

EXCERPTS FROM A CREDIT AGREEMENT

ARTICLE 4 Representations and Warranties.

Section 4.1	Representations and Warranties
Section 4.2	Survival of Representations and Warranties, etc.

ARTICLE 5 General Covenants

Section 5.1	Preservation of Existence and Similar Matters
Section 5.2	Business; Compliance with Applicable Law
Section 5.3	Maintenance of Properties
Section 5.4	Accounting Methods and Financial Records
Section 5.5	Insurance.
Section 5.6	Payment of Taxes and Claims
Section 5.7	Visits and Inspections
Section 5.8	Use of Proceeds
Section 5.9	INDEMNITY.
Section 5.10	Environmental Law Compliance
Section 5.11	Further Assurances
Section 5.12	Subsidiaries

ARTICLE 6 Information Covenants

Section 6.1	Quarterly Financial Statements and Information
Section 6.2	Annualized Financial Statements and Information; Certificate of No Default.
Section 6.3	Compliance Certificate
Section 6.4	Copies of Other Reports and Notices.
Section 6.5	Notice of Litigation, Default and Other Matters; Deliveries
Section 6.6	ERISA Reporting Requirements.
Section 6.7	Year 2000 Problem
Section 6.8	Borrowing Base Certificate

ARTICLE 7 Negative Covenants

Section 7.1	Indebtedness
Section 7.2	Liens
Section 7.3	Investments
Section 7.4	Liquidation, Merger, New Subsidiaries
Section 7.5	Dispositions
Section 7.6	Restricted Payments
Section 7.7	Affiliate Transactions
Section 7.8	Leverage Ratio
Section 7.9	Fixed Charge Coverage Ratio
Section 7.10	Net Worth
Section 7.11	Capital Expenditures

Section 7.12	Amendments and Waivers of Parent Note and Other Institutional Debt
Section 7.13	Amendment of Organizational Documents
Section 7.14	Minimum Adjusted EBITDA
Section 7.15	Minimum Adjusted Domestic EBITDA
Section 7.16	DEF Intercompany Note

ARTICLE 8 Default

Section 8.1	Events of Default
Section 8.2	Remedies

ARTICLE 1

Representations and Warranties.

Section 1.1 Representations and Warranties. The Borrower hereby represents and warrants to the Administrative Agent and each Lender as follows:

(a) Organization; Power; Qualification. As of the Agreement Date, the respective jurisdiction of incorporation or organization and percentage ownership by the Parent of the Borrower and the Borrower or another Subsidiary of the Subsidiaries listed on Schedule 4.1(a) are true and correct. All of the outstanding Capital Stock of the Borrower and its Subsidiaries is validly issued, fully paid and non-assessable. There are no outstanding options, rights, rights of conversion, redemption, purchase or repurchase, rights of first refusal and similar rights relating to such Capital Stock of the Borrower and its Subsidiaries except as provided in Schedule 4.1(a). Each of the Borrower and its Subsidiaries is a corporation, partnership or limited liability company duly organized, validly existing and in good standing under the laws of its state of organization. Each of the Borrower and its Subsidiaries has the corporate or other legal power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted. Each of the Borrower and its Subsidiaries is authorized to do business, duly qualified and in good standing in the jurisdictions set forth in Schedule 4.1(a) and no qualification or authorization is necessary in any other jurisdictions in which the character of its properties or the nature of its business requires such qualification or authorization except where the failure to be so qualified or authorized could not reasonably be expected to have a Material Adverse Effect.

(b) Authorization. The Borrower has the corporate power and has taken all necessary corporate action to authorize it to borrow hereunder and enter into the ABC Transaction. Each Obligor has corporate or other legal power and has taken all necessary corporate or other legal action to execute, deliver and perform the Loan Documents to which it is party in accordance with the terms thereof, and to consummate the transactions contemplated thereby. Each Loan Document has been duly executed and delivered by the Obligor executing it. Each of the Loan Documents to which an Obligor is a party is a legal, valid and binding respective obligation of such Obligor, enforceable in accordance with its terms, subject, to enforcement of remedies, to the following qualifications: (i) equitable principles generally, and (ii) Debtor Relief Laws (insofar as any such law relates to the bankruptcy, insolvency or similar event of such Obligor).

(c) Compliance with Other Loan Documents and Contemplated Transactions. The execution, delivery and performance by each Obligor of the Loan Documents to which it is a party, and the consummation of the transactions contemplated thereby, do not and will not (i) except as set forth on Schedule 4.1(c) hereto require any consent or approval other than (y) those already obtained, and (z) UCC and mortgage filings in connection with the Loan Documents, (ii) violate any Applicable Law, (iii) conflict with, result in a breach of, or constitute a default under the certificate of incorporation, bylaws, partnership agreement, operating agreement or other similar governing document or agreement of such Obligor, (iv) conflict with, result in a breach of, or constitute a default under any Necessary Authorization, (v) conflict with, result in a breach of, or constitute a default under any indenture, agreement or other instrument, to which such Obligor is a party or by which they or their respective properties may be bound, or (vi) result in or require the creation or imposition of any Lien upon or with respect to any property now owned or hereafter acquired by such Obligor other than the Liens created pursuant to the Loan Documents.

(d) Business. The Borrower and its Subsidiaries are engaged primarily in the business of engaging in activities related to and providing customized machined and fabricated metal products and electronic and electro-mechanical services, including without limitation design, integration, assembly, testing and installation services, for the communications, medical, semiconductor equipment, industrial and electronics industries in the United States and other countries.

(e) Compliance with Law. The Borrower and its Subsidiaries are in compliance in all respects with all Applicable Laws, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

(f) Title to Properties. The Borrower and its Subsidiaries have good and indefeasible title to, or a valid leasehold interest in, all of their material assets. None of their assets are subject to any Liens, except Permitted Liens. No financing statement or other Lien filing (except relating to Permitted Liens and other Liens for which releases and UCC-3 Termination Statements have been obtained pursuant to Section 3.1(k) hereof) is on file in any state or jurisdiction that names the Borrower or any of its Subsidiaries as debtor or covers (or purports to cover) any assets of the Borrower or any of its Subsidiaries, except for Indebtedness permitted hereunder or with respect to which the requirements of Section 3.1(k) hereof have been satisfied.

(g) Litigation. Except as reflected on Schedule 4.1(g) hereto, as of the Agreement Date, there is no Litigation pending against, or, to the Borrower's current actual knowledge, threatened against the Borrower, or in any other manner relating directly and adversely to the Borrower or any of its Subsidiaries, or any of their properties, in, before, or by any Tribunal which if adversely determined could reasonably be expected to have a Material Adverse Effect.

(h) Taxes. Except as set forth in Schedule 4.1(h) hereto, all federal and other material tax returns of the Borrower and its Subsidiaries required by law to be filed have been duly filed or extensions have been timely filed, and all federal and other material taxes, assessments and other governmental charges or levies upon the Borrower, its Subsidiaries or any of their respective properties, income, profits and assets, which are due and payable, have been paid, except for the filing of such tax returns or the payment of such taxes, assessments and other charges the failure

to file or pay of which could not reasonably be expected to have a Material Adverse Effect, unless the same are being contested in good faith by appropriate proceedings, with adequate reserves established therefor, and no Lien (other than a Permitted Lien) has attached and no foreclosure, distraint, sale or similar proceedings have been commenced that have not been vacated, discharged, bonded or stayed. Except as set forth in Schedule 4.1(h) hereto, the charges, accruals and reserves on the books of the Borrower and its Subsidiaries in respect of their taxes are, in the judgment of the Borrower, adequate.

(i) Financial Statements; Material Liabilities.

(i) The Borrower has heretofore delivered to Lenders the (A) financial statements (reviewed but not audited) of ABC for the fiscal years ended 1996, 1997, 1998 and 1999 and interim unaudited monthly financial statements of ABC from January, 2000 through August, 2000, and (B) financial statements (compiled but not audited) of XYZ for the fiscal years ended 1996, 1997, 1998 and 1999 and interim unaudited monthly financial statements of XYZ from January, 2000 through August, 2000 (collectively, the “Financial Statements”). The Financial Statements fairly present, in all material respects, the financial position of ABC and XYZ as at the date thereof and the combined results of operations and cash flows for the period covered thereby.

(ii) The projected consolidated financial statements of the Parent and the Borrower, delivered to the Lenders prior to or on the Agreement Date are based on good faith estimates and assumptions made by the management of the Borrower and believed to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ from the projected results by a material amount.

(iii) The financial statements of the Parent and its Subsidiaries delivered to the Lenders pursuant to Section 6.1 and 6.2 hereof fairly present in all material respects their respective financial condition and their respective results of operations as of the dates and for the periods shown, all in accordance with GAAP, except that the financial statements delivered pursuant to Section 6.1 hereof lack footnotes and other presentation items and are subject to normal year-end adjustments. The latest of such financial statements reflects all material liabilities, direct and contingent, of the Borrower and each Subsidiary of the Borrower that are required to be disclosed in accordance with GAAP.

(j) No Adverse Change. Since September 30, 2000, no event or circumstance has occurred or arisen which could reasonably be expected to have a Material Adverse Effect.

(k) ERISA. None of the Borrower or any of its Subsidiaries maintains or contributes to any Plan or Multiemployer Plan pursuant to which employees of the Borrower or any of its Subsidiaries participate other than those disclosed to the Administrative Agent in writing. Each such Plan (other than any Multiemployer Plan) is in compliance in all material respects with the applicable provisions of ERISA and the Code, except where the failure to comply could not reasonably be expected to have a Material Adverse Effect. No accumulated funding deficiency (as defined in Section 412(a) of the Code) with respect to a Plan has occurred (without regard to any waiver granted under Section 412 of the Code), the result of which could reasonably be

expected to have a Material Adverse Effect. None of the Borrower or any member of its Controlled Group has failed to make any contribution or pay any amount due or owing as required under the terms of any Plan or Multiemployer Plan, the result of which could reasonably be expected to have a Material Adverse Effect. There has been no ERISA Event, the result of which could reasonably be expected to have a Material Adverse Effect. The present value of the benefit liabilities, as defined in Title IV of ERISA, of each Plan subject to Title IV of ERISA (other than a Multiemployer Plan) of (i) the Borrower does not exceed by more than \$100,000 the present value of the assets of each such Plan as of the most recent valuation date using each such Plan's actuarial assumptions at such date and (ii) each member of its Controlled Group does not exceed the present value of the assets of each such Plan as of the most recent valuation date using each such Plan's actuarial assumptions at such date by an amount which could reasonably be expected to have a Material Adverse Effect. There are no pending, or to the Borrower's knowledge threatened, claims, lawsuits or actions (other than routine claims for benefits in the ordinary course) asserted or instituted against, and neither the Borrower nor any member of its Controlled Group has knowledge of any threatened litigation or claims against, the assets of any Plan or its related trust or against any fiduciary of a Plan with respect to the operation of such Plan the result of which could reasonably be expected to have a Material Adverse Effect. None of the Borrower, any member of its Controlled Group, or any organization to which the Borrower or any member of its Controlled Group is a successor or parent corporation within the meaning of ERISA Section 4069(b), has engaged in a transaction within the meaning of ERISA Section 4069 the result of which could reasonably be expected to have Material Adverse Effect.

(l) Compliance with Regulations T, U and X. The Borrower is not engaged principally or as one of its important activities in the business of extending credit for the purpose of purchasing or carrying any margin stock within the meaning of Regulations T, U and X of the Board of Governors of the Federal Reserve System, and no proceeds of any Advances or Letters of Credit will be used, directly or indirectly, to purchase or carry any such margin stock. No more than 25% of the assets of the Borrower and its Subsidiaries will be margin stock. Neither the making of any Advances, the issuance of any Letters of Credit nor the application of any proceeds thereof will violate, or be inconsistent with, the provisions of Regulations T, U and X of the Board of Governors of the Federal Reserve System.

(m) Necessary Authorization. The Borrower and its Subsidiaries are not required to obtain any Necessary Authorization that has not already been obtained from, or effect any material filing or registration that has not already been effected with, any federal, state or local regulatory authority in connection with the execution and delivery of this Agreement or any other Loan Document, or the performance thereof, in accordance with their respective terms, including any borrowing hereunder. All Necessary Authorizations have been duly obtained, and are in full force and effect without any known conflict with the rights of others and are free from any unduly burdensome restrictions.

(n) Absence of Default. No event has occurred or failed to occur, which has not been remedied or waived, the occurrence or non-occurrence of which constitutes, or which with the passage of time or giving of notice or both would constitute, (i) an Event of Default or (ii) a default by the Borrower or any of its Subsidiaries under any indenture, agreement or other instrument, or any judgment, decree or order to which the Borrower or any of its Subsidiaries or by which they or any of their respective properties is bound, the result of which with respect to

any default set forth in clause (ii) immediately preceding could reasonably be expected to have a Material Adverse Effect.

(o) Governmental Regulation. Neither the Borrower nor any of its Subsidiaries is an “investment company” within the meaning of the Investment Company Act of 1940, as amended, or a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company” within the meaning of the Public Utility Holding Company Act of 1935, as amended. Neither the entering into or performance by the Borrower of this Agreement nor the issuance of the Notes violates any provision of such act or requires any consent, approval, or authorization of, or registration with, the Securities and Exchange Commission or any other Tribunal pursuant to any provisions of such act.

(p) Environmental Matters. Neither the Borrower nor any of its Subsidiaries has any current actual knowledge that any substance deemed hazardous by any Applicable Environmental Law, has been installed (i) on any real property fee title to which is now owned by the Borrower or any of its Subsidiaries or (ii) by Borrower or any of its Subsidiaries on any real property leased by the Borrower or any of its Subsidiaries, in either case in a manner which could give rise to a violation of Applicable Environmental Laws which could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries are not in violation of or subject to any existing, pending or, to the Borrower’s knowledge, threatened investigation or inquiry by any governmental authority or to any material remedial obligations under any Applicable Environmental Laws, which violation, investigation, inquiry or obligations could reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries have obtained all permits, licenses, and authorizations required by Applicable Environmental Laws except where failure to obtain such permits could not reasonably be expected to have a Material Adverse Effect. The Borrower and its Subsidiaries have taken reasonable steps to determine, and the Borrower and its Subsidiaries have no knowledge, that any hazardous substances or solid wastes have been disposed of or otherwise released (i) on or to the real property fee title to which is owned by the Borrower or any of its Subsidiaries or (ii) by Borrower or any of its Subsidiaries on or to any real property leased by Borrower or any of its Subsidiaries, all within the meaning of the Applicable Environmental Laws, which disposal or release could reasonably be expected to have a Material Adverse Effect.

(q) Certain Fees. No broker’s, finder’s or other fee or commission will be payable by the Borrower (other than to the Lenders hereunder and RST and its Affiliates) with respect to the making of the Commitments or the Advances hereunder, other than fees payable in connection with the ABC Transaction. The Borrower agrees to indemnify and hold harmless the Administrative Agent and each Lender from and against any claims, demand, liability, proceedings, costs or expenses asserted with respect to or arising in connection with any such fees or commissions.

(r) Intellectual Property. The Borrower and its Subsidiaries have collectively obtained or applied for or licensed or otherwise obtained the right to use all patents, trademarks, service marks, trade names, copyrights, and other intellectual property rights, free from Liens (except Permitted Liens), that are necessary for the operation of their business as conducted other than those of which the failure to obtain, to license or to apply for could not reasonably be expected to

have a Material Adverse Effect. Nothing has come to the current actual knowledge of the Borrower or any of its Subsidiaries to the effect that (i) any process, method, part or other material presently contemplated to be employed by the Borrower or any of its Subsidiaries infringes any valid and enforceable patent, trademark, service mark, trade name, copyright, license or other intellectual property right owned by any other Person, or (ii) there is pending or overtly threatened any claim or litigation against or affecting the Borrower or any of its Subsidiaries contesting its right to sell or use any such process, method, part or other material, in each case which if adversely determined could reasonably be expected to result in a Material Adverse Effect.

(s) Disclosure. All factual information, reports, financial statements, exhibits and schedules prepared by or on behalf of the Parent, the Borrower or any of its Subsidiaries and furnished in writing (and if supplemented, as supplemented) by the Parent, the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender in connection with this Agreement or the other Loan Documents prior to or on the Agreement Date is, and all other such factual written information furnished by or on behalf of the Parent, the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender after the Agreement Date will be, true and accurate in all material respects (or, in the case of projections based on reasonable estimates and assumptions) on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information not materially misleading at such time in light of the circumstances under which such information was provided. There is no fact known to the Borrower and not known to the public generally that could reasonably be expected to have a Material Adverse Effect, which has not been set forth in this Agreement or in the documents, certificates and statements furnished to the Lenders by or on behalf of the Borrower hereof in connection with the transactions contemplated hereby or thereby.

(t) Solvency. The Parent is, the Borrower is, and Borrower and its Subsidiaries on a consolidated basis are, Solvent.

(u) Labor Relations. Except as set forth on Schedule 4.1(u) hereto, as of the Agreement Date neither the Borrower nor any of its Subsidiaries is a party to a collective bargaining agreement or similar agreement. The Borrower and each of its Subsidiaries is in compliance in all respects with all Laws respecting employment and employment practices, terms and conditions of employment, wages and hours and other laws related to the employment of its employees, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect. There are no arrears in the payment of wages, withholding or social security taxes, unemployment insurance premiums or other similar obligations of the Borrower or any of its Subsidiaries or for which the Borrower or any such Subsidiary may be responsible other than in the ordinary course of business which could reasonably be expected to have a Material Adverse Effect. There is no strike, work stoppage or labor dispute with any union or group of employees pending or overtly threatened involving the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

(v) Common Enterprise. The Borrower and its Subsidiaries are engaged in the type of businesses set forth in Section 4.1(d) hereof. These operations require financing on a basis such that the credit supplied can be made available from time to time to the Borrower and various of

its Subsidiaries, as required for the continued successful operation of the Borrower and its Subsidiaries as a whole. The Borrower and its Subsidiaries expect to derive benefit (and the boards of directors of the Borrower and its Subsidiaries have determined that the Borrower and its Subsidiaries may reasonably be expected to derive benefit), directly or indirectly, from the credit extended by the Lenders hereunder, both in their separate capacities and as members of the group of companies, since the successful operation and condition of the Borrower and its Subsidiaries is dependent on the continued successful performance of the functions of the group as a whole.

(w) Year 2000 Problem. The risk that computer applications used by the Borrower or any of its Subsidiaries may be unable to recognize and perform properly date-sensitive calculations involving certain dates prior to and any date after December 31, 1999 (the "Year 2000 Problem"), has not resulted in, and the Borrower reasonably believes that the Year 2000 Problem will not result in, a Material Adverse Effect.

Section 1.2 Survival of Representations and Warranties, etc. All representations and warranties made under this Agreement and the other Loan Documents shall be deemed to be made at and as of the Agreement Date and at and as of the date of each Advance, and each shall be true and correct in all material respects when made, except to the extent (a) previously fulfilled in accordance with the terms hereof, (b) applicable to a specific date or otherwise subsequently inapplicable, or (c) previously waived in writing by the Determining Lenders with respect to any particular factual circumstance. All such representations and warranties shall survive, and not be waived by, the execution hereof by any Lender, any investigation or inquiry by any Lender, or by the making of any Advance under this Agreement.

ARTICLE 2

General Covenants

So long as any of the Obligations are outstanding and unpaid or any Commitment is outstanding (whether or not the conditions to borrowing have been or can be fulfilled):

Section 2.1 Preservation of Existence and Similar Matters. The Borrower shall, and shall cause each Subsidiary to:

(a) except as otherwise permitted pursuant to Section 7.4 hereof, preserve and maintain, or timely obtain and thereafter preserve and maintain, (a) its existence, and (b) all rights, franchises, licenses, authorizations, consents, privileges and all other Necessary Authorizations from any Tribunal, the loss of which could reasonably be expected to have a Material Adverse Effect; and

(b) except as otherwise permitted pursuant to Section 7.4 hereof, qualify and remain qualified and authorized to do business in each jurisdiction in which the character of its properties or the nature of its business requires such qualification or authorization, unless the failure to do so could not reasonably be expected to have a Material Adverse Effect.

Section 2.2 Business; Compliance with Applicable Law. The Borrower and its Subsidiaries shall (a) engage primarily in the types of businesses set forth in Section 4.1(d)

hereof, and (b) comply in all respects with the requirements of all Applicable Laws, except where the failure to so comply could not reasonably be expected to have a Material Adverse Effect.

Section 2.3 Maintenance of Properties. The Borrower shall, and shall cause each Subsidiary to, maintain or cause to be maintained all its properties (whether owned or held under lease) in reasonably good repair, working order and condition (ordinary wear and tear excepted and excluding property which is replaced), taken as a whole, and from time to time make or cause to be made all appropriate repairs, renewals and replacements as Borrower shall in good faith deem necessary, except where the failure to maintain or make repairs could not in the aggregate reasonably be expected to have a Material Adverse Effect.

Section 2.4 Accounting Methods and Financial Records. The Borrower shall, and shall cause each Subsidiary to, maintain a system of accounting established and administered in accordance with GAAP (with the consolidated statements of the Borrower and its Subsidiaries maintained in accordance with United States GAAP and the statements of Cunningham Systems Limited and its Subsidiaries maintained in accordance with United Kingdom GAAP), keep adequate records and books of account in which complete entries will be made and all transactions reflected in accordance with sound business practices, and keep accurate and complete records of its respective assets. The Borrower and each of its Subsidiaries shall maintain a fiscal year ending on the last day of December.

Section 2.5 Insurance.

(a) The Borrower shall, and shall cause each Subsidiary to, maintain insurance from responsible companies in such amounts and against such risks (but including in any event public liability, business interruption and flood as to any portion of the real estate Collateral which shall at any time be located in an identified “flood prone” area in which flood insurance has been made available pursuant to the Federal Flood Protection Act of 1973 as amended) as shall be customary and usual in the industry for companies of similar size and capability. Each property insurance policy related to any Collateral and each liability insurance policy shall provide for at least 30 days’ prior notice to the Administrative Agent of any proposed termination or cancellation of such policy, whether on account of default or otherwise and name the Administrative Agent as loss payee or additional insured, as the case may be.

(b) The Borrower shall furnish, upon request of the Administrative Agent, evidence of the insurance required to be maintained in accordance with Section 5.5(a) hereof in form and content reasonably satisfactory to the Administrative Agent. If the Borrower or any of its Subsidiaries fails to maintain the insurance required to be maintained in accordance with Section 5.5(a) hereof, the Administrative Agent may at its option obtain insurance on the Collateral, and any premium thereby paid by the Administrative Agent shall become part of the Obligation and shall bear interest at the lesser of the (i) Base Rate Basis and (ii) Highest Lawful Rate. In the event that the Administrative Agent maintains such substitute insurance, the additional premium for such insurance shall be due on demand and payable by the Borrower to the Administrative Agent in accordance with any notice delivered to the Borrower by the Administrative Agent.

Section 2.6 Payment of Taxes and Claims. The Borrower shall, and shall cause each Subsidiary to, pay and discharge all material taxes, assessments and governmental charges or levies imposed upon it or its income or properties prior to the date of delinquency, and to pay all lawful material claims for labor, materials and supplies which, if unpaid, might become a Lien upon any of its properties; in each case unless such tax, assessment, charge, levy or claim is being diligently contested in good faith by appropriate proceedings and for which adequate reserves shall have been set aside on the appropriate books in accordance with GAAP, but only so long as no Lien (other than a Permitted Lien) shall attach with respect thereto and no foreclosure, distraint, sale or similar proceedings shall have been commenced which has not been vacated, discharged, bonded or stayed.

Section 2.7 Visits and Inspections. The Borrower shall, and shall cause each of its Subsidiaries to, permit representatives of the Agents or any Lender from time to time after reasonable notice by the Administrative Agent or any Lender to (a) visit and inspect the properties of the Borrower and its Subsidiaries (i) as often as the Administrative Agent or any Lender shall reasonably deem advisable, and (ii) at reasonable times, (b) audit, inspect and make extracts from and copies of the Borrower's and each such Subsidiary's books and records, and (c) discuss with the Borrower's and each such Subsidiary's directors, officers, employees and auditors its business, assets, liabilities, financial positions, results of operations and business prospects, provided that the Administrative Agent or such Lender shall notify the Borrower prior to any contact with such auditors and give the Borrower the opportunity to participate in such discussions. The Borrower shall pay the reasonable expenses related to inspections and audits performed (a) once during each fiscal quarter jointly by the Agents acting as a single entity with expense levels to be approved by the Borrower in advance of their incurrence and (b) after the occurrence of an Event of Default by the Agents and each Lender. Prior to the occurrence and continuance of an Event of Default, all such visits and inspections shall be conducted during normal business hours and shall not be conducted more often than once per fiscal quarter. Following the occurrence and during the continuance of an Event of Default, such visits and inspections shall be conducted during normal business hours without any requirement for advance notice and as often as the Agents or any Lender shall require.

Section 2.8 Use of Proceeds. The Borrower shall use the proceeds of Advances and the Letters of Credit to (a) consummate the ABC Transaction, (b) pay certain fees and expenses related to the ABC Transaction, (c) consummate and pay certain fees and expenses related to the EFG Transaction, and (d) finance the ongoing working capital and general corporate requirements of the Borrower and its Subsidiaries, including repaying Indebtedness, making Capital Expenditures, and making Acquisitions permitted hereunder .

Section 2.9 **INDEMNITY**.

(a) THE BORROWER AGREES TO DEFEND, PROTECT, INDEMNIFY AND HOLD HARMLESS THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, EACH LENDER, THE ISSUING BANK, EACH OF THEIR RESPECTIVE AFFILIATES, AND EACH OF THEIR RESPECTIVE (INCLUDING SUCH AFFILIATES') OFFICERS, DIRECTORS, TRUSTEES, EMPLOYEES, AGENTS, ATTORNEYS, SHAREHOLDERS AND CONSULTANTS (INCLUDING, WITHOUT LIMITATION, THOSE RETAINED IN CONNECTION WITH THE SATISFACTION OR ATTEMPTED SATISFACTION OF ANY

OF THE CONDITIONS SET FORTH HEREIN) OF EACH OF THE FOREGOING (COLLECTIVELY, “INDEMNITEES”) FROM AND AGAINST ANY AND ALL LIABILITIES, OBLIGATIONS, LOSSES, DAMAGES, PENALTIES, ACTIONS, JUDGMENTS, SUITS, CLAIMS, REASONABLE OUT-OF-POCKET COSTS, REASONABLE OUT-OF-POCKET EXPENSES AND REASONABLE DISBURSEMENTS OF ANY KIND OR NATURE WHATSOEVER (INCLUDING, WITHOUT LIMITATION, THE REASONABLE FEES AND DISBURSEMENTS OF COUNSEL FOR SUCH INDEMNITEES IN CONNECTION WITH ANY INVESTIGATIVE, ADMINISTRATIVE OR JUDICIAL PROCEEDING, WHETHER OR NOT SUCH INDEMNITEES SHALL BE DESIGNATED A PARTY THERETO), IMPOSED ON, INCURRED BY, OR ASSERTED AGAINST SUCH INDEMNITEES (WHETHER DIRECT, INDIRECT OR CONSEQUENTIAL AND WHETHER BASED ON ANY FEDERAL, STATE, OR LOCAL LAWS AND REGULATIONS, UNDER COMMON LAW OR AT EQUITABLE CAUSE, OR ON CONTRACT, TORT OR OTHERWISE, ARISING FROM OR CONNECTED WITH THE PAST, PRESENT OR FUTURE OPERATIONS OF THE BORROWER, OR ANY OF ITS SUBSIDIARIES OR THEIR RESPECTIVE PREDECESSORS IN INTEREST (EXCLUDING SUCH OPERATIONS AFTER ANY FORECLOSURE PURSUANT TO THE COLLATERAL DOCUMENTS UNLESS SUCH EVENT OR CONDITION WHICH RESULTED IN SUCH LOSSES, DAMAGES AND EXPENSES WAS PRESENT ON THE PROPERTY PRIOR TO ANY SUCH FORECLOSURE), OR THE PAST, PRESENT OR FUTURE ENVIRONMENTAL CONDITION OF PROPERTY OF THE BORROWER OR ANY OF ITS SUBSIDIARIES), IN ANY MANNER RELATING TO OR ARISING OUT OF THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR ANY ACT, EVENT OR TRANSACTION OR ALLEGED ACT, EVENT OR TRANSACTION RELATING OR ATTENDANT HERETO OR THERETO, INCLUDING IN CONNECTION WITH, OR AS A RESULT, IN WHOLE OR IN PART, OF ANY NEGLIGENCE OF THE ADMINISTRATIVE AGENT OR ANY LENDER (OTHER THAN THOSE MATTERS RAISED EXCLUSIVELY BY A PARTICIPANT OR A LENDER AGAINST THE ADMINISTRATIVE AGENT OR ANY LENDER AND NOT THE BORROWER), OR THE USE OR INTENDED USE OF THE PROCEEDS OF THE ADVANCES OR LETTERS OF CREDIT HEREUNDER, OR IN CONNECTION WITH ANY INVESTIGATION OF ANY POTENTIAL MATTER COVERED HEREBY, BUT EXCLUDING (i) IN THE CASE OF EACH INDEMNITEE, ANY CLAIM OR LIABILITY THAT ARISES AS THE RESULT OF THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNITEE OR SUCH INDEMNITEE’S BREACH OF THIS AGREEMENT, AS FINALLY JUDICIALLY DETERMINED BY A COURT OF COMPETENT JURISDICTION, (ii) ANY CLAIM OR LIABILITY THAT ARISES OUT OF OR RELATES TO MATERIAL DEEMED HAZARDOUS UNDER APPLICABLE ENVIRONMENTAL LAWS THAT ARE FIRST GENERATED, RELEASED, DISPOSED, EMITTED OR MANUFACTURED ON ANY REAL PROPERTY OWNED OR LEASED BY THE BORROWER AFTER SUCH PROPERTY HAS BEEN TRANSFERRED TO AN INDEMNIFIED PARTY OR ITS SUCCESSOR OR ASSIGN BY FORECLOSURE, DEED IN LIEU OF FORECLOSURE OR SIMILAR TRANSFER, AND (iii) MATTERS RAISED BY ONE LENDER, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT OR THE ISSUING BANK AGAINST ANY INDEMNITEE, INCLUDING WITHOUT LIMITATION, ANOTHER LENDER, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT OR THE ISSUING BANK OR BY ANY SHAREHOLDERS OF A LENDER, THE

ADMINISTRATIVE AGENT, THE SYNDICATION AGENT OR THE ISSUING BANK AGAINST A LENDER OR ITS MANAGEMENT (COLLECTIVELY, “INDEMNIFIED MATTERS”).

(b) IN ADDITION, THE BORROWER SHALL PERIODICALLY, UPON REQUEST, REIMBURSE EACH INDEMNITEE FOR ITS REASONABLE LEGAL AND OTHER ACTUAL REASONABLE OUT-OF-POCKET EXPENSES (INCLUDING THE REASONABLE OUT-OF-POCKET COST OF ANY INVESTIGATION AND PREPARATION) INCURRED IN CONNECTION WITH ANY INDEMNIFIED MATTER; PROVIDED, THAT IF IT IS ULTIMATELY DETERMINED THAT SUCH INDEMNITEE IS NOT ENTITLED TO INDEMNIFICATION UNDER PARAGRAPH (a) ABOVE, SUCH INDEMNITEE SHALL THEREAFTER PROMPTLY RETURN TO THE BORROWER ANY AMOUNTS PAID TO SUCH INDEMNITEE UNDER THIS PARAGRAPH (b). THE REIMBURSEMENT, INDEMNITY AND CONTRIBUTION OBLIGATIONS UNDER THIS SECTION SHALL BE IN ADDITION TO ANY LIABILITY WHICH THE BORROWER MAY OTHERWISE HAVE, SHALL EXTEND UPON THE SAME TERMS AND CONDITIONS TO EACH INDEMNITEE, AND SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF ANY SUCCESSORS, ASSIGNS, HEIRS AND PERSONAL REPRESENTATIVES OF THE BORROWER, THE ADMINISTRATIVE AGENT, THE SYNDICATION AGENT, THE ISSUING BANK, THE LENDERS AND ALL OTHER INDEMNITEES. THIS SECTION SHALL SURVIVE ANY TERMINATION OF THIS AGREEMENT AND PAYMENT OF THE OBLIGATIONS.

(c) THE FOREGOING INDEMNITY SHALL APPLY TO THE NEGLIGENCE OF THE INDEMNITEE (BUT NOT THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF THE INDEMNITEE).

Section 2.10 Environmental Law Compliance. The Borrower and its Subsidiaries shall comply with all Applicable Environmental Laws, except for non-compliance the result of which could not reasonably be expected to have a Material Adverse Effect.

Section 2.11 Further Assurances. At any time or from time to time upon reasonable request by either of the Agents, the Parent, the Borrower or any of its Subsidiaries shall execute and deliver to the Administrative Agent such further documents and do such other acts and things as the Agents may reasonably request in order to effect fully the purposes of this Agreement and the other Loan Documents and to provide for payment of the Obligations in accordance with the terms of this Agreement and the other Loan Documents. At the time of delivery of the financial statements set forth in Sections 6.1 and 6.2 hereof, if the information provided therein has changed since the last delivery thereof, the Borrower agrees to update and deliver to the Administrative Agent a revised Schedule 4.1(a) hereto (with respect to the identities, jurisdictions of organization and ownership of the Borrower’s Subsidiaries). The Borrower agrees to update the information on Schedule 1 to the Security Agreements promptly upon discovery that the information provided therein is not complete and correct in all material respects. The Borrower agrees to execute and deliver, or cause its Subsidiaries to execute and deliver, to the Administrative Agent Deeds of Trust, in substantially the form of Exhibit G hereto with respect to any fee owned real property hereafter acquired by the Borrower or any Subsidiary, as applicable, together with any existing surveys and environmental reports in form

reasonably satisfactory to the Administrative Agent and title insurance thereon in form and amount (not to exceed the fair market value thereof) reasonably satisfactory to the Agents, and such board resolutions, officer's certificates, corporate and other documents and opinions of counsel as the Agents shall reasonably request with respect thereto.

Section 2.12 Subsidiaries. At any time that any Person becomes a Domestic Subsidiary, (a) such Subsidiary shall execute a Subsidiary Guaranty of the Obligations and Collateral Documents granting a first priority Lien in all unencumbered assets of such Subsidiary required by the Agents to be pledged, except, to the extent applicable, for Permitted Liens, to secure the Obligations, (b) 100% of such Subsidiary's Capital Stock shall be pledged to secure the Obligations and (c) the Lenders shall receive such board resolutions, officer's certificates, corporate and other documents and opinions of counsel as the Agents shall reasonably request in connection with the actions described in clauses (a) and (b) above. At any time that any Person becomes a Foreign Subsidiary which has the Borrower or a Domestic Subsidiary as its direct parent, (x) 65% of such Subsidiary's Capital Stock shall be pledged to secure the Obligations and (y) the Lenders shall receive such board resolutions, officers' certificates, corporate and other documents and opinions of counsel as the Agents shall reasonably request in connection with the action described in the immediately preceding clause (x) above.

ARTICLE 3

Information Covenants

So long as any of the Obligations are outstanding and unpaid or any Commitment is outstanding (whether or not the conditions to borrowing have been or can be fulfilled), the Borrower shall furnish or cause to be furnished to the Administrative Agent for redelivery to each Lender:

Section 3.1 Quarterly Financial Statements and Information. Within 45 days after the end of each fiscal quarter of each fiscal year, an unaudited consolidated balance sheet of the Parent and its Subsidiaries (which shall include consolidating statements of the Borrower and its Subsidiaries) as at the end of such fiscal quarter and the related unaudited consolidated statement of operations (which shall include consolidating statements of the Borrower and its Subsidiaries) for such fiscal quarter and for the elapsed portion of the year ended with the last day of such fiscal quarter, and an unaudited consolidated statement (which shall include consolidating statements of the Borrower and its Subsidiaries) of cash flow of the Parent and its Subsidiaries for the elapsed portion of the year ended with the last day of such fiscal quarter, accompanied in each case by comparisons to the projections provided in Section 6.2(c) hereof and to the corresponding periods in the preceding fiscal year; all of which shall be certified by the chief executive officer, chief financial officer, vice president-finance or other officer of the Borrower reasonably acceptable to the Administrative Agent, to be, in his or her opinion acting solely in his or her capacity as an officer of the Borrower, complete and correct in all material respects and to present fairly, in accordance with GAAP, the financial position and results of operations of the Borrower and its Subsidiaries as at the end of and for such fiscal quarter, and for the elapsed portion of the year ended with the last day of such fiscal quarter, subject only to normal year-end adjustments and the lack of footnotes and other presentation items.

Section 3.2 Annualized Financial Statements and Information; Certificate of No Default.

(a) Within 120 days after the end of each fiscal year, (i) a copy of the consolidated balance sheets of the Parent and its Subsidiaries (which shall include consolidating statements of the Borrower and its Subsidiaries), as of the end of the current and prior fiscal year and (ii) the consolidated statements of operations of the Parent and its Subsidiaries (which shall include consolidating statements of the Borrower and its Subsidiaries) and consolidated statements of changes in shareholders' equity of the Parent and its Subsidiaries (which shall include consolidating statements of the Borrower and its Subsidiaries), and consolidated statements of cash flow of the Parent and its Subsidiaries (which shall include consolidating statements of the Borrower and its Subsidiaries) for such fiscal year, all of which are prepared in accordance with GAAP, and certified by [Independent Accounting Firm] or other independent certified public accounts reasonably acceptable to the Determining Lenders, whose opinion shall be in scope and substance in accordance with generally accepted auditing standards and shall be unqualified.

(b) Simultaneously with the delivery of the statements required by this Section 6.2, a letter from the Borrower's public accountants certifying that no Default or Event of Default under Sections 7.8, 7.9 and 7.10 was detected during the examination of the books and records of the Borrower and its Subsidiaries, except as may be specified in such certificate.

As soon as available, but in any event within 90 days following the end of each fiscal year, a copy of a three year consolidated operating budget of the Borrower, prepared on a quarterly basis for such current fiscal year and prepared on an annual basis for the immediately succeeding two fiscal years.

Section 3.3 Compliance Certificate. At the time financial statements are furnished pursuant to Sections 6.1 and 6.2 hereof, the Compliance Certificate, completed as provided therein.

Section 3.4 Copies of Other Reports and Notices.

(a) Promptly upon their becoming available, a copy of (i) all material final reports or letters submitted to any Obligor by accountants in connection with any annual, interim or special audit, (ii) each material financial statement, report, notice or proxy statement sent by any Obligor to stockholders, and (iii) each regular, periodic or other report and any registration statement (other than statements on Form S-8) or prospectus (or material written communication in respect of any thereof) filed by any Obligor with any securities exchange, with the Securities and Exchange Commission or any successor agency;

(b) Promptly upon becoming aware (i) that the holder(s) of any note(s) or other evidence of Indebtedness or other security of the Parent, the Borrower or any of its Subsidiaries in excess of \$100,000 in the aggregate has given notice or taken any action with respect to a breach, failure to perform, claimed default or event of default thereunder or (ii) of any event, circumstance or condition which could reasonably be expected to have a Material Adverse Effect, a written notice specifying the details thereof (or the nature of any claimed default or event of default) and what action is being taken or is proposed to be taken with respect thereto;

(c) Promptly upon receipt thereof, information with respect to and copies of any notices received from any federal, state or local regulatory agencies or any tribunal relating to any order, ruling, law, information or policy that relates to a breach of or noncompliance with any Law by the Borrower or any of its Subsidiaries, the effect of which could reasonably be expected to have a Material Adverse Effect or result in the loss or suspension of any Necessary Authorization; and

(d) From time to time and promptly upon each request, such data, certificates, reports, statements, documents or further information regarding the assets, business, liabilities, financial position, projections, results of operations or business prospects of the Borrower or any of its Subsidiaries, as the Administrative Agent or any Lender may reasonably request.

Section 3.5 Notice of Litigation, Default and Other Matters; Deliveries. Prompt notice of the following events after the Borrower has knowledge or notice thereof:

(a) The commencement of all proceedings and investigations by or before any governmental body, and all actions and proceedings in any court or before any arbitrator, against or in any other way relating directly to the Borrower or any of its Subsidiaries, or any of their respective properties or businesses which if adversely determined could reasonably be expected to (A) result in a judgment with an uninsured liability in excess of \$100,000 or (B) have a Material Adverse Effect;

(b) Promptly upon the happening of any condition or event of which the Borrower has knowledge which constitutes a Default, a written notice specifying the nature and period of existence thereof and what action is being taken or is proposed to be taken with respect thereto; and

Any change with respect to the business, assets, liabilities, financial position, results of operations or prospective business of the Borrower or any of its Subsidiaries that could reasonably be expected to have a Material Adverse Effect.

Section 3.6 ERISA Reporting Requirements.

(a) Promptly and in any event within 30 days after the Borrower has knowledge that any ERISA Event has occurred, a written notice describing such event and describing what action is being taken or is proposed to be taken with respect thereto, together with a copy of any notice of event that is given to the PBGC;

(b) Promptly and in any event within three Business Days after receipt thereof by the Borrower or any member of its Controlled Group, copies of each notice received by the Borrower or any member of its Controlled Group of the PBGC's intention to terminate any Plan or to have a trustee appointed to administer any Plan;

(c) Promptly upon the request of the Administrative Agent, copies of the three most recently filed reports (including Schedule B thereto, if applicable) with respect to each Plan (other than a Multiemployer Plan) covering employees of the Borrower or any of its Subsidiaries;

(d) Promptly, and in any event within 10 Business Days after receipt thereof, a copy of any correspondence the Borrower or any member of its Controlled Group receives from the Plan Sponsor (as defined by Section 4001(a)(10) of ERISA) of any Multiemployer Plan or Plan subject to Section 4064 of ERISA concerning potential withdrawal liability pursuant to Section 4064, 4219 or 4202 of ERISA;

(e) Notification within ten Business Days after the Borrower or any member of its Controlled Group knows that the Borrower or any such member of its Controlled Group has filed a notice of intent to terminate any Plan under a distress termination within the meaning of Section 4041(c) of ERISA and a copy of such notice; and

Within three Business Days after receipt of written notice of commencement thereof, notice of all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Borrower or any member of its Controlled Group with respect to any Plan, which, in the aggregate, if adversely determined could reasonably be expected to have a Material Adverse Effect.

Section 3.7 Year 2000 Problem. Prompt notice to the Administrative Agent in the event the Borrower discovers or determines that any computer application that is material to its or any of its Subsidiaries' business and operations have a Year 2000 Problem except to the extent that such Year 2000 Problem could not reasonably be expected to have a Material Adverse Effect.

Section 3.8 Borrowing Base Certificate. As soon as available, and in any event within thirty (30) days after the last day of each calendar month, a Borrowing Base Certificate showing the computation of the Borrowing Base in reasonable detail as of the close of business on the last day of such month, prepared by the Borrower and certified by its chief financial officer or another officer of the Borrower reasonably acceptable to the Agents.

ARTICLE 4

Negative Covenants

So long as any of the Obligations are outstanding and unpaid or any Commitment is outstanding (whether or not the conditions to borrowing have been or can be fulfilled)

Section 4.1 Indebtedness. The Borrower shall not, and shall not permit any of its Subsidiaries to, create, assume, incur or otherwise become or remain obligated in respect of, or permit to be outstanding, or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents, including any undrawn amounts available thereunder;

(b) Accounts payable, accrued liabilities and deferred taxes incurred in the ordinary course of business;

(c) Indebtedness, including in respect of Capitalized Lease Obligations, incurred to purchase, or to finance the purchase of, assets which constitute property, plant and equipment, not to exceed \$500,000 in aggregate principal amount outstanding at any time;

(d) Interest hedging, exchange rate hedging and similar obligations under Interest Hedge Agreements entered into with any Lender or Affiliate of a Lender, provided that such Interest Hedge Agreements were entered into in the ordinary course of business for the purpose of limiting risks that arise in the ordinary course of business;

(e) (i) Indebtedness arising out of the Cunningham VAT Facility, and (ii) Indebtedness (including as the result of intercompany transfers made in the ordinary course of business) owing among the Obligors and owing among the Borrower, any other Obligor and the Borrower's Foreign Subsidiaries; provided, that (i) all such intercompany Indebtedness of any Obligor shall be noted in the books and records and evidenced by intercompany notes pledged pursuant to the Security Agreement, and (ii) all such intercompany Indebtedness of any Obligor shall be subordinated to the Obligations pursuant to terms reasonably acceptable to the Determining Lenders;

(f) Indebtedness existing on the Agreement Date which is described on Schedule 7.1(f) hereto, including renewals, refinancings or extensions (but no increases in the principal amount thereof) on terms and conditions on the whole no more burdensome in any material respect on the relevant obligors;

(g) Indebtedness in respect of endorsement of negotiable instruments in the ordinary course of business; and

(h) Institutional Debt of the Borrower, the Net Proceeds of which are applied in accordance with clause (iv) of Section 2.5(b) hereof.

provided, however, that no Indebtedness otherwise permitted pursuant to clauses (c) or (h) above may be incurred if, immediately before or after giving effect to the incurrence thereof, any Default or Event of Default shall have occurred and be continuing.

Section 4.2 Liens. The Borrower shall not, and shall not permit any of its Subsidiaries to, create, assume, incur, permit or suffer to exist, directly or indirectly, any Lien on any of its assets, whether now owned or hereafter acquired, except Permitted Liens. Except with respect to Indebtedness permitted by Section 7.1(c) hereof (provided that such agreement relates only to any assets purchased or acquired with the proceeds of such Indebtedness), the Borrower shall not, and shall not permit any of its Subsidiaries to enter into a Negative Pledge with another Person (other than an agreement prohibiting only creating Liens securing subordinated Indebtedness).

Section 4.3 Investments. The Borrower shall not, and shall not permit any of its Subsidiaries to, make any Investment, except that the Borrower and its Subsidiaries may make, purchase or otherwise acquire and own:

(a) Cash and Cash Equivalents;

(b) Accounts receivable and trade credit that arise in the ordinary course of business and deposits made in the ordinary course of business in connection with the purchase price of goods or services;

(c) Investments in existence on the Agreement Date which are described on Schedule 7.3(c) hereto and including any refinancing, extensions and renewals (but not increases) thereof;

(d) Investments in (i) Obligors, and (ii) Foreign Subsidiaries (x) which have the Borrower or a Domestic Subsidiary as its direct parent 65% of whose Capital Stock shall be pledged to secure the Obligations, or (y) which do not have the Borrower or a Domestic Subsidiary as its direct parent, provided that the aggregate amount of Investments in Foreign Subsidiaries shall not exceed (without duplication) (A) the amount of initial Investment made pursuant to the EFG Transaction (including the deferred purchase price payment payable by Cunningham Systems Limited under the EFG Share Purchase Agreement), plus (B) \$1,000,000 with respect to Investments (without duplication) in Cunningham Systems Limited, EFG and LMN and its Subsidiaries, plus (C) \$500,000 with respect to all other Foreign Subsidiaries of the Borrower or a Domestic Subsidiary (the "Foreign Investment Basket"). Availability for Investments under the Foreign Investment Basket shall be increased by cash received by the Borrower or any of its Domestic Subsidiaries from any Foreign Subsidiary and the book value of any property or equipment transferred to the Borrower or any of its Domestic Subsidiaries from any Foreign Subsidiary; and

(e) Acquisitions, if (i) immediately after giving effect to the proposed transaction the Unused Portion shall be no less than \$2,000,000, (ii) such Acquisition shall not be opposed by the board of directors (or other governing body) of the Person being acquired, (iii) the Administrative Agent shall have received written notice thereof at least 30 days prior to the date of such Acquisitions, (iv) the Administrative Agent shall have received at least 10 Business Days prior to the date of such Acquisition a Compliance Certificate setting forth the covenant calculations both immediately prior to and after giving effect to the proposed Acquisition and certifying that no Default or Event of Default exists or would occur as a result thereof, (v) the cumulative Adjusted EBITDA calculated with respect to the Person acquired for the twelve months immediately preceding the date of Acquisition shall be a positive number, (vi) the assets, property or business acquired shall be in the types of businesses described in Section 4.1(d) hereof and the Administrative Agent for the benefit of the Lenders shall have a first priority Lien in substantially all of such assets (or, if less than substantially all of such assets, such assets required by the Agents to be pledged), except for Permitted Liens, (vii) if such Acquisition results in a Domestic Subsidiary, (A) such Subsidiary shall execute a Subsidiary Guaranty of the Obligations and Collateral Documents granting a first priority Lien in substantially all of such assets (or, if less than substantially all of such assets, all assets required by the Agents to be pledged), except for Permitted Liens to secure the Obligations, (B) 100% of such Subsidiary's Capital Stock shall be pledged to secure the Obligations and (C) the Administrative Agent on behalf of the Lenders shall have received such board resolutions, officer's certificates, environmental reports, legal due diligence and opinions of counsel as the Agents shall reasonably request in connection with the actions described in clauses (A) and (B) above in form and substance reasonably satisfactory to the Agents, and (viii) if such Acquisition results in a Foreign Subsidiary which has the Borrower or a Domestic Subsidiary as its direct parent, (A) 65% of such Subsidiary's Capital Stock shall be pledged to secure the Obligations and (B) the Administrative Agent on behalf of the Lenders shall have received such board resolutions, officer's certificates and opinions of counsel as the Agents shall reasonably request in connection

with clause (A) immediately preceding in form and substance reasonably satisfactory to the Agents;

provided, however, notwithstanding anything in this Section 7.3 to the contrary, (i) Investments in all Foreign Subsidiaries shall not exceed the Foreign Investment Basket, as availability thereunder may be increased as provided in the last sentence of Section 7.3(d) hereof, (iii) no single Acquisition shall have an Acquisition Consideration in excess of \$5,000,000 without the prior written consent of the Determining Lenders, and (iv) the aggregate Acquisition Consideration for all Acquisitions during any twelve-month period shall not exceed \$5,000,000 without the prior written consent of the Determining Lenders.

Section 4.4 Liquidation, Merger, New Subsidiaries. The Borrower shall not, and shall not permit any of its Subsidiaries to, at any time:

(a) liquidate or dissolve itself (or suffer any liquidation or dissolution) or otherwise wind up, except that a Subsidiary of the Borrower may liquidate or dissolve into the Borrower or a Subsidiary of the Borrower which is (i) a Domestic Subsidiary or (ii) a Foreign Subsidiary so long as after such liquidation, dissolution or other wind-up, the Investment in the Foreign Subsidiary is permitted pursuant to Section 7.3(d) hereof; or

(b) enter into any merger or consolidation unless (i) with respect to a merger or consolidation involving the Borrower, the Borrower shall be the surviving corporation, (ii) with respect to a merger or consolidation involving a Subsidiary of the Borrower which is an Obligor and not the Borrower, such Subsidiary shall be the surviving corporation, or such merger or consolidation shall be a part of an Acquisition permitted by Section 7.3 hereof or part of a disposition permitted by Section 7.5 hereof (provided that the total Investment in Foreign Subsidiaries after any such merger or consolidation is not prohibited by Section 7.3(d) hereof), or such merger shall involve two or more Subsidiaries both or all of which are Obligors and (iii) no Default or Event of Default shall then be in existence or occur as a result of such transaction. Notwithstanding anything herein to the contrary, any Subsidiary of the Borrower may merge or consolidate with or into or sell, lease or otherwise convey all or a substantial part of its assets to the Borrower, any wholly-owned Subsidiary or any Subsidiary of which the Borrower or any wholly-owned Subsidiary holds at least the same percentage equity ownership after any such event as it did immediately prior to the consummation of such event; provided that in any such merger or consolidation involving the Borrower, the Borrower shall be the surviving or continuing corporation.

Section 4.5 Dispositions. The Borrower shall not, and shall not permit any of its Subsidiaries to, make any Disposition or enter into any agreement to make any Disposition, except (a) Dispositions of inventory and other assets sold in the ordinary course of business, (b) Dispositions of worn-out or obsolete assets or assets no longer useful in the conduct of the Borrower's business in the ordinary course of business, (c) Dispositions of Cash and Cash Equivalents in the ordinary course of business, (d) Dispositions of assets in which the Net Proceeds thereof are contractually committed to be used within 90 days of such sale and are in fact used 180 days of such sale to purchase assets useful in the business of the Borrower and its Subsidiaries, provided that the aggregate amount of Net Proceeds outstanding and pending reinvestment pursuant to this clause (d) shall not exceed \$500,000 at any time, (e) Dispositions

between and among Obligor, (f) Disposition of assets not to exceed \$1,000,000 in accordance with clause (ii) of Section 2.5(b) hereof, provided in each case in clauses (a) through (f) above such Dispositions are for full and fair consideration.

Section 4.6 Restricted Payments. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly declare, pay or make any Restricted Payments, provided that, so long as there exists no Default or Event of Default, and none shall result from such payment, (a) Distributions may be payable among Obligor or a Foreign Subsidiary to an Obligor or to a Foreign Subsidiary owned directly by the Borrower or a Domestic Subsidiary (provided that prior to September 30, 2001 LMN may make Distributions to EFG), (b) Distributions may be made in stock and not cash, (c) Distributions in an amount to pay regularly scheduled payments of principal and/or interest on any Institutional Debt of the Parent or the Parent Note may be made, (d) Distributions in an amount to pay Investor Management Fees, plus the amount of Investor Management Fees permitted to be paid during any fiscal year, pursuant to this clause (d) which have not been previously paid, (e) Distributions in an amount to pay management expenses to Edens Capital Partners, LLC not to exceed \$150,000 in an aggregate annual amount in any fiscal year may be made, (f) Distributions in an amount to pay the Earn-Out Payment may be made, (g) Distributions in an amount to pay the Deferred Purchase Price Payment may be made, (h) Distributions in an amount to pay taxes attributable to the Borrower and its Subsidiaries, and (i) the Borrower may make regularly scheduled payments of principal and/or interest on any Institutional Debt of the Borrower.

Section 4.7 Affiliate Transactions. The Borrower shall not, and shall not permit any of its Subsidiaries to, at any time engage in any transaction with an Affiliate (other than the Borrower or any of its Subsidiaries), unless such transaction is (i) in the ordinary course of business of the Borrower and the relevant Subsidiary of the Borrower, as the case may be, and (ii) upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary, as the case may be, than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate. The parties hereto acknowledge that those transactions set forth on Schedule 7.7 hereto do not result in a violation or breach of this Section 7.7.

Section 4.8 Leverage Ratio. The Leverage Ratio shall not be greater than (a) 3.25 to 1 at the end of any fiscal quarter occurring during the period from the Agreement Date through and including September 30, 2001, and (b) 3.00 to 1 at December 31, 2001 and at the end of any fiscal quarter thereafter.

Section 4.9 Fixed Charge Coverage Ratio. The Fixed Charge Coverage Ratio shall not be less than 1.0 to 1.0 at the end of any fiscal quarter for the four fiscal quarters then ended.

Section 4.10 Net Worth. Net Worth of the Borrower plus the amount of any accounts payable of the Borrower or any of its Subsidiaries to the Parent as a result of the initial capitalization of the Borrower by the Parent shall not be less than an amount equal to the sum of (a) an amount equal to 85% of pro-forma Net Worth of the Parent (taking into account the ABC Transaction) as of September 30, 2000, plus (b) 50% of cumulative Net Income of the Borrower for the period from September 30, 2000 through the date of calculation (but excluding from the calculation of such cumulative Net Income the effect, if any, of any fiscal quarter (or portion of a fiscal quarter not yet ended) for which Net Income was a negative number), plus (c) any increase

in shareholders' equity pursuant to the conversion or exchange of preferred Capital Stock into common Capital Stock, plus (d) an amount equal to 100% of the Net Proceeds received by the Borrower and its Subsidiaries by the reason of the offering, sale or other disposition or roll-over of Capital Stock of the Borrower or any Subsidiary (including any conversion of debt securities into such Capital Stock), plus (e) an amount equal to the net worth of any Person that becomes a Subsidiary or is merged into a consolidated with the Borrower or any Subsidiary or substantially all of the assets of which are acquired by the Borrower or any Subsidiary.

Section 4.11 Capital Expenditures. Capital Expenditures to be paid or incurred by the Borrower and its Subsidiaries shall not exceed \$5,000,000 in aggregate amount during any fiscal year; provided, however, that the Borrower and its Subsidiaries may carry forward the amount of any Capital Expenditures permitted to be made in any fiscal year but not made in such fiscal year to the following fiscal year, and, if such carry-forward is made, Capital Expenditures made in such following fiscal year shall be applied first against amounts carried forward from the previous fiscal year and then against the \$5,000,000 amount for such following fiscal year, except that no amount of Capital Expenditures permitted to be carried forward pursuant to this proviso may be carried forward more than one fiscal year.

Section 4.12 Amendments and Waivers of Parent Note and Other Institutional Debt. The Parent shall not, and shall not permit any Subsidiary to, change or amend (or take any action or fail to take any action the result of which is an effective amendment or change) or accept any waiver or consent with respect to, any document, instrument or agreement relating to the Parent Note or any other Institutional Debt that would result in (a) an increase in the principal, interest, overdue interest, fees or other amounts payable under the Parent Note or any other Institutional Debt, (b) an acceleration in any date fixed for payment or prepayment of principal, interest, fees or other amounts payable under the Parent Note or any other Institutional Debt (including, without limitation, as a result of any redemption), (c) a change in the definition of "Change of Control" or "Change in Control" or similar event or circumstance, however defined or designated, as provided in the Parent Note or any other Institutional Debt which would result in such definition being more restrictive than such definition in this Agreement, (d) a change in any of the subordination provisions of the Parent Note or any other Institutional Debt, (e) a change in any covenant, term or provision in the Parent Note or any other Institutional Debt which would result in such term or provision being more restrictive than the terms of this Agreement and the other Loan Documents or (f) a change in any term or provision of the Parent Note or any other Institutional Debt that could reasonably be expected to have, in any material respect, an adverse effect on the interest of the Lenders.

Section 4.13 Amendment of Organizational Documents. The Borrower shall not, and shall not permit any of its Subsidiaries to, amend its articles of incorporation, bylaws or other applicable organizational documents in any manner that could reasonably be expected to have a Material Adverse Effect.

Section 4.14 Minimum Adjusted EBITDA. Adjusted EBITDA, calculated as of the last day of each fiscal quarter for the four fiscal quarters then ended, shall not be less than (a) \$10,000,000 at the end of any fiscal quarter occurring during the period from and including December 31, 2000, through and including December 30, 2001, and (b) \$11,000,000 at the end of any fiscal quarter thereafter; provided, however, the required minimum amounts set forth in

(a) and (b) above shall be increased by 75% of the EBITDA attributable to any business or assets that are acquired by the Borrower or its Subsidiaries during any period included in such calculation.

Section 4.15 Minimum Adjusted Domestic EBITDA. Adjusted Domestic EBITDA, calculated as of the last day of each fiscal quarter for the four fiscal quarters then ended, shall not be less than \$7,000,000 at the end of any fiscal quarter; provided, however, the required minimum amount set forth above shall be increased by 75% of the EBITDA attributable to any business or assets located in the United States that are acquired by the Borrower or any of its Domestic Subsidiaries during any period included in such calculation.

Section 4.16 DEF Intercompany Note. The Borrower shall not (a) materially amend or modify the DEF Intercompany Note without the consent of the Determining Lenders or (b) other than as a result of repayment of the DEF Intercompany Note by Cunningham Systems Limited, release Cunningham Systems Limited from any obligations under the DEF Intercompany Note or otherwise reduce or forgive such indebtedness. Upon repayment in full of the DEF Intercompany Note (and cancellation of the commitment for any further advances thereunder), all collateral pledged to secure the DEF Intercompany Note shall be released.

ARTICLE 5

Default

Section 5.1 Events of Default. Each of the following shall constitute an Event of Default, whatever the reason for such event, and whether voluntary, involuntary, or effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body:

(a) Any representation or warranty made by a Loan Party under any Loan Document shall prove to have been incorrect or misleading in any material respect when made or deemed made;

(b) The Borrower shall fail to pay (i) principal of any Advance when due and (ii) interest under any Advance or under any Loan Document or any fees payable hereunder or any other costs, fees, expenses or other amounts payable hereunder or under the other Loan Documents, when due, which failure to pay with respect to clause (ii) above is not cured within five days after such amounts become due in accordance with the terms hereof;

(c) Any Loan Party or any Subsidiary of the Borrower shall default in the performance or observance of any agreement or covenant contained in Section 5.1(a) or Article 7 hereof;

(d) Any Loan Party or any Subsidiary of the Borrower shall default in the performance or observance of any other agreement or covenant contained in this Agreement not specifically referred to elsewhere in this Section 8.1, and such default shall not be cured within a period of 30 days after the earlier of written notice thereof from the Administrative Agent or notice thereof by such Loan Party or such Subsidiary;

(e) Any Loan Party or any Subsidiary of the Borrower shall default or breach in the performance or observance of any agreement or covenant not specifically referred to elsewhere in this Section 8.1 (after the expiration of any applicable notice and cure or grace period) in any of the Loan Documents (other than this Agreement) and such default or breach shall not be cured within a period of 30 days after the earlier of written notice thereof from the Administrative Agent to the Borrower or notice thereof by such Loan Party or such Subsidiary;

(f) (i) There shall be commenced an involuntary proceeding or an involuntary petition shall be filed in a court having competent jurisdiction seeking (x) relief in respect of any Loan Party or any Subsidiary of the Borrower or a substantial part of the property or assets of any Loan Party or such Subsidiary under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or state bankruptcy law or other similar law, (y) the appointment of a receiver, liquidator, assignee, trustee, custodian, sequestrator or similar official of any Loan Party or any Subsidiary of the Borrower, or of any substantial part of any of their respective property or assets, or (z) the winding-up or liquidation of the affairs of any Loan Party or any Subsidiary of the Borrower, and any such proceeding or petition shall continue unstayed and in effect for a period of 60 consecutive days or (ii) the Borrower or any Subsidiary shall have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended;

(g) Any Loan Party or any Subsidiary of the Borrower shall (i) file a petition, answer or consent seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other applicable Federal or state bankruptcy law or other similar law, (ii) consent to the institution of proceedings thereunder or to the filing of any such petition or to the appointment or taking of possession of a receiver, liquidator, assignee, trustee, custodian, sequestrator or other similar official of any Loan Party or any of its Subsidiaries or of any substantial part of their respective properties, (iii) file an answer admitting the material allegations filed against it in any such proceeding, (iv) make a general assignment for the benefit of creditors, (v) fail generally to pay its debts as they become due, or (vi) take any action in furtherance of any such action;

(h) A final judgment or judgments shall be entered by any court against any Loan Party or any Subsidiary of the Borrower for the payment of money which exceeds \$250,000 in the aggregate, or a warrant of attachment or execution or similar process shall be issued or levied against property of the Loan Parties which, together with all other such property of the Loan Parties or any Subsidiary of the Borrower subject to other such process, exceeds in value \$250,000 in the aggregate, and if such judgment or award is not insured or, within 45 days after the entry, issue or levy thereof, such judgment, warrant or process shall not have been paid or discharged or stayed pending appeal, or if, after the expiration of any such stay, such judgment, warrant or process shall not have been paid or discharged;

(i) (i) the Borrower or any member of its Controlled Group shall incur any accumulated funding deficiency, as defined in Section 412 of the Code; (ii) the Borrower or any member of its Controlled Group shall incur any withdrawal liability as a result of a complete or partial withdrawal within the meaning of Section 4063, 4203 or 4205 of ERISA; (iii) the Borrower or any member of its Controlled Group shall fail to make a required contribution by the due date under Section 412 of the Code or Section 302 of ERISA which would result in the imposition of

a Lien under Section 412 of the Code or Section 302 of ERISA; (iv) the Borrower or any member of its Controlled Group shall notify the PBGC of an intent to terminate a Plan under Section 4201(c) of ERISA, or the PBGC shall institute proceedings to terminate, any Plan; (v) a trustee shall be appointed by a court of competent jurisdiction to administer any Plan or the assets thereof; (vi) the benefits of any Plan shall be increased, or the Borrower or any member of its Controlled Group shall begin to maintain, or begin to contribute to, any Plan; or (vii) any ERISA Event with respect to a Plan shall have occurred; provided, however, that the events listed in subsections (i) through (vii) above shall constitute Events of Default only if, as of the date thereof or any subsequent date, the amount of liability that the Borrower is likely to incur in the aggregate under ERISA or any other provision of law with respect to all such Plans, computed by the actuary of the Plan taking into account any applicable rules and regulations of the PBGC at such time, and based on the actuarial assumptions used by the Plan, resulting from or otherwise associated with such event could reasonably be expected to exceed \$100,000;

(j) Any Loan Party shall challenge in any manner whatsoever the validity or enforceability of, or disaffirm or deny its obligations under, all or any portion of the Loan Documents or the Collateral;

(k) Any Loan Party or any Subsidiary of the Borrower shall default in any payment in respect of Indebtedness beyond any grace period provided with respect thereto, or shall default in the performance of any agreement or instrument under which such Indebtedness is created or evidenced beyond any applicable grace period, or any other event or condition shall occur in respect of such Indebtedness, if the effect of such default, event or condition is to permit or cause the holder of such Indebtedness (or a trustee on behalf of any such holder) to cause such Indebtedness to become due, repurchased or redeemed prior to its date of maturity, provided that a default, event or condition of the type described above in this Section 8.1(k) shall not constitute an Event of Default under this Agreement unless, at such time, one or more defaults, events or conditions of the type described above in this Section 8.1(k) shall have occurred and be continuing with respect to Indebtedness the outstanding amount of which exceeds in the aggregate \$100,000;

(l) Any event or condition shall occur in respect of any Redeemable Stock, the if effect of such event or condition is to permit or cause the holder of such Redeemable Stock (or a trustee or representative on behalf of any such holder) to cause such Redeemable Stock to be purchased or redeemed.

(m) Any material provision of any Loan Document shall for any reason cease to be valid and binding on or enforceable against any party to it (other than the Administrative Agent or any Lender) in any respect unless released by the Administrative Agent at the direction of the Determining Lenders or all Lenders (to the extent required by Section 11.11 hereof) or as otherwise permitted by the terms of this Agreement or the other Loan Documents;

(n) Any Collateral Document shall for any reason (other than as expressly provided or permitted pursuant to the terms thereof or as a result of any action or inaction by the Administrative Agent or any Lender) cease to create a valid and perfected first priority Lien in Collateral having an aggregate value in excess of \$100,000;

(o) A Change of Control of the Parent or any of its Subsidiaries shall have occurred;

(p) RST shall fail to own more than 50% of the voting equity interests of the Parent;

(q) The Parent shall (i) fail to own 100% of the Capital Stock of the Borrower, (ii) engage in any business other than (A) owning 100% of the Capital Stock of the Borrower (B) making minority investments in Persons engaged in the type of business described in Section 4.1(d) hereof with respect to which the Parent shall have the option to obtain Control of such Person, and (C) the issuance of Capital Stock, the Net Proceeds of which are applied as required in accordance with clause (v) of Section 2.5(b) hereof or (iii) own any assets other than (A) the Capital Stock of the Borrower and (B) the minority Investments referred to in clause (ii)(B) immediately preceding;

(r) the Parent shall incur or otherwise become liable for any Indebtedness in an amount such that the ratio of Total Parent Funded Debt to the Adjusted EBITDA for the most recently ended four fiscal quarters immediately preceding the date on which such additional Indebtedness is to be incurred would exceed (a) 3.25 to 1 at the end of any fiscal quarter during the period from the Agreement Date through and including September 30, 2001, and (b) 3.00 to 1 at December 31, 2001 and at the end of any fiscal quarter thereafter, in each case determined on a pro forma basis (including a pro forma application of net proceeds therefrom) as if the additional Indebtedness had been incurred at the beginning of such four-quarter period;

(s) the Administrative Agent shall fail to obtain as Collateral an assignment of a perfected Lien under Scottish law from the Borrower in all of the assets of LMN to secure the obligations of Cunningham Systems Limited under the DEF Intercompany Note by September 30, 2001;

(t) immediately after the closing of the EFG Transaction, the Unused Portion shall be less than \$2,500,000;

(u) all requisite material approvals or consents of all Tribunals or third parties with respect to the EFG Transaction and the other transactions contemplated by the Second Amendment shall fail to be obtained; or

(v) the Agents shall fail to receive all material EFG Transaction Documents, which shall be on terms and conditions reasonably acceptable to the Agents.

Section 5.2 Remedies. If an Event of Default shall have occurred and shall be continuing:

(a) With the exception of an Event of Default specified in Section 8.1(f) or (g) hereof, the Administrative Agent shall, upon the direction of the Determining Lenders, terminate the Commitments and/or declare the principal of and interest on the Advances and all Obligations and other amounts owed under the Loan Documents to be forthwith due and payable without presentment, demand, protest or notice of any kind, including without limitation, notice of intent to accelerate and notice of acceleration, all of which are hereby expressly waived, anything in the Loan Documents to the contrary notwithstanding.

(b) Upon the occurrence of an Event of Default specified in Section 8.1(f) or (g) hereof, such principal, interest and other amounts shall thereupon and concurrently therewith become due and payable and the Commitments shall forthwith terminate, all without any action by the Administrative Agent, any Lender or any holders of the Notes and without presentment, demand, protest or other notice of any kind, including, without limitation, notice of intent to accelerate and notice of acceleration, all of which are expressly waived, anything in the Loan Documents to the contrary notwithstanding.

(c) If any Letter of Credit shall be then outstanding, the Administrative Agent may at its election, and shall upon direction of the Determining Lenders, make demand upon the Borrower to, and forthwith upon such demand (but in the case of an Event of Default specified in Section 8.1(f) or (g) hereof, immediately and without any demand or taking of any other action by the Administrative Agent or any Lender), the Borrower shall, pay to the Administrative Agent in same day funds at the office of the Administrative Agent in such demand for deposit in the L/C Cash Collateral Account, an amount equal to the maximum amount available to be drawn under the Letters of Credit then outstanding.

(d) The Administrative Agent, and the Lenders may exercise all of the post-default rights granted to them under the Loan Documents or under Applicable Law.

The rights and remedies of the Administrative Agent and the Lenders hereunder shall be cumulative, and not exclusive.