with respect to the percentage of the Aggregate Revolving Loan Commitment, Loans and Letter of Credit, Swing Line Loans and Alternate Currency Loan participations assigned to such Purchaser. Upon the consummation of any assignment to a Purchaser pursuant to this Section 14.3(b), the Seller, the Administrative Agent, the Alternate Currency Banks and the Borrowers shall make appropriate arrangements so that, to the extent notes have been issued to evidence any of the transferred Loans, replacement notes are issued to such Seller and new notes or, as appropriate, replacement notes, are issued to such Purchaser, in each case in principal amounts reflecting their Revolving Loan Commitment, as adjusted pursuant to such assignment. Notwithstanding anything to the contrary herein, no Borrower shall, at any time, be obligated to pay under Section 2.14(e) to any Lender that is a Purchaser, assignee or transferee any sum in excess of the sum which such Borrower would have been obligated to pay to the Lender that was the Seller, assignor or transferor had such assignment or transfer not been effected.

The Register. Notwithstanding anything to the contrary in this Agreement, each Borrower hereby designates the Administrative Agent, and the Administrative Agent hereby accepts such designation, to serve as such Borrower's contractual representative solely for purposes of this Section 14.3(c). In this connection, the Administrative Agent shall maintain at its address referred to in Section 15.1 a copy of each assignment delivered to and accepted by it pursuant to this Section 14.3 and a register (the "Register") for the recordation of the names and addresses of the Lenders and the Commitment of, principal amount of and interest on the Loans owing to, each Lender from time to time and whether such Lender is an original Lender or the assignee of another Lender pursuant to an assignment under this Section 14.3. The entries in the Register shall be conclusive and binding for all purposes, absent manifest error, and the Company and each of its Subsidiaries, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as a Lender hereunder for all purposes of this Agreement. The Register shall be available for inspection by any Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

Confidentiality. Subject to Section 14.5, the Administrative Agent and the Lenders and their respective representatives shall hold all nonpublic information obtained pursuant to the requirements of this Agreement and identified as such by the Company or any other Borrower in accordance with such Person's customary procedures for handling confidential information of this nature and in accordance with safe and sound commercial lending or investment practices and in any event may make disclosure reasonably required by a prospective Transferee in connection with the contemplated participation or assignment or as required or requested by any Governmental Authority or any securities exchange or similar self-regulatory organization or representative thereof or pursuant to a regulatory examination or legal process, or to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisor. In no event shall the Administrative Agent or any Lender be obligated or required to return any materials furnished by the Company; provided, however, each prospective Transferee shall be required to agree that if it does not become a participant or assignee it shall return all materials furnished to it by or on behalf of the Company in connection with this Agreement.

Dissemination of Information. Each Borrower authorizes each Lender to disclose to any Participant or Purchaser or any other Person acquiring an interest in the Loan Documents by operation of law (each a "Transferee") and any

prospective Transferee any and all information in such Lender's possession concerning the Company and its Subsidiaries; provided that prior to any such disclosure, such prospective Transferee shall agree to preserve in accordance with Section 14.4 the confidentiality of any confidential information described therein.

: NOTICES

Giving Notice. Except as otherwise permitted by Section 2.10(d) with respect to Borrowing/Conversion/Continuation Notices, all notices and other communications provided to any party hereto under this Agreement or any other Loan Documents shall be in writing or by telex or by facsimile and addressed or delivered to such party at its address set forth below its signature hereto or at such other address as may be designated by such party in a notice to the other parties. Any notice, if mailed and properly addressed with postage prepaid, shall be deemed given when received; any notice, if transmitted by telex or facsimile, shall be deemed given when transmitted (answerback confirmed in the case of telexes).

Change of Address. The Borrowers, the Administrative Agent and any Lender may each change the address for service of notice upon it by a notice in writing to the other parties hereto.

Authority of Company. Each of the Subsidiary Borrowers, by its execution hereof or of an Assumption Letter (a) irrevocably authorizes the Company, on behalf of such Subsidiary Borrower, to give and receive all notices under the Loan Documents and to make all elections under the Loan Documents and to give all Borrowing/Conversion/Continuation Notices on its behalf, (b) agrees to be bound by any such notices or elections and (c) agrees that the Administrative Agent and Lenders may rely upon any such policies or elections as if they had been given or made by such Subsidiary Borrower.

: COUNTERPARTS

This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any such counterpart. This Agreement shall be effective when it has been executed by the Company, the Administrative Agent and the Lenders and each party has notified the Administrative Agent by telex or telephone, that it has taken such action.

Remainder of This Page Intentionally Blank

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IN WITNESS WHEREOF, the Company, the Subsidiary Borrowers, the Lenders and the Administrative Agent have executed this Agreement as of the date first above written.

TRIMBLE NAVIGATION LIMITED, as the Company

By: /s/ Steven W. Berglund

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Name: Steven W. Berglund

Title: President and CEO

Address:

Attention:

Telephone No.:

Facsimile No.:

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ABN AMRO BANK N.V., as Administrative Agent, Issuing  
Bank, Swing Line Bank, Alternate Currency Bank, and  
Lender

By: /s/ Paul Widuch

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Name: Paul Widuch  
Title: Group Vice President

By: /s/ Judy Chiang

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Name: Judy Chiang  
Title: Group Vice President

Address: 208 South LaSalle Street  
Chicago, Illinois 60604

Attention: Suzanne Smith

Telephone No.: (312) 992-5095  
Facsimile No.: (312) 992-5157

With a copy to: 101 California Street  
Suite 4550  
San Francisco, California  
94111

Attention:  
Telephone No.: (415) 984-3700  
Facsimile No: (415) 362-3524

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FLEET NATIONAL BANK, as Syndication Agent and Lender

By: /s/ William E. Rurode, Jr.

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Name: William E. Rurode, Jr.  
Title: Managing Director

Address: 100 Federal Street  
Boston, MA 02110

Attention: Bert Valbona

Telephone No.: (617) 434-3384  
Facsimile No.: (617) 434-0382

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THE BANK OF NOVA SCOTIA, as

Documentation Agent and Lender

By: /s/ Chris Osborn

-----  
Name: Chris Osborn  
Title: Director

Address: 580 California Street  
Suite 2100  
San Francisco, CA 94104

Attention: Chris Osborne

Telephone No.: (415) 616-4170  
Facsimile No.: (415) 397-0791

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ERSTE BANK, NEW YORK BRANCH, as Lender

By: /s/ Robert J. Wagman

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Name: Robert J. Wagman  
Title: AVP

By: /s/ John S. Runnion

-----  
Name: John S. Runnion  
Title: First Vice President

Address: 280 Park Avenue  
West Building  
New York, NY 10017

Attention: Robert J. Wagman  
Telephone No.: (212) 984-5633  
Facsimile No.: (212) 986-5627

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WELLS FARGO BANK, as Lender

By: /s/ Jill B. Ta

-----  
Name: Jill B. Ta  
Title: Vice President

Address: 400 Hamilton Avenue  
Palo Alto, CA 94301

Attention: Jill B. Ta

Telephone No.: (650) 855-6629  
Facsimile No.: (650) 328-0814

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MERITA BANK PLC, NEW YORK BRANCH, as Lender

By: /s/ Robert Louzan

-----  
Name: Robert Louzan  
Title: Vice President

By: /s/ Harri Ranta

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Name: Harri Ranta  
Title: Vice President

Address: 437 Madison Avenue  
New York, NY 10022

Attention: Robert A. Louzan  
Telephone No.: (212) 318-9306  
Facsimile No.: (212) 318-9318

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BANK OF THE WEST, as Lender

By: /s/ David L. Chicca

-----  
Name: David L. Chicca  
Title: Vice President

Address: 180 Montgomery Street  
25th Floor  
San Francisco, CA 94104

Attention: David L. Chicca  
Telephone No.: (415) 765-4907  
Facsimile No.: (415) 362-4855

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BARCLAYS BANK PLC, as Lender

By: /s/ Douglas Bernegger

-----  
Name: Douglas Bernegger  
Title: Director

Address: 222 Broadway  
New York, NY 10038

Attention: John Giannone

Telephone No.: (212) 412-3276  
Facsimile No.: (212) 412-7580

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NATIONAL CITY BANK OF KENTUCKY, as Lender

By: /s/ Glenn E. Nord

-----  
Name: Glenn E. Nord  
Title: Vice President

Address: P. O. Box 36000  
Louisville, KY 40233-6000

Attention: Kevin L. Anderson  
Telephone No.: (502) 581-7894  
Facsimile No.: (502) 581-5122

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IBM CREDIT CORPORATION, as Lender

By: /s/ Ronald J. Bachner

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Name: Ronald J. Bachner  
Title: Manager, Commercial & Specialty Financing

Address: North Castle Drive  
Armonk, NY 10504

Attention: Ronald J. Bachner  
Telephone No.: (914) 765-6068  
Facsimile No.: (914) 765-6271

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EXHIBIT 10.75

THIS NOTE AND THE RIGHTS OF THE INITIAL AND ANY SUBSEQUENT SUBORDINATED NOTEHOLDER HEREUNDER ARE SUBJECT AND SUBORDINATE TO CERTAIN "SENIOR INDEBTEDNESS" ON THE TERMS SET FORTH HEREIN. UPON THE FAILURE OF MAKER TO MAKE A PAYMENT HEREUNDER, THE AMOUNT IN DEFAULT SHALL BE PAYABLE AS SET FORTH HEREIN.

SUBORDINATED PROMISSORY NOTE

\$80,000,000.00

July 14, 2000

FOR VALUE RECEIVED, TRIMBLE NAVIGATION LIMITED, a California corporation, ("Maker"), hereby agrees to pay to SPECTRA PRECISION HOLDINGS, INC. or assigns (collectively the "Holder") the principal sum of Eighty Million and XX/100 (\$80,000,000.00) Dollars (the "Principal Sum") in accordance with the provisions of this Note, together with interest thereon, or on so much thereof as shall from time to time remain unpaid, at the rate of ten (10%) percent per annum, subject to adjustment as provided herein.

Defined terms not defined herein shall have the meaning set forth in the Stock and Asset Purchase Agreement dated May 11, 2000 by and among the Maker and each of the Spectra Physics Holdings USA, Inc., Spectra Precision AB and Spectra Precision Europe Holdings, BV (the "Purchase Agreement").

Section 1. Schedule of Principal Payments.

1.1 Initial Principal Payment. Maker shall pay to the Holder the sum of Forty Million and XX/100 Dollars (\$40,000,000.00) (the "First Installment") on July 14, 2001 (the "First Anniversary Date"). Notwithstanding the foregoing, Maker may extend the payment date of the First Installment to a payment date no later than July 14, 2002 (the "Second Anniversary Date"), subject to the interest adjustment provisions set forth in Section 2.2 herein.

1.2 Second Principal Payment. Maker shall pay to the Holder the additional sum of Forty Million and XX/100 Dollars (\$40,000,000.00) on the Second Anniversary Date (the "Second Installment"), together with all accrued and unpaid interest through the Second Anniversary Date and all other sums payable to the holder of this Note.

Section 2. Payment of Interest.

2.1 General Interest Rate. Interest on any sums due shall accrue at the rate of ten (10%) per annum. Payment of interest shall be payable annually (i) on the First Anniversary Date as to the First Installment (ii) the Second Anniversary Date as to the First Installment (to the extent then unpaid) and the Second Installment, and (iii) if applicable, thereafter on each anniversary date on each installment to the extent such First Installment and/or Second Installment remains unpaid.

2.2 Extended Payment Interest Rate. If Maker fails to pay the initial sums due on the First Anniversary Date, then the rate of interest on such unpaid amounts shall increase by twenty-five basis points (0.25%) for each 90 days or any portion thereof such sums remain outstanding after the First Anniversary Date, except that in no event shall such interest rate exceed eleven (11%) percent per annum (subject to the provisions of Section 2.3 herein).

2.3 Extension Due to Subordination Obligations. To the extent that the payment of any interest or principal due hereunder remains unpaid as a result of the subordination provisions contained in Section 5 herein, any accrued but unpaid interest or principal payments will accrue interest at a rate (the "Default Interest Rate") equal to the greater of (a) the rate of interest then in effect as described in Section 2.1 and 2.2 above plus four percent (4%), or (b) the rate of interest then charged to Maker by Maker's then principal commercial banking institution under its then existing principal credit facility; provided that, at the Maker's option, it may elect to not make payment of any interest payments required hereunder (other than interest required to be paid on the First Anniversary Date, not to exceed \$4,000,000) and upon such election, such unpaid interest shall be treated as additional principal due under this Note.

2.4 Calculation of Interest. Interest shall be calculated on the basis of a year of 360 days comprised of 12 thirty-day months.

Section 3. Method of Payment. Principal, interest, and all other sums payable under this Note shall be paid in lawful money of the United States in immediately available funds, free and clear of, and without deduction or offset for, any present or future taxes, levies, imposts, charges, withholdings, or liabilities with respect thereto, and free and clear of any and all other defenses, offsets, claims, counterclaims, credits or deductions of any kind. All payments of the Principal Sum and any interest thereon shall be made in lawful tender of the United States of America at the notice address of the Holder set out below, or at such other place as may be designated by the Holder hereof in accordance with this Note.

Section 4. Prepayment.

4.1 Optional Prepayment. The Maker shall have the right to prepay the whole or any part of the unpaid balance of the Principal Sum and accrued interest at any time and from time to time without penalty.

4.2 Mandatory Prepayment. Subject to Section 5.2(a), Maker shall pay to Holder all of the Net Proceeds of any Qualifying Offering until the whole or any part of the unpaid balance of the Principal Sum and accrued interest is paid in full. Such sums shall be due within seven (7) days of receipt of the proceeds of the sale of any Qualifying Security by Maker, or any Affiliate of Maker. A Qualifying Security shall mean the sale for cash of any equity securities or any other security convertible into an equity security of the Maker or sold in conjunction with any security convertible into equity securities of Maker, or any Affiliate of Maker (including any note and warrant offering structured to approximate the economic effect of a convertible note offering or a unit transaction comprised of notes and warrants to the extent of the warrant coverage). A Qualifying Security shall not include (i) securities sold to any employee, director or consultant of Maker, or any Affiliate pursuant to a written stock option or similar compensation plan, (ii) securities issued in connection with any merger or other acquisition of any business, (iii) securities issued in any joint venture or similar agreement, (iv) securities issued to any third party in lieu of cash payment for services rendered to Maker, or any Affiliate of Maker, (v) securities issued upon any "cashless" exercise of any option or warrant or securities issued upon the conversion of a convertible note, or (vi) securities issued in the ordinary course of business and not for the primary purpose of raising capital. Net Proceeds shall mean the gross proceeds from the sale of such securities less: (1) underwriting, brokerage and similar commissions or discounts, (2) legal and accounting fees directly incurred in connection with such financing, (3) registration and similar fees payable to federal and state securities regulatory agencies in connection with such financing, (4) printing and roadshow costs associated with such financing, and (5) any amounts paid to retire Senior Indebtedness in accordance with Section 5.2(a) hereof.

4.3 Allocation of Payments. All payments made under this Note shall be applied as follows: first, to the payment of interest on the Principal Amount outstanding hereunder from time to time; second, to the payment of sums payable by Maker to the holder of this Note under this Note other than on account of principal and interest; and third, to the payment of principal. Prepayments of any Principal Sum shall be allocated first to the Principal Sum originally due on the First Anniversary Date and second to the Principal Sum due on the Second Anniversary Date.

Section 5. Subordination of Payment Obligations. Amounts payable hereunder are subordinated to the prior payment in full of certain "Senior Indebtedness", all to the extent and on the terms set forth herein.

5.1 Subordination of Liabilities. The payment of the principal of, interest on, and all other amounts owing in respect of, this Note and any replacements, renewals or modifications thereof (the "Subordinated Indebtedness") is hereby expressly subordinated, to the extent and in the manner hereinafter set forth, to the prior payment in full in cash of all Senior Indebtedness (as defined in Section 5.7 hereof), until the Termination Date. Termination Date shall mean the date all commitments under the Credit Agreement are terminated and all Senior Indebtedness has been irrevocably paid in full in cash. The provisions of this Section 5 shall constitute a continuing offer to all persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are hereby made

obligees hereunder the same as if their names were written herein as such, and they and/or each of them may proceed to enforce such provisions on the basis of the terms of this Note as in effect on the date hereof. To the extent that the provisions of this Section 5 conflict with, or are inconsistent with, the other terms of this Note, the provisions of this Section 5 shall control

5.2. No Payments with Respect to Subordinated Indebtedness,  
etc.

(a) All Senior Indebtedness shall first be irrevocably paid in full in cash, before any payment of any kind or character, whether in cash, property, securities (other than equity securities subordinated to the Senior Indebtedness and to all debt securities received by the holders of the Senior Indebtedness in respect thereof to at least the same extent as the Subordinated Indebtedness is subordinated to the Senior Indebtedness hereby ("Junior Securities")) or otherwise, is made on account of the Subordinated Indebtedness.

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Notwithstanding the foregoing, the Maker shall be permitted to make regularly scheduled annual payments of interest in respect of the Subordinated Indebtedness; provided that at the time of such payment and after giving effect to such payment, no default or event of default under the Senior Indebtedness shall have occurred and be continuing.

In addition, on any date on which principal payments under the Subordinated Indebtedness are due and payable, the Subordinated Indebtedness may be repaid in whole or in part in accordance with the terms of this Note if:

(i) immediately prior to the time of such payment, the Maker shall have a ratio of total Debt (excluding the Note) to EBITDA for the most recently ended four fiscal quarters of the Maker of less than 1.0 to 1.0,

(ii) after giving effect to such payment, (x) the Maker shall have a ratio of total Debt (excluding the Note) to EBITDA for the most recently ended four fiscal quarters of the Maker of less than 2.0 to 1.0 and (y) the Maker shall have cash and borrowing availability under the Senior Indebtedness of at least \$35,000,000, and

(iii) at the time of such payment and after giving effect to such payment, no default or event of default under the Senior Indebtedness shall have occurred and be continuing ((i), (ii) and (iii) collectively, the "Payment Conditions").

For purposes hereof, the term "EBITDA" shall mean earnings before interest, taxes, depreciation and amortization of the Maker as determined by the Maker in accordance with U.S. generally accepted accounting principles applied on a consistent basis, and the term "Debt" shall mean the Maker's obligations for borrowed money, obligations which are evidenced by notes, acceptances, or other similar instruments, capitalized lease obligations, hedging obligations, obligations in respect of letters of credit, and any guaranties in respect of the foregoing.

If the Payment Conditions are not satisfied as of any such date interest and/or principal payments are due hereunder, such payment date shall be extended for successive quarters until the date such Payment Conditions are satisfied. Once all Payment Conditions are satisfied, the Maker shall pay to the Holder all sums previously due and payable but not paid due to the provisions of this Section 5; provided that such payment does not violate any Payment Conditions.

Notwithstanding anything else contained herein to the contrary, unless any default or event of default has occurred and is continuing with respect to any Senior Indebtedness, the Subordinated Indebtedness shall be prepaid in accordance with the provisions of Section 4.2 of this Note relating to mandatory prepayment, except that in the event that the Maker shall have a ratio of total Debt (excluding the Note) to EBITDA of greater than 3.0 to 1.0 at the time of such proposed prepayment, then the Holder agrees that the maximum amount of such prepayment shall equal fifty percent (50%) of the Net Proceeds (plus any portion of the proceeds of any sale of Qualifying Securities used to repay any Senior Indebtedness). In addition, the Subordinated Indebtedness may be prepaid with the prior written consent of the "Required Lenders" of Senior Indebtedness, which Required Lenders are defined in the Credit Agreement as

defined in Section 5.8 herein.

(b) Except as set forth in (a) above, until the Termination Date, the Maker may not, directly or indirectly, make (and the Holder shall not accept) any payment of any Subordinated Indebtedness and may not acquire (and the Holder shall not sell to the Maker or any of its subsidiaries) any Subordinated Indebtedness for cash or property. The Holder hereby agrees that, prior to the Termination Date, or 5th anniversary date, whichever occurs first, except that such date shall be extended by a period of 180 days if any administrative agent for the benefit of any holder of Senior Indebtedness sends a notice to the Holder that an Event of Default has occurred and is continuing, it will not sue for, or otherwise take any action to enforce the obligations of the Maker to pay, amounts owing in respect of this Note; provided that upon the acceleration of all of the Senior Indebtedness, the Holder may accelerate the Subordinated Indebtedness; and provided further that if the acceleration of the Senior Indebtedness is rescinded, the acceleration of the Subordinated Indebtedness shall be deemed to have been rescinded. Nothing herein shall be deemed to prevent the payment by the Maker of amounts then due and owing in respect of the Subordinated Indebtedness at any time after the Termination Date or as set forth in subsection (a) above.

(c) In the event that notwithstanding the provisions of the preceding subsections (a) and (b) of this Section 5.2, the Maker shall (or the Holder shall accept) make any payment on account of the Subordinated Indebtedness at a time when such payment or acceptance is not permitted by said subsection (a) or (b), such payment shall be held by the Holder, in trust for the benefit of, and shall be paid forthwith over and delivered to, the holders of Senior Indebtedness or their representative or the trustee under any other agreement pursuant to which any instruments evidencing any Senior Indebtedness may have been issued, as their respective interests may appear, for application pro rata to the payment of all

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Senior Indebtedness remaining unpaid to the extent necessary to irrevocably pay all Senior Indebtedness in full in cash in accordance with the terms of such Senior Indebtedness, after giving effect to any concurrent payment or distribution to or for the holders of Senior Indebtedness.

5.3. Subordination to Prior Payment of All Senior Indebtedness on Dissolution, Liquidation or Reorganization of Maker. Upon any distribution of assets of the Maker upon dissolution, winding up, liquidation or reorganization of the Maker (whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or otherwise):

(a) the holders of all Senior Indebtedness shall first be entitled to receive payment in full in cash of all Senior Indebtedness (including, without limitation, post-petition interest at the rate (including the default rate) provided in the Credit Agreement, whether or not such post-petition interest is an allowed claim against the debtor in any bankruptcy or similar proceeding) before the Holder is entitled to receive any payment of any kind or character on account of the Subordinated Indebtedness;

(b) any payment or distribution of assets of the Maker of any kind or character, whether in cash, property or securities, to which the Holder would be entitled except for the provisions hereof, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to the holders of Senior Indebtedness or their representative or representatives, to the extent necessary to make payment in full in cash of all Senior Indebtedness remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness; and

(c) in the event that, notwithstanding the foregoing provisions of this Section 5.3, any payment or distribution of assets of the Maker of any kind or character, whether in cash, property or securities (other than Junior Securities), shall be received by the Holder on account of Subordinated Indebtedness before all Senior Indebtedness is paid in full in cash, such payment or distribution shall be received and held in trust for and shall be paid over to the holders of the Senior Indebtedness remaining unpaid or unprovided for or their representative or representatives, for application to the payment of such Senior Indebtedness until all such Senior Indebtedness shall

have been paid in full in cash, after giving effect to any concurrent payment or distribution to the holders of such Senior Indebtedness.

Without in any way modifying the provisions hereof or affecting the subordination effected hereby if the hereafter referenced notice is not given, the Maker shall give prompt written notice to the Holder of any dissolution, winding up, liquidation or reorganization of the Maker (whether in bankruptcy, insolvency or receivership proceedings or upon assignment for the benefit of creditors or otherwise).

The Holder agrees not to initiate or prosecute or encourage any other person to initiate or prosecute any claim, action or other proceeding challenging the enforceability of the Senior Indebtedness or any liens and security interests securing the Senior Indebtedness. The Holder further agrees to execute, verify, deliver and file any proofs of claim in respect of the Subordinated Indebtedness requested by the holders of the Senior Indebtedness in connection with any such proceeding and hereby irrevocably authorize, empower and appoint each holder of the Senior Indebtedness their agent and attorney-in-fact to (A) execute, verify, deliver and file such proofs of claim upon the failure of the holders of the Subordinated Indebtedness promptly to do so (and, in any event, prior to 15 days before the expiration of the time to file any such proof) and (B) vote such claim upon the failure of the holders of the Subordinated Indebtedness to do so prior to 15 days before the expiration of the time to vote any such claim; provided the holders of the Senior Indebtedness shall have no obligation to execute, verify, deliver, file and/or vote any such proof of claim. In the event that the holders of the Senior Indebtedness vote any claim in accordance with the authority granted hereby, the holders of the Subordinated Indebtedness shall not be entitled to change or withdraw such vote. The Senior Indebtedness shall continue to be treated as Senior Indebtedness and the provisions of this Section 5 shall continue to govern the relative rights and priorities of the holders of the Senior Indebtedness and the holders of the Subordinated Indebtedness even if all or part of the Senior Indebtedness or the security interests securing the Senior Indebtedness are subordinated, set aside, avoided or disallowed in connection with any such Proceeding and this Section 5 shall be reinstated if at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder of Senior Indebtedness or any representative of such holder.

5.4. Subrogation. Subject to the prior irrevocable payment in full in cash of all Senior Indebtedness, the Holder shall be subrogated to the rights of the holders of Senior Indebtedness to receive payments or distributions of assets of the Maker applicable to the Senior Indebtedness until all amounts owing hereunder shall be paid in full, and for the purpose of such subrogation no payments or distributions to the holders of the Senior Indebtedness by or on behalf of the Maker or by or on behalf of the Holder by virtue hereof which otherwise would have been made to the Holder shall, as between the Maker, its creditors other than the holders of Senior Indebtedness, and the Holder, be deemed to be payment by the Maker to or on account of the Senior Indebtedness, it being understood that the provisions hereof are and are intended

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solely for the purpose of defining the relative rights of the Holder, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

5.5. [Intentionally Omitted]

5.6. Subordination Rights Not Impaired by Acts or Omissions of Maker or the Maker or Holders of Senior Indebtedness. No right of any present or future holders of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Maker or by any act or failure to act by any such holder, or by any noncompliance by the Maker with the terms and provisions of this Note, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of the Senior Indebtedness may, without in any way affecting the obligations of the Holder with respect hereto, at any time or from time to time and in their absolute discretion, change the manner, place or terms of payment of, change or extend the time of payment of, or renew or alter, any Senior Indebtedness or amend, modify or supplement any agreement or instrument governing or evidencing such Senior Indebtedness or any other document referred to therein, or exercise or refrain from exercising any other of their rights under the Senior Indebtedness including, without limitation, the waiver of default thereunder and the release of any collateral

securing such Senior Indebtedness, all without notice to or assent from the Holder. Nothing in this Section 5.6 shall be deemed to modify or negate in any way the limitations on the amount of Senior Indebtedness to which this Note is subordinated as described in Section 5.8 herein.

5.7. Senior Indebtedness. The term "Senior Indebtedness" shall mean, subject to Section 5.8, all Obligations (as defined below) of the Maker under, or in connection with, the Credit Agreement, dated as of the Closing Date, by and among the Maker, the lenders from time to time party thereto, and ABN AMRO Bank NV, as Administrative Agent (as amended, modified, supplemented, extended, restated, refinanced, replaced or refunded from time to time, the "Credit Agreement") or under any related documentation (including, without limitation, notes, security and pledge documentation, guarantees, and interest rate hedging, swap or similar agreements) from time to time executed in connection with the Credit Agreement (together with the Credit Agreement, the "Senior Loan Documents"). As used herein, the term "Obligations" shall mean any principal, interest, premium, penalties, fees, expenses, indemnities and other liabilities and obligations (including guaranties in respect thereof) payable under the Senior Loan Documents (including interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for in the respective documentation, whether or not such interest is an allowed claim against the debtor in any such proceeding).

5.8 Changes to Senior Indebtedness. The Holder agrees, with respect to the Senior Indebtedness and any and all collateral therefor or guaranties thereof, the Maker and the holders of the Senior Indebtedness may agree to modify the terms of any of the Senior Indebtedness from time to time without the consent of the Holder, without incurring liability to the Holder and without impairing or releasing the obligations of the Holder under this Section 5, change the manner or place of payment or extend the time of payment of or renew or alter any Senior Indebtedness, or amend, modify, or waive the application of, in any manner, any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating the Senior Indebtedness; provided that:

(a) the Senior Loan Documents shall not be amended or modified so as to provide for an increase in the principal amount of loans which may be incurred thereunder to an amount in excess of \$200,000,000 (such \$200,000,000 constituting the "Maximum Amount"), and any principal amount of such loans in excess of the Maximum Amount shall not constitute Senior Indebtedness hereunder; and

(b) to the extent that the Senior Loan Documents are amended or modified so as to provide for a prepayment premium (excluding customary breakage costs) in excess of three percent (3%) of the amount prepaid, then such excess premium shall not constitute Senior Indebtedness hereunder.

Section 6. No Waiver. No failure or delay by the Holder hereof to insist upon the strict performance of any term, provision, or agreement of this Note, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, provision or agreement or of any such breach, or preclude the Holder from exercising any such right, power or remedy at any later time or times. By accepting payment after the due date of any amount payable under this Note, the Holder hereof not be deemed to have waived the right either to require prompt payment when due of all other amounts due under this Note, or to declare a default hereunder.

Section 7. Affirmative and Negative Covenants. Until the obligations of the Maker hereunder are paid and satisfied in full, the Maker covenants and agrees as follows:

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7.1 Information. Promptly upon the issuance thereof, to deliver to the Holder copies of all reports, if any, to any applicable governmental agency or any securities exchange, including the Securities and Exchange Commission regarding any securities and/or its Subsidiaries and all reports, notices or statements sent by the Maker and/or its Subsidiaries to the holders of any indebtedness for borrowed money of the Maker and/or its Subsidiaries or to the trustee under any indenture under which the same is issued, and with reasonable promptness, such other information respecting the business, operations and financial condition of the Borrower as the Lender may from time to time request;

7.2. Notice of Default. The Maker shall notify the Holder in writing promptly upon the Maker becoming aware of any default or event, condition or occurrence which with notice or lapse of time, or both, would constitute a default under this Note or any agreement for borrowed money in excess of \$3,000,000.00 to which the Maker is a party or by which any of its assets are bound.

Section 8. Events of Default. Upon the occurrence of any of the following specified events (each an "Event of Default"):

8.1 Payments. Failure in the payment after the due date (whether at stated maturity, by acceleration or otherwise) of any amounts due under this Note; or

8.2 Representations, etc. Any representation, warranty or statement made by the Maker in the Purchase Agreement or in any statement or certificate at any time delivered pursuant thereto shall be untrue or inaccurate in any material respect; or

8.3 Other Financial Obligations. The Maker shall fail to perform, comply with, or observe any material financial obligations contained in any of the Purchase Agreement or this Note and such default shall not have been waived or remedied within 10 days after notice thereof from the Holder; or

8.4 Indebtedness. The Maker shall create, incur, assume or suffer to exist, contingently or otherwise, any indebtedness, except:

(a) indebtedness to the holders of the Senior Indebtedness (up to a maximum loan principal amount not to exceed \$200,000,000.00);

(b) unsecured current liabilities (not the result of borrowing) incurred in the ordinary course of business and not represented by any note, bond, debenture or other similar evidence of indebtedness;

(c) indebtedness outstanding on the date hereof, but not the increase, refunding or extension of maturity thereof, in whole or in part, including indebtedness assumed in connection with the transaction contemplated by the Purchase Agreement;

(d) capital lease obligations or purchase money indebtedness for equipment secured by purchase money security interests (together with accessions, additions, modifications and replacements thereof);

(e) indebtedness in respect of taxes, assessments and governmental charges to the extent that payment therefor shall not at the time be required to be made in accordance with the provisions of the Loan Agreement;

(f) future secured indebtedness permitted by prior written consent of the Holder, which may be withheld in its sole and absolute discretion;

(g) indebtedness of the Maker owed to any direct or indirect subsidiary;

(h) indebtedness in the nature of guaranties of indebtedness otherwise permitted hereunder;

(i) indebtedness incurred to refinance other indebtedness permitted under this Section 8.4; and

(j) indebtedness constituting interest rate or currency future, forward or swap contracts entered into for the purpose of hedging interest rate or currency fluctuation risk.

8.5 Default Under Other Indebtedness. The Maker shall (i) fail to pay when due (after giving effect to applicable grace periods) any indebtedness in excess of \$3,000,000 in the aggregate, or (ii) breach or default in the observance or performance of any agreement, obligation, covenant or condition relating to any such indebtedness referred



to in clause (i) above or any other event shall occur or condition exist, the effect of which breach, default or other event or condition is to cause the holder or holders of such indebtedness to declare that such indebtedness shall be due and payable in full prior to its stated maturity or, as to any demand loan, immediately; or

#### 8.6 Bankruptcy, etc.

(a) A court shall enter a decree or order for relief in respect of the Maker in an involuntary case under the Bankruptcy Code or any applicable foreign, federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, which decree or order is not stayed; or (y) an involuntary case is commenced against the Maker under the Bankruptcy Code or any applicable foreign, federal or state bankruptcy, insolvency or other similar law now or hereafter in effect; or a decree or order of a court having jurisdiction in the premises for the appointment of a receiver, liquidator, sequestrator, trustee, custodian or other person having similar powers over the Maker, or over all or a substantial part of its property, shall have been entered; or an interim receiver, trustee or other custodian of the Maker for all or a substantial part of the property of the Maker is involuntarily appointed; or a warrant of attachment, execution or similar process is issued against any substantial part of the property of the Maker; and the foregoing events continue for 20 days without being dismissed, or bonded and stayed, or discharged; or

(b) The Maker shall have an order for relief entered with respect to it or shall commence a voluntary case under the Bankruptcy Code or any applicable foreign, federal or state bankruptcy, insolvency or other similar law now or hereafter in effect, or shall consent to the entry of an order for relief in an involuntary case, or to the conversion of an involuntary case to a voluntary case, or shall consent to the appointment of or taking possession by a receiver, trustee or other custodian for all or a substantial part of its property, or the making by the Maker of any assignment for the benefit of creditors; or the inability or failure of the Maker to pay its debts as such debts mature, or the admission by the Maker in writing of its inability to pay its debts as such debts become due, or the Board of Directors (or any committee thereof) of the Maker adopts any resolution or otherwise authorizes action to approve any of the foregoing;

8.7 Other Mortgages, Liens and Encumbrances. The Maker shall create, incur, assume or suffer to exist any mortgage, security interest, lien or encumbrance on any of its property now owned or hereafter acquired, other than rights granted under, or pursuant to, the Credit Agreement and any other lien or encumbrance allowed under the terms of the Credit Agreement.

8.8. Change of Control. There shall have occurred a Change of Control in the Maker. For the purpose of this Note, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of the then outstanding shares of stock of the Maker entitled to vote in the election of directors (the "Outstanding Common Stock"), whether in one transaction or in multiple transactions which in the aggregate equal or exceed fifty percent (50%) of the Outstanding Common Stock of the Maker; or

(b) Approval by the stockholders of the Maker of (i) a reorganization, merger or consolidation, in each case, with respect to which all or substantially all of the individuals and entities who were the beneficial owners of the Outstanding Common Stock of Maker immediately prior to such reorganization, merger or consolidation will not, following such reorganization, merger or consolidation, beneficially own, directly or indirectly, more than 50% of the then outstanding shares of common stock of the corporation resulting from such a reorganization, merger or consolidation, other than a merger or consolidation effected to implement a recapitalization of the Maker (or similar transaction) in which no "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) acquires 50% or more of Outstanding Common Stock of Maker; or (ii) the sale or other disposition of all or substantially all of the assets of the Maker;

THEN, and in any such event, all amounts owing by the Maker pursuant to this Note shall, at the option of Holder, become immediately due and payable in full.

Section 9. Miscellaneous.

9.1 Binding Obligation. This Note shall be binding upon the Maker and shall be enforceable against the Maker and its heirs, successors and representatives, and shall inure to the benefit of the Holder and the holders of Senior Indebtedness. The Maker may not assign this Note or any rights hereunder without the express written consent of the Holder. The Holder may assign this Note in whole or in part, without notice to, or consent from, the Maker, so long as the assignee shall acknowledge in writing for the benefit of holders of Senior Indebtedness the continuing applicability of the

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subordination provisions. By acceptance of this Note, the holder of Subordinated Debt agrees to be bound by the terms of this Note including Section 5 hereof.

9.2 Amendments; Modifications. This Note shall not be amended without the written consent of the parties' hereto and the Agent for the lenders under the Credit Agreement. The modification, amendment or waiver of any provision of this Note or the Purchase Agreement, shall not release, or diminish, modify or otherwise affect the liability of, Maker or any other person or entity that may be or become liable under or with respect to this Note.

9.3 Collection Costs. If the Holder shall employ attorneys to collect any sums due hereon, then the Maker promises to pay, in addition to all other sums due hereon, all fees and costs of collection, including reasonable attorneys' fees.

9.4 WAIVER. MAKER ACKNOWLEDGES THAT THE LOAN EVIDENCED BY THIS NOTE IS A COMMERCIAL TRANSACTION AND TO THE MAXIMUM EXTENT PERMITTED BY LAW WAIVES DILIGENCE, DEMAND, PRESENTMENT FOR PAYMENT, NOTICE OF NON-PAYMENT, PROTEST AND NOTICE OF PROTEST, AND NOTICE OF ANY RENEWALS OR EXTENSIONS OF THIS NOTE.

9.5 No Obligation to Extend Payment Provisions. Maker agrees that the time for payment of this Note may be extended at the Holder's sole discretion, without impairing Maker's liability thereon, and further consents to the release of all or any part of the security for payment hereof at the discretion of the Holder, or the release of any party liable for the obligation without affecting the liability of the other parties hereto.

9.6 Limitation on Interest. Nothing in this Note shall require the payment, or permit the collection by the holder hereof, of interest in an amount exceeding the maximum amount permitted under applicable law in commercial loan transactions between parties of the character of the parties hereto (the "Maximum Interest Amount"). Maker shall not be obligated to pay to said holder any interest in excess of the Maximum Interest Amount, and the amount of interest payable to said holder under this Note shall under no circumstance be deemed to exceed the Maximum Interest Amount. To the extent that any payment made to said holder under this Note would cause the amount of interest charged to exceed the Maximum Interest Amount, such payment shall be deemed a prepayment of principal as to which no prepayment charge shall be required, notwithstanding anything to the contrary in this Note or, if the amount of excess interest exceeds the unpaid principal balance of this Note, such excess shall be refunded to Maker.

9.7 Governing Law; Venue. This Note shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts. Maker unconditionally and irrevocably agrees that any action or proceeding against Maker with respect to this Note or for the recognition or enforcement of any judgment rendered in any such action or proceeding may be brought in the United States District Court for the District of Massachusetts or in the courts of the Commonwealth of Massachusetts, as the holder of this Note may elect; and by executing and delivering this Note, Maker unconditionally and irrevocably accepts and submits to the non-exclusive jurisdiction of each of the aforesaid courts in persona generally with respect to any such action or proceeding for itself and in respect of its properties. Maker further agrees that final judgment against it in any action or proceeding shall be conclusive and may be enforced in any other jurisdiction, by suit on the judgment, a certified or exemplified copy of which shall be conclusive evidence of the fact and of the amount of Maker indebtedness.

9.8 WAIVER OF JURY TRIAL. MAKER WAIVES THE RIGHT TO A JURY TRIAL IN CONNECTION WITH ANY ACTION, SUIT OR PROCEEDING (INCLUDING ANY AND ALL COUNTERCLAIMS THERETO) THAT DIRECTLY OR INDIRECTLY RELATES TO THE SUBJECT MATTER OF THIS NOTE.

9.9 Notices. All notices and other communications required or permitted to be given hereunder shall be in writing, and if hand-delivered or transmitted by United States certified mail, return receipt requested, postage prepaid or by nationally recognized overnight courier, to the address set forth below, such notice shall be deemed to have been received on the date so delivered if hand-delivered or if otherwise transmitted, then three business days following the date of such transmittal.

If to Maker:

If to the  
Holder:

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9.10 Exercise of Rights. No delay or omission on the part of the holder in exercising any right hereunder shall operate as a waiver of such right or any other right hereunder, and a waiver of any such right on any one occasion shall not be construed as a bar to or waiver of any such right on any future occasion.

9.11 Non-Exclusive Remedies. No right or remedy of the holder of this Note is intended to be exclusive of any other right or remedy specified herein, in the Purchase Agreement or available to said holder at law or in equity. All such rights and remedies shall be cumulative and concurrent and, in said holder's sole discretion, may be pursued singularly, successively or together and may be exercised as often as occasion therefor shall arise. Without limiting the generality of the foregoing, the payment by Maker of any installment of interest at the Default Interest Rate is intended by the parties hereto to represent a non-exclusive remedy of payment of an agreed amount as compensation to said holder with respect to costs and expenses incurred and/or damage suffered by said holder as a result of Maker's failure to comply with one or more obligations imposed upon Maker in this Note, and any such payment shall be in addition to, and not in lieu of, such other rights and remedies.

9.12 Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, the other provisions hereof and thereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the holder of this Note in order to effectuate the intent of this Note. The invalidity of any provision of this Note in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction, including the Commonwealth of Massachusetts.

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IN WITNESS WHEREOF, this Note has been executed, under seal, with the intention of making this a sealed instrument, as of the day and year first above written.

ATTEST:

TRIMBLE NAVIGATION LIMITED

By: /s/ Mary Ellen Genovese

By: /s/ Steven W. Berglund

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Its: Assistant Secretary

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Its: President

[Corporate Seal]

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