

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

Date of Report (Date of earliest event reported) May 16, 1997

ROPER INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Delaware | 0-19818 | 51-0263969 |
| ----- | ----- | ----- |
| (State or other jurisdiction of incorporation or organization) | (Commission File Number) | (I.R.S. Employer Identification No.) |

| | | |
|--|-----------------|-------|
| 160 Ben Burton Road, | Bogart, Georgia | 30622 |
| ----- | | |
| (Address of principal executive offices) | | |

(706)369-7170

(Registrant's telephone number, including area code)

ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

On May 16, 1997, Roper Acquisition, Inc. (the "Company"), a wholly-owned subsidiary of Roper Industries, Inc. ("Roper"), completed the acquisition of the operating assets of Princeton Instruments, Inc. ("PI"), whose principal office is located in Trenton, New Jersey, and all of the stock of PI's foreign sales affiliates located in France, Great Britain, Japan and the Netherlands (PI and the foreign affiliates collectively are referred to hereafter as "Princeton"). The acquisition also included the real estate at PI's principal office location.

Princeton designs, manufactures and markets spectral and digital imaging cameras and is a technological and market leader world-wide in most of its market segments. Princeton supplies a diverse end-user base that includes the scientific research market, industrial research markets and various industrial process markets. The Company intends to continue Princeton's business of developing, manufacturing and selling spectral and digital imaging products.

There were no prior material relationships between the Company or its affiliates and Princeton, its sole shareholder, officers or directors. The purchase price of \$40.4 million was determined by arms-length negotiations and consisted of \$37.4 million cash, paid at closing, and \$3.0 million Roper common stock, delivered on May 23, 1997. \$2.0 million of the common stock paid as part of the purchase price was placed in an escrow account established pursuant to an escrow agreement entered into for the purpose of securing certain of Princeton's indemnification obligations contained in the purchase agreement pursuant to which the acquisition was completed. Other direct costs to the Company associated with the acquisition of Princeton are approximately \$.2 million.

The acquisition of Princeton will be accounted for as a purchase.

The acquisition of Princeton was financed primarily by borrowings under Roper's new \$200 million revolving credit agreement, which was entered into on May 15, 1997, amending and replacing a \$100 million facility.

ITEM 7. FINANCIAL STATEMENTS AND EXHIBITS

(C) EXHIBITS

- 2 Asset Purchase Agreement dated May 16, 1997, by and among Roper Acquisition, Inc., Roper Industries, Inc., Princeton Instruments, Inc. and Yair Talmi.
- 3 Amended and Restated By-laws dated May 13, 1997.
- 4 Third Amended and Restated Credit Agreement dated May 15, 1997 by and among Roper Industries, Inc., and NationsBank, N.A. (South) and the lenders party hereto from time to time.

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.

ROPER INDUSTRIES, INC.

(Registrant)

Date May 30, 1997

By /s/ Martin S. Headley

Martin S. Headley
Vice President and
Chief Financial Officer

EXHIBIT INDEX

| Number | Exhibit |
|--------|---|
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| 3 | Amended and Restated By-laws dated May 13, 1997. |
| 4 | Third Amended and Restated Credit Agreement dated May 15, 1997 by and among Roper Industries, Inc., and NationsBank, N.A. (South) and the lenders party hereto from time to time. |

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* The following schedules or similar attachments to the above Exhibit have been omitted and will be furnished supplementally to the Commission upon request.

Exhibits

| | |
|--------------|--|
| 1(d) | Potential Claims |
| 2(h)(iii)(C) | Non-Competition Agreement |
| 5(a)(iii) | Third Party Consents |
| 5(a)(viii) | PII and Stockholder Opinion of Counsel |
| 5(b)(vi) | Parent and Buyer Opinion of Counsel |
| 8(b)(iii) | Escrow Agreement |

Annexes

| | |
|---|--|
| A | Record and Beneficial Holders of Capital Stock of PII and the Affiliates |
|---|--|

Schedules

| | |
|---------------|--|
| 3(a)(i) | Record and Beneficial Holders of Capital Stock of PII and the Affiliates as of Closing (exclusive of directors shares) |
| 3(c) | Material contract Approvals and Consents |
| 3(e) | Title to Assets |
| 3(h) | Events Subsequent to Date of Financial Statements (March 31, 1997) |
| 3(k) | Tax Matters |
| 3(l)(ii) | Real Property Leases |
| 3(m)(ii) | Intellectual Property Claims |
| 3(m)(iii) | Intellectual Property Registrations |
| 3(m)(iv) | Licensed Intellectual Property |
| 3(p) - Part 1 | Material Contracts |
| 3(p) - Part 2 | Material Contracts Defaults |
| 3(s) | Product Liability Insurance Policies |
| 3(t) | Litigation |
| 3(u) | Product Warranty Standard Terms of Sale |
| 3(v) | Product Liability Claims |
| 3(w) | Employees |
| 3(x) | Employee Benefits |
| 3(y) | Guaranties |
| 3(aa) | Certain Business Relationships |

PURCHASE AGREEMENT

AMONG

ROPER ACQUISITION, INC.,

ROPER INDUSTRIES, INC.,

PRINCETON INSTRUMENTS, INC.

AND

DR. YAIR TALMI

DATED MAY 16, 1997

TABLE OF CONTENTS

| | Page |
|---|------|
| | ---- |
| 1. Definitions..... | 2 |
| 2. Purchase and Sale of the Acquired Assets, Shares and Real Property.... | 11 |
| (a) Purchase and Sale..... | 11 |
| (b) Assumption of Liabilities..... | 12 |
| (f) Closing and Preclosing Distributions..... | 12 |
| (g) The Closing..... | 14 |
| (h) Deliveries at the Closing..... | 14 |
| (i) Allocation | 15 |
| (j) Proration of Lease Payments, Utility Charges and Other Payments | 15 |
| (k) Proration of Taxes..... | 15 |
| (l) Condition of Acquired Assets..... | 15 |
| 3. Representations and Warranties of PII..... | 15 |
| (a) Organization of the Acquired Companies; Investment Interest... | 16 |
| (b) Authorization of Transaction..... | 16 |
| (c) Noncontravention..... | 17 |
| (d) Brokers' Fees..... | 17 |
| (e) Title to Assets..... | 17 |
| (f) Shares..... | 18 |
| (g) Financial Statements..... | 18 |
| (h) Events Subsequent to the Date of the Financial Statements.... | 18 |
| (i) Undisclosed Liabilities..... | 20 |
| (j) Legal Compliance..... | 20 |
| (k) Tax Matters..... | 21 |
| (l) Real Property..... | 22 |
| (m) Intellectual Property..... | 26 |
| (n) Tangible Assets..... | 28 |
| (o) [Intentionally omitted.]..... | 28 |
| (p) Contracts..... | 28 |
| (q) Notes and Accounts Receivable..... | 30 |
| (r) Powers of Attorney..... | 30 |
| (s) Insurance..... | 30 |
| (t) Litigation..... | 31 |
| (u) Product Warranty..... | 31 |

| | | |
|------|--|----|
| (v) | Product Liability..... | 31 |
| (w) | Employees..... | 32 |
| (x) | Employee Benefits..... | 32 |
| (y) | Guaranties..... | 33 |
| (z) | Environment, Health, and Safety..... | 33 |
| (aa) | Certain Business Relationships With the Acquired Companies.... | 33 |
| (ab) | Disclosure..... | 33 |
| 4. | Representations and Warranties of the Buyer and Parent..... | 34 |
| (a) | Organization of the Buyer..... | 34 |
| (b) | Authorization of Transaction..... | 34 |
| (c) | Noncontravention..... | 34 |
| (d) | Broker's Fees..... | 34 |
| (e) | Disclosure..... | 35 |
| (f) | Parent Shares..... | 35 |
| (g) | Financial Statements..... | 35 |
| (h) | Events Subsequent to Most Recent Fiscal Quarter End..... | 35 |
| (i) | Due Diligence Review..... | 36 |
| (j) | Public Information..... | 36 |
| 5. | Conditions to Obligation to Close..... | 36 |
| (a) | Conditions to Obligation of Parent and the Buyer..... | 36 |
| (b) | Conditions to Obligation of PII and the Stockholder..... | 38 |
| 6. | Pre-Closing Covenants of the Parties..... | 39 |
| (a) | | 39 |
| (b) | Access and Investigation..... | 39 |
| (c) | Operation of the Businesses of the Acquired Companies..... | 39 |
| (d) | Negative Covenant..... | 40 |
| (e) | Name of PII..... | 40 |
| (f) | Required Approvals..... | 40 |
| (g) | Notification..... | 40 |
| (h) | Best Efforts..... | 41 |
| 7. | Post-Closing Covenants..... | 41 |
| (a) | General..... | 41 |
| (b) | Litigation Support..... | 41 |
| (c) | Transition..... | 41 |
| (d) | Confidentiality..... | 41 |
| (e) | Retirement Plan..... | 42 |
| (f) | Registration Rights..... | 42 |
| (g) | Employee Matters..... | 50 |
| (h) | Tax Matters..... | 50 |

| | | |
|-----|---|----|
| 8. | Remedies Under This Agreement..... | 51 |
| (a) | Survival of Representations and Warranties..... | 51 |
| (b) | Indemnification Provisions for Benefit of Parent and the Buyer..... | 51 |
| (c) | Indemnification Provisions for Benefit of PII and the Stockholder..... | 53 |
| (d) | Method of Asserting Claims..... | 54 |
| (e) | Arbitration..... | 56 |
| (f) | Determination of Losses..... | 56 |
| 9. | Miscellaneous..... | 56 |
| (a) | Press Releases and Public Announcements..... | 56 |
| (b) | Name of PII..... | 57 |
| (c) | No Third-Party Beneficiaries..... | 57 |
| (d) | Entire Agreement..... | 57 |
| (e) | Succession and Assignment..... | 57 |
| (f) | Counterparts..... | 57 |
| (g) | Headings..... | 57 |
| (h) | Notices..... | 57 |
| (i) | Governing Law..... | 58 |
| (j) | Amendments and Waivers..... | 58 |
| (k) | Severability..... | 58 |
| (l) | Expenses..... | 59 |
| (m) | Construction..... | 59 |
| (n) | Incorporation of Exhibits and Schedules..... | 59 |
| (o) | Specific Performance..... | 59 |
| (p) | Submission to Jurisdiction | 59 |
| (q) | Bulk Sale and Other Tax Filings..... | 60 |
| (r) | Transfer Taxes; Sales Tax..... | 60 |
| (s) | No Assignment Causing Breach..... | 60 |
| (t) | Guaranty..... | 60 |

PURCHASE AGREEMENT

This agreement ("Agreement") is entered into on May 16, 1997, by and between ROPER ACQUISITION, INC., a Delaware corporation (the "Buyer"), ROPER INDUSTRIES, INC., a Delaware corporation and parent of Buyer ("Parent"), PRINCETON INSTRUMENTS, INC., a New Jersey corporation ("PII"), and DR. YAIR TALMI ("Stockholder"). The Buyer, Parent, PII and the Stockholder are referred to herein as the "Parties."

RECITALS

A. PII is engaged in the assembly, distribution and sale of certain analytical and scientific laboratory instruments, directly and through certain affiliated foreign companies (as hereinafter defined, the Affiliates");

B. All of the outstanding shares of capital stock of PII, and a majority of the outstanding shares of capital stock of each of the Affiliates, are owned, beneficially and of record, by the Stockholder;

C. Certain shares of capital stock of the Affiliates are owned, beneficially and of record, by the Minority Shareholders (as hereinafter defined) in the respective amounts set forth on Annex A;

D. The Stockholder is the owner of certain real property located at 3660 Quakerbridge Road, Trenton, New Jersey (as hereinafter defined, the "Real Property"), currently occupied and used by PII in connection with the conduct of its business;

E. The Buyer wishes to purchase from PII, and PII wishes to sell to the Buyer, substantially all of the Acquired Assets (as hereinafter defined) subject to the assumption by the Buyer of the Assumed Liabilities (as hereinafter defined), upon the terms and conditions set forth herein;

F. The Stockholder anticipates he will purchase the shares of the Affiliates owned by the Minority Shareholders immediately prior to the Closing;

G. The Buyer also wishes to purchase from the Stockholder, and the Stockholder wishes to sell to the Buyer, all of the capital stock of the Affiliates (other than director's qualifying shares, if any), upon the terms and conditions set forth herein; and

H. The Buyer also wishes to purchase from the Stockholder, and the Stockholder wishes to sell to the Buyer, the Real Property, upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

1. DEFINITIONS.

"Accredited Investor" has the meaning set forth in Regulation D promulgated under the Securities Act.

"Acquired Assets" means all right, title, and interest in and to all of the assets of PII (except for those assets listed in clauses (i)-(vii) of this definition), including, without limitation, all of its right, title and interest in and to:

(a) leaseholds and subleaseholds of real property to which it is a party, and all, improvements, fixtures, and fittings thereon, and easements, rights-of-way, and other appurtenants thereto (such as appurtenant rights in and to public streets);

(b) tangible personal property (such as machinery, equipment, inventories of raw materials and supplies, manufactured and purchased parts, goods in process and finished goods, furniture, automobiles, trucks, tractors, trailers, tools, jigs, and dies) other than Cash;

(c) Intellectual Property, goodwill associated therewith, licenses and sublicenses granted and obtained with respect thereto, and rights thereunder, remedies against infringements thereof, and rights to protection of interests therein under the laws of all jurisdictions;

(d) leases, subleases, and rights thereunder;

(e) agreements, contracts, indentures, mortgages, instruments, Security Interests, guaranties, other similar arrangements, and rights thereunder;

(f) accounts, notes, and other receivables;

(g) claims, deposits, prepayments, refunds, causes of action, choses in action, rights of recovery, rights of set off, and rights of recoupment;

(h) franchises, approvals, permits, licenses, orders, registrations, certificates, variances, and similar rights obtained from governments and governmental agencies,

exclusive of certain operating permits and licenses that are non-transferable under federal or state law (including, for example, sales tax permits);

(i) books, records, ledgers, files, documents, correspondence, lists, plats, architectural plans, drawings, and specifications, creative materials, advertising and promotional materials, studies, reports, and other printed or written materials relating to the Business, except those excluded under subparagraph (v) below; and

(j) All PII Cash (including Cash as of the date hereof existing in PII's payroll account) and all bank accounts and brokerage accounts and similar accounts (including petty cash, foreign petty, Canadian payroll, CoreStates COD checking, CoreStates checking sweep, Dean Witter, Japanese PI, Inc. accounts) and cash equivalents, including deposits in transit.

PROVIDED, HOWEVER, that notwithstanding the foregoing, the Acquired Assets shall not include:

(i) Cash in excess of the amount referred to in subparagraph (j) above to the extent such Cash is a Closing Stockholder Distribution under Section 2(f) below;

(ii) any insurance policy of any kind;

(iii) prepaid insurance, prepaid taxes, and transfers and exchanges;

(iv) any rights or interests in and with respect to the assets associated with any Employee Benefit Plan;

(v) the corporate charter, qualifications to conduct business as a foreign corporation, arrangements with registered agents relating to foreign qualifications, taxpayer and other identification numbers, seals, minute books, stock transfer books, blank stock certificates, original Tax Returns and other documents relating to the organization, maintenance, and existence of PII as a corporation;

(vi) any and all of the rights of PII under this Agreement (or under any side agreement between PII and/or the Stockholder on the one hand and Parent and/or the Buyer on the other hand entered into on or after the date of this Agreement);

(vii) any right, title, or interest in and to PII's payroll account; or

(viii) any assets or rights which are not assignable pursuant to the terms of the document or instrument creating same or which are only assignable with the consent of a third party who refuses to grant such consent. Stockholder and PII agree to diligently endeavor to obtain such consent; provided, however, the failure to obtain same shall not reduce the obligations of Buyer and Parent hereunder.

"Acquired Company" or "Acquired Companies" means PII and the Affiliates.

"Affiliate" has the meaning set forth in the introductory paragraph to this Agreement.

"Affiliated Group" means any affiliated group within the meaning of Code Sec. 1504(a) (or any similar group defined under a similar provision of state, local, or foreign law).

"Agreed Value" means that price per share of the Parent Shares which is the average of the closing sales prices of the common stock of Roper Industries, Inc. for the three (3) trading days immediately preceding and the three (3) trading days immediately after (each a "Trading Day") the Closing Date as reported by the New York Stock Exchange ("NYSE").

"Applicable Rate" means the corporate base rate of interest announced from time to time by NationsBank.

"April 30 Balance Sheet" has the meaning set forth in (S)2(c) hereof.

"Assumed Liabilities" means (except for those liabilities expressly excluded in clauses (A) through (M) below):

(a) all Liabilities of PII to the extent reserved or accrued as current liabilities on the Financial Statements;

(b) all current Liabilities of PII which have arisen after March 31, 1997, in the Ordinary Course of Business (other than any current liability relating to the operation of the Company prior to such date resulting from, arising out of, or caused by any (i) breach of contract, (ii) breach of warranty claims which are not Product Warranty Claims, (iii) tort, (iv) infringement, or (v) violation of law (other than failure to comply with any bulk sales laws));

(c) all Liabilities of PII to be performed following the Closing expressly provided for under or incurred pursuant to the terms of the written agreements, contracts, leases, licenses, instruments and other items which are included as Acquired Assets or which may be listed in (S) 3(p) of the PII Disclosure Schedule or are not required to be

so listed because of the failure of such item to meet the materiality standards set forth therein;

(d) Liabilities specifically disclosed on Exhibit 1(d); and

(e) all Liabilities for Product Warranty Claims;

PROVIDED, HOWEVER, that notwithstanding the foregoing, the Assumed Liabilities shall not include:

(A) any accrued royalties payable;

(B) any Liability of PII for income, and other Taxes arising in connection with the consummation of the transactions contemplated hereby except as otherwise provided under this Agreement;

(C) any Liability of PII for ad valorem taxes pertaining to the Business and operations of PII conducted prior to the Closing Date;

(D) any Liability of PII for the unpaid taxes of any Person (other than PII), whether as a transferee or successor, by contract, or otherwise;

(E) any Liability of PII in connection with any insurance policy of any kind;

(F) any Liability of PII with respect to any of its Employee Benefit Plans;

(G) except as otherwise provided for in this Agreement, any Liability of PII for costs and expenses incurred in connection with this Agreement and the transactions contemplated hereby;

(H) any Liability of PII under this Agreement (or under any side agreement between PII and/or the Stockholder on the one hand and the Buyer and/or Parent on the other hand entered into on or after the date of this Agreement) for failure to perform its obligations hereunder;

(I) any Liability other than a Product Warranty Claim arising from any use of or defect in any PII products sold prior to the Closing Date (regardless of the date of any loss, bodily injury, or property damage claimed to have resulted from such uses or defects);

(J) any environmental liabilities or contamination, including but not limited to liabilities arising from Environmental, Health and Safety Laws, which arise or result, directly or indirectly, from conditions existing at the Real Property prior to the Closing Date;

(K) any post-retirement benefits, if any, for employees of the Acquired Companies who have retired prior to the Closing Date;

(L) except as otherwise assumed hereunder, any claim or Liability (including, without limitation, severance and benefits) relating to employees of PII who do not become employees of Buyer; or

(M) Liabilities which have accrued or arise prior to the Closing which are not "Assumed Liabilities" hereunder.

"Basis" means any past or present fact, situation, circumstance, status, condition, activity, practice, occurrence, event, incident, action, failure to act, or transaction that forms or could reasonably be expected to form the basis for any specified consequence.

"Business" means the business conducted or proposed or planned to be conducted by the Acquired Companies on a consolidated basis on and as of the Closing Date.

"Buyer" has the meaning set forth in the preface above.

"Cash" means cash and cash equivalents (including marketable securities and short term investments) calculated in accordance with GAAP applied on a basis consistent with the preparation of the Financial Statements, inclusive of deposits-in-transit and after deduction for outstanding checks.

"Closing" has the meaning set forth in (S) 2(g) below.

"Closing Date" has the meaning set forth in (S) 2(g) below.

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

"Confidential Information" means: (a) confidential data and confidential information relating to the business of any Party (the "Protected Party") which is or has been disclosed to another Party (the "Recipient") or of which the Recipient became aware as a consequence of or through its relationship with the Protected Party and which has value to the Protected Party and is not generally known to its competitors and which is designated by the Protected Party as confidential or otherwise restricted; and (b) information of the Protected Party, without regard to form, including, but not limited to, Intellectual Property, technical or nontechnical data, algorithms, formulas, patents, compilations, programs, devices, methods,

techniques, drawings, processes, financial data, financial plans, product or service plans or lists of customers or suppliers which is not commonly known or available to the public and which information (i) derives economic value from not being generally known to, and not being readily ascertainable by proper means by, other Persons who can obtain economic value from its disclosure or use, and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Notwithstanding anything to the contrary contained herein, Confidential Information shall not include any data or information that (a) has been voluntarily disclosed to the public by the Protected Party, (b) has been independently developed and disclosed to the public by others, (c) otherwise enters the public domain through lawful means, (d) was already known by Recipient prior to such disclosure or was lawfully and rightfully disclosed to Recipient by another Person, or (e) that is required to be disclosed by law or order.

"Controlled Group of Corporations" has the meaning set forth in Code Sec. 1563.

"Employee Benefit Plan" means any (a) nonqualified deferred compensation or retirement plan or arrangement which is an Employee Pension Benefit Plan (as defined in ERISA Sec. 3(2)), (b) qualified defined contribution retirement plan or arrangement which is an Employee Pension Benefit Plan (including any Multiemployer Plan), (c) qualified defined benefit retirement plan or arrangement which is an Employee Pension Benefit Plan (including any Multiemployer Plan), or (d) Employee Welfare Benefit Plan (as defined in ERISA Sec. 3(1)) or material fringe benefit plan or program.

"Environmental, Health, and Safety Laws" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act of 1976, and the Occupational Safety and Health Act of 1970, each as amended and as in effect on the Closing Date, together with all other laws in effect on the Closing Date (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local and foreign governments (and all agencies thereof) concerning pollution or protection of the environment, natural resources, public health and safety, or employee health and safety, including laws relating to omissions, discharges, releases, or threatened releases of Hazardous Substances in air, surface water, ground water, or lands or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of Hazardous Substances.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Escrow Agreement" means the Escrow Agreement dated the Closing Date entered into among the Parties with respect to the indemnification obligations of PII and the Stockholder under (S) 8 of this Agreement.

"Extremely Hazardous Substance" has the meaning set forth in Sec. 302 of the Emergency Planning and Community Right-to-Know Act of 1986, as amended.

"Fiduciary" has the meaning set forth in ERISA Sec. 3(21).

"Financial Statements" has the meaning set forth in (S) 3(g) below.

"GAAP" means United States generally accepted accounting principles as in effect as of the date hereof.

"Hart-Scott-Rodino Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Hazardous Substances" means pollutants, contaminants, petroleum, asbestos or chemical, industrial, hazardous or toxic material or wastes.

"Indemnified Party" has the meaning set forth in (S) 8(d) below.

"Indemnifying Party" has the meaning set forth in (S) 8(d) below.

"Intellectual Property" means with respect to the Business:

(a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all rights to research and development, all innovations, all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissues, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof;

(b) all trademarks, service marks, trade dress, logos, trade names and corporate names, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith;

(c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith;

(d) all mask works and all applications, registrations, and renewals in connection therewith;

(e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulae, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals but excluding any such information received from Advanced Microscopy Techniques);

- (f) all computer software (including data and related documentation);
- (g) all other proprietary rights relative to any of the foregoing; and
- (h) all copies and tangible embodiments thereof (in whatever form or medium).

"Knowledge" means actual knowledge of the Stockholder, John West, Sandy Kapica and the Presidents of each of the Affiliates.

"Liability" or "Liabilities" means any direct or indirect indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, contingent or otherwise.

"Losses" means all economic losses, liabilities, obligations, amounts paid in settlement, costs and expenses, including court costs, and reasonable attorneys' fees and expenses, incurred in connection with any action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, injunction, judgment, order, decree, ruling; provided, however, that "Losses" shall not include any of the foregoing attributable to an Indemnified Party's conduct which occurs as a result of the Indemnified Party's failure (i) to exercise its reasonable business judgment, (ii) to defend or contest in good faith with respect to any of the foregoing, or (iii) to mitigate any of the foregoing in accordance with sound and prudent business practices.

"Material Adverse Effect" means, in the case of any Person, any change or changes or effect or effects that individually or in the aggregate are or may reasonably be expected to be materially adverse to (i) the business, financial condition, operations or results of operations of such Person or (ii) the ability of such Person to perform its obligations under this Agreement.

"Multiemployer Plan" has the meaning set forth in ERISA Sec. 3(37).

"Ordinary Course of Business" means the ordinary course of business of the Acquired Companies consistent with past custom and practice (including with respect to quantity and frequency) and not inconsistent with the standards, practices and principles reflected in the PII Financial Statements.

"Parent Shares" means the shares of common stock, par value \$.01, of Parent which shares shall be delivered as provided in (S) 2(c) below without registration (but with registration rights as set forth in (S) 7(e) hereunder) under, and subject to the restrictions imposed by, the Securities Act.

"Party" has the meaning set forth in the preface above.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a limited liability company, or a governmental entity (or any department, agency, or political subdivision thereof).

"PII" has the meaning set forth in the preface above.

"PII Disclosure Schedule" has the meaning set forth in (S) 3 below.

"PII Share" means any share of the Common Stock, par value \$.10 per share, of PII.

"Process Agent" has the meaning set forth in (S) 9(p) below.

"Product Warranty Claims" means claims of PII customers and/or users made during the twelve (12) month period following Closing in the Ordinary Course of Business with respect to products sold by PII on and prior to the Closing Date which (i) are based solely on PII's written product warranties disclosed to the Buyer, and (ii) are only for the repair or replacement or reimbursement remedies expressed in such written product warranties.

"Prohibited Transaction" has the meaning set forth in ERISA Sec. 406 and Code Sec. 4975.

"Public Information" means all Forms 10-K, 10-Q, 8-K, and proxy statements of the Parent with respect to the October 31, 1996 fiscal year and all subsequent periods.

"Purchase Price" means the payments required by (S) 2(c), (d) and (e) below.

"Real Property" means the real property, fixtures and improvements (inclusive of warranties, guaranties, permits and licenses in connection therewith) including contiguous real property owned by the Stockholder and used by PII, which is located at Quaker Bridge Road, Trenton, New Jersey.

"Reportable Event" has the meaning set forth in ERISA Sec. 4043.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Security Interest" means any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialmen's, and similar liens, (b) liens for Taxes not yet due and payable or for Taxes that the taxpayer is contesting in good faith through appropriate proceedings, (c) purchase money liens and liens securing rental payments under capital lease arrangements, (d) other liens arising in the Ordinary Course of Business and not incurred in connection with the borrowing of money, and (e) liens arising as a result of any act or omission of the Buyer or Parent.

"Shares" means all of the issued and outstanding shares of capital stock or other equity interests of the Affiliates.

"Stockholder" means Dr. Yair Talmi, who is the only stockholder of PII and at the Closing Date will be the only stockholder of the Affiliates.

"Subsidiary" means any corporation with respect to which a specified Person (or a Subsidiary thereof) owns a majority of the common stock or has the power to vote or direct the voting of sufficient securities to elect a majority of the directors.

"Tax" and "Taxes" means all taxes, charges, fees, levies or other assessments imposed by any federal, state, local or foreign taxing authority, whether disputed or not, including without limitation, income, capital, estimated, excise, property, sales, transfer, withholding, employment, payroll, and franchise taxes and such terms shall include any interest, penalties or additions attributable to or imposed on or with respect to such assessments and any expenses incurred in connection with the settlement of any tax liability.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

2. PURCHASE AND SALE OF THE ACQUIRED ASSETS, SHARES AND REAL PROPERTY.

(a) Purchase and Sale. In simultaneous transactions, on and subject to the terms and conditions of this Agreement:

(i) the Buyer agrees to purchase from PII, and PII agrees to sell, transfer, convey, assign and deliver to the Buyer, all of the Acquired Assets at the Closing for the consideration specified below in (S) 2(c) below;

(ii) the Buyer agrees to purchase from the Stockholder and the Stockholder agrees to sell, transfer, convey, assign and deliver to the Buyer, the Shares at the Closing for the consideration specified in (S) 2(d) below; and

(iii) the Buyer agrees to purchase from the Stockholder, and the Stockholder agrees to sell, transfer, convey, assign and deliver to the Buyer, the Real Property at the Closing for the consideration specified below in (S) 2(e).

(b) Assumption of Liabilities. On and subject to the terms and conditions of this Agreement, the Buyer agrees to assume and become responsible for the Assumed Liabilities at the Closing. The Buyer will not assume or have any responsibility, however, with respect to any Liability or obligation of PII or the Stockholder not included within the definition of Assumed Liabilities.

(c) Purchase Price of Acquired Assets. Buyer shall make the following payments to PII in respect of the Acquired Assets:

(i) At Closing, TWENTY-FOUR MILLION EIGHT HUNDRED SEVENTY-FIVE THOUSAND DOLLARS (\$24,875,000) in cash, payable by wire transfer or delivery of other immediately available funds;

(ii) On the fifth Trading Day following the Closing Date, that number of Parent Shares (rounded up to the next whole share) which results from dividing the Agreed Value into THREE MILLION DOLLARS (\$3,000,000).

(d) Purchase Price of Shares. Buyer shall pay to the Stockholder at Closing the aggregate sum of \$6,980,000, in cash, payable by wire transfer or delivery of other immediately available funds as the purchase price of the Shares.

(e) Purchase Price of Real Property. Buyer agrees to pay at Closing to the Stockholder the sum of \$5,520,000 in cash, payable by wire transfer or delivery of other immediately available funds as the purchase price of the Real Property.

(f) Closing and Preclosing Distributions. The parties acknowledge and agree that the Purchase Price was based in part on (i) the Acquired Companies having Cash as of April 30, 1997 (that would be reflected in a balance sheet as of such date) in the aggregate amount of \$1,050,000, and (ii) the maintenance within the Business until Closing of an amount of additional Cash, if any, necessary for working capital needs and, with respect to the Affiliates, cash as required under existing bank covenants or requirements regarding reserves, collateral and similar obligations. The parties have agreed that the Stockholder may make a distribution of excess cash of the Acquired Companies (without adjustment of the aggregate Purchase Price) at or prior to the Closing (or the parties will make an appropriate adjustment at Closing in the event Stockholder does not make such distribution) in amounts determined as follows:

FIRST, there shall be estimated by the Stockholder an amount (herein called the "April Available Cash") equal to the excess of (i) the total amount of Cash that would be reflected in a balance sheet of the Acquired Companies as of April 30, 1997 (the "Total Cash"), less (ii) additional Cash in the amount of not less than \$500,000 (the "Restriction Base"). Cash in the amount of the Restriction Base plus the Threshold Amount (hereinafter referred to) is necessary to enable the day-to-day operation of the Acquired Companies. The Stockholder has separately furnished to Parent estimates of such April Available Cash. For purposes of computations hereunder, 127 yen = \$1.00.

SECOND, there shall be subtracted from April Available Cash the aggregate agreed sum of \$1,050,000 (the "Threshold Amount"). The result of April Available Cash less the Threshold Amount is referred to as the "Tentative Amount." Amounts not to exceed the Tentative Amount may be withdrawn by Stockholder from the Acquired Companies prior to Closing; provided that the Stockholder will advise Parent in writing on a timely basis of any such distribution in reasonable detail.

THIRD, prior to the Closing, there shall be determined the actual Total Cash as of April 30, 1997. The Threshold Amount is then subtracted from the actual Total Cash and the result is referred to as the "Excess Cash."

FOURTH, the Stockholder at Closing shall be entitled to a distribution from the Acquired Companies equal to the amount (the "Closing Stockholder Distribution"), if any, by which the Excess Cash exceeds the amount actually withdrawn by Stockholder pursuant to the provisions of the last sentence of item "Second" above (the "Withdrawn Amount"), which distribution shall be calculated by the Acquired Companies and Stockholder and reviewed and subject to confirmation by Buyer. The Closing Stockholder Distribution shall be allocated among the Acquired Companies in a manner that will, to the extent possible, not result in any withholding or similar Tax liability for the Acquired Companies; in such event, the Closing Stockholder Distribution shall be reduced dollar for dollar for the net after tax cost to the Acquired Companies of such withholding or similar Tax liability). The Closing Stockholder Distribution shall be made immediately prior to Closing, with prior notice to and coordination with Buyer. If the Excess Cash shall be less than the Withdrawn Amount, the

Stockholder shall, at Closing, return Cash to the Acquired Companies in the amount of such excess. To the extent the Closing Stockholder Distribution or the return of Cash to the Acquired Companies pursuant to the preceding sentence made immediately prior to the Closing is erroneous, the parties shall, within 90 days following Closing, determine the correct amount and cause a reimbursement or payment to be made in the amount of such error.

FIFTH, the parties agree that subsequent to April 30, 1997, the Japanese debt of Nippon Princeton Instruments was inadvertently paid down in part. Accordingly, it is agreed that for purposes of this Agreement, the amount of such paydown shall be treated as if it were Cash (and did not reduce the Cash in the amount of such repayment).

SIXTH, if and to the extent PII or Stockholder shall have posted any security to secure the Japanese Indebtedness of Nippon Princeton Instruments, such security shall be returned to PII or Stockholder at Closing in addition to but not in duplication of the other payments made to PII or Stockholder pursuant to this subdivision (b).

(g) The Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place at the offices of Powell, Goldstein, Frazer & Murphy LLP, 191 Peachtree Street NE, Suite 1600, Atlanta, Georgia, on May 16, 1997, or such other date as the parties may mutually determine (the "Closing Date").

(h) Deliveries at the Closing. (i) At the Closing PII will deliver to the Buyer the various certificates, instruments, and documents referred to in (S) 5(a) below; (ii) the Buyer will deliver to PII or the Stockholder, as the case may be, the various certificates, instruments, and documents referred to in (S) 5(b) below; (iii) PII and the Stockholder will execute, acknowledge (if appropriate), and deliver to the Buyer (A) Real Property deed of bargain and sale without covenant against grantor's acts, in reasonable customary forms and containing a list of permitted exceptions referenced in Section 3(1)(i)(E), (B) such other instruments of sale, transfer, conveyance, and assignment as the Buyer and its counsel may reasonably request; and (C) the Non-Competition Agreement between the Stockholder and the Buyer attached hereto as Exhibit 2(h)(iii)(C), (iv) the Buyer will execute, acknowledge (if appropriate), and deliver to PII such instruments of assumption as PII and the Stockholder and their counsel reasonably may request; and (v) the Buyer will deliver to PII or the Stockholder, as the case may be, the consideration specified in (S) 2(c)(i), (S) 2(d) and (S) 2(e) above.

(i) Allocation. The Parties agree to allocate the Purchase Price and the Assumed Liabilities (and all other capitalizable costs) among the Acquired Assets for tax purposes as follows: fixed assets, current assets and Assumed Liabilities, at their respective book value as of the Closing Date, prepared consistent with the Financial Statements; non-competitor obligations at \$300,000; and the balance of the Purchase Price to goodwill.

(j) Proration of Lease Payments, Utility Charges and Other Payments. If the Closing Date shall fall on a date other than the date on which payments are due with respect to (i) any lease or sublease of PII or (ii) utility or similar regular periodic charges with respect to the Assets for which a final billing has not been received by PII, any installment of rental payments and any such utility or similar charge payable with respect to the current period in which the Closing Date occurs shall be paid by PII on the basis of the actual number of days elapsed from the first day of such period to the Closing Date and the balance shall be paid by the Buyer, and any such amounts paid in advance prior to the Closing Date allocable to periods from and after the Closing Date shall be reimbursed by the Buyer to PII on the Closing Date.

(k) Proration of Taxes. Property taxes, ad valorem taxes and similar taxes associated with the assets owed or payable by PII, special assessments payable with respect to a taxable period beginning and ending before the Closing Date, but not yet due as of the Closing Date, with respect to the Real Property or any Acquired Assets shall be paid by PII. In the case of any such taxes or assessments payable with respect to a taxable period beginning before the Closing Date and ending after the Closing Date, but not yet due as of the Closing Date, PII shall pay that portion of such taxes times a fraction, the numerator of which is the number of days from the beginning of such taxable period through and including the Closing Date, and the denominator of which is 365, and the balance shall be paid by the Buyer, and any amounts paid in advance prior to the Closing Date allocable to periods from and after the Closing Date shall be reimbursed by the Buyer to PII on the Closing Date.

(l) Condition of Acquired Assets. Except as expressly set forth in Article 3 of this Agreement, no representation or warranty is made by PII or the Stockholder to the Buyer or Parent, whether express or implied, as to the merchantability of the Acquired Assets or as to the fitness thereof for any particular purpose, it being understood that except as otherwise provided by this Agreement, the Acquired Assets are being sold in "as-is" condition.

3. REPRESENTATIONS AND WARRANTIES OF PII. PII and the Stockholder jointly and severally represent and warrant to the Buyer and Parent that the statements contained in this (S) 3 are correct and complete, except as specified to the contrary in the disclosure schedule prepared by PII accompanying this Agreement and initialed by PII and the Buyer (the "PII Disclosure

Schedule"). The PII Disclosure Schedule will be arranged in paragraphs corresponding to the lettered and numbered paragraphs contained in this (S) 3.

(a) Organization of the Acquired Companies; Investment Interest.

(i) Each of the Acquired Companies is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation. The capital stock of PII is, and, as of the Closing Date, the Shares will be held, of record and beneficially by the Stockholder as described in (S) 3(a)(i) of the PII Disclosure Schedule.

(ii) Each of the Stockholder and PII is an Accredited Investor. The Stockholder and PII understands that the Parent Shares being acquired by PII have not been, and are not proposed to be, registered under the Securities Act or any state securities laws, and are being offered and sold in reliance upon United States federal and state exemptions for transactions not involving any public offering. PII acknowledges that it is acquiring the Parent Shares for investment purposes and not with a view to, or intention to effect, the distribution thereof in violation of the Securities Act or any applicable state securities laws, and that such Parent Shares may not be disposed of in contravention of the Securities Act or any applicable state securities laws. PII and the Stockholder represent that they are each a sophisticated investor with knowledge and experience in business and financial matters, are able to evaluate the risks and benefits of the investment in its Parent Shares, have received the Public Information concerning the Buyer and have had the opportunity to obtain additional information as desired in order to evaluate the merits of and the risks inherent in acquiring such Parent Shares. Notwithstanding the foregoing, the Buyer and Parent acknowledge and agree that Parent Shares having an Agreed Value not in excess of \$1.0 million may be distributed to Ray Simpson and John West in partial satisfaction of obligations under agreements existing at Closing provided that Messrs. Simpson and West unconditionally waive and release the Acquired Companies, the Stockholder, Parent and Buyer from any further liability or obligation as of the Closing Date.

(b) Authorization of Transaction. PII and the Stockholder have full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its or his obligations hereunder. Without limiting the generality of the foregoing, the board of directors of PII and the stockholders of PII have duly authorized the execution, delivery, and performance of this Agreement by PII. This Agreement constitutes the valid and legally binding obligation of PII and the Stockholder, enforceable in accordance with its terms and conditions, subject to the qualifications that enforcement of the rights and remedies created hereby is subject to (a) bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of

whether such enforcement is considered in a proceeding in equity or at law). PII and the Stockholder do not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement (including the assignments and assumptions referred to in (S) 2 above) other than the notification and expiration of the waiting period under the Hart-Scott-Rodino Act and the Industrial Site Reclamation Act of New Jersey.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in (S) 2 above), will (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which an Acquired Company or the Stockholder is subject, (ii) violate any provision of the charter or bylaws of an Acquired Company, or (iii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which an Acquired Company or the Stockholder is a party or by which it or he is bound or to which any of its or his assets is subject (or result in the imposition of any Security Interest upon any of its or his assets) other than, in each case, any of the foregoing resulting from the failure to obtain necessary consents to assignments of any such agreement, contract, lease, license, instrument or other arrangement listed in the PII Disclosure Schedule.

(d) Brokers' Fees. Neither an Acquired Company nor the Stockholder has any Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) Title to Assets. Except for Cash, the Acquired Assets, the Real Property and the assets of the Affiliates constitute all of the property and assets necessary to conduct the Business as presently conducted. PII has good title to, or a valid leasehold interest in, all of the Acquired Assets and the Affiliates have good title to, or a valid leasehold interest in, all assets owned by them, free and clear of any Security Interest which are not Assumed Liabilities. PII has the right to convey, and upon the transfer of the Acquired Assets to the Buyer, PII will have conveyed all of its right, title and interest in and to the Acquired Assets free and clear of all Security Interests which are not Assumed Liabilities.

At Closing, the Stockholder will have good and marketable title to the Real Property, free and clear of any Security Interest or restriction on transfer, subject only to the permitted exceptions referred to in Section 3(l)(i)(E).

(f) Shares. The Shares constitute all of the issued and outstanding capital stock of the Affiliates. The Shares are validly issued, fully paid and non-assessable except as provided by applicable law and owned, beneficially and of record, at the Closing by the Stockholder and no Shares are subject to, nor have any been issued in violation of, pre-emptive or similar rights. No options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating any Affiliate or the Stockholder, contingently or otherwise, to issue or sell any shares of common stock or securities convertible into or exchangeable for any such shares or any other securities, are outstanding, and no authorization therefor has been given. All issuances, sales and repurchases of equity interests by the Acquired Companies have been effected in substantial compliance with all applicable laws. At Closing the Stockholder will have good title to the Shares and upon consummation of the transactions provided for in this Agreement and in accordance with the terms hereof, will have conveyed good title to the Shares free and clear of any Security Interest. The stock ledger and other corporate records of the Affiliates contain a complete and correct record of all issuance and transfer of equity interests of the Affiliates.

(g) Financial Statements. The financial statements (the "Financial Statements") prepared by PII, consisting of balance sheets, statements of income and changes in stockholders' equity as of the fiscal period ended March 31, 1997 for each of PII and the Affiliates have heretofore been delivered.

When delivered, the Financial Statements (including any notes thereto) will have been prepared on an accrual basis in accordance with GAAP, will present fairly the financial condition of the Acquired Companies as of such dates and the results of operations of the Acquired Companies for such periods, and, to the knowledge of PII and the Stockholder, will be correct and complete, and will be consistent with the books and records of the Acquired Companies.

(h) Events Subsequent to the Date of the Financial Statements. Since the date of the Financial Statements, there has not been any material adverse change in the business, financial condition, operations, or results of operations of any of the Acquired Companies. Without limiting the generality of the foregoing, since that date, except as permitted by this Agreement or with the written consent of the Buyer, none of the Acquired Companies:

(i) has sold, leased, transferred, or assigned any of its assets, tangible or intangible outside the Ordinary Course of Business;

(ii) has entered into any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) other than sales orders either involving more than \$50,000 or outside the Ordinary Course of Business or any sales order not in the Ordinary Course of Business;

(iii) has (and to the Knowledge of the Acquired Companies and the Stockholder no other party has as a result of any default by an Acquired Company), accelerated, terminated, modified, or canceled any agreement, contract, lease, or license (or series of related agreements, contracts, leases, and licenses) involving more than \$50,000 to which an Acquired Company is a party or by which it is bound;

(iv) has imposed or permitted any Security Interest upon any of its assets, tangible or intangible;

(v) has made any capital expenditure (or series of related capital expenditures) either involving more than \$50,000 or outside the Ordinary Course of Business;

(vi) has made any capital investment in, any loan to, or any acquisition of the securities or assets of, any other Person;

(vii) has issued any note, bond, or other debt security or created, incurred, assumed, or guaranteed any indebtedness for borrowed money or capitalized lease obligation;

(viii) has delayed or postponed the payment of accounts payable or other Liabilities outside of the Ordinary Course of Business;

(ix) has canceled, compromised, waived, or released any material right or claim (or series of related rights and claims) outside the Ordinary Course of Business;

(x) has granted any license or sublicense of any rights under or with respect to any Intellectual Property outside of the Ordinary Course of Business;

(xi) has changed or authorized any change in the charter or bylaws of an Acquired Company;

(xii) has experienced any material damage, destruction, or loss to its property not covered by insurance;

(xiii) has made any loan to, or entered into any other transaction with, any of its directors, officers, and employees;

(xiv) has entered into any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract

or agreement other than contracts with Messrs. Simpson and West which shall not be Assumed Liabilities and shall be in effect as of the Closing;

(xv) has granted any increase in the base compensation of any of its directors, officers, and employees;

(xvi) has adopted, amended, modified or terminated any bonus, profit-sharing incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, and employees (or taken any such action with respect to any other Employee Benefit Plan);

(xvii) has made any other change in employment terms for any of its directors, officers, and key employees;

(xviii) has made or pledged to make any charitable or other capital contribution;

(xix) has suffered or experienced any other occurrence, event, incident, action, failure to act, or transaction outside the Ordinary Course of Business which could reasonably be expected to cause or result in Losses;

(xx) has declared or paid any dividend or other distribution, whether in cash or other property, other than the Permitted Stockholder Distribution;

(xxi) has violated any covenant contained in Section 6 hereof;
or

(xxii) entered into any commitment to do any of the foregoing.

(i) Undisclosed Liabilities. To the Knowledge of PII and the Stockholder, the Acquired Companies have no Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand against the Acquired Companies giving rise to any Liability), except for (i) Liabilities set forth on the face of the Financial Statements and (ii) Liabilities which have arisen or first been asserted after the date of the Financial Statements in the Ordinary Course of Business (none of which items in subparagraphs (i) and (ii) results from, arises out of, or was caused by any (i) breach of contract, (ii) breach of warranty claims which are not Product Warranty Claims, (iii) tort, (iv) infringement, or (v) violation of law other than failure to comply with any bulk sales law).

(j) Legal Compliance. To the Knowledge of the Acquired Companies, the Acquired Companies have complied with all applicable laws (including rules, regulations, codes, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), the failure to

comply with which could reasonably be expected to result in Losses the costs of which will exceed \$30,000, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against an Acquired Company alleging any failure so to comply.

(k) Tax Matters.

(i) The Acquired Companies have filed all Tax Returns that they were required to file and were due. All such Tax Returns were correct and complete in all material respects. All Taxes owed by the Acquired Companies and the Stockholder (whether or not shown on any Tax Return) have been paid. No claim has ever been made by an authority in a jurisdiction where an Acquired Company does not file Tax Returns that such Person is or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of any of the Acquired Companies that arose in connection with any failure (or alleged failure) to pay any Tax. No Acquired Company has been a member of an Affiliated Group that has filed a "consolidated return" within the meaning of Code Sec. 1501, or has filed a combined or consolidated return with another corporation with any other taxing authority.

(ii) Each of the Acquired Companies has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(iii) No Acquired Company has received any notice or other indication that any authority is considering assessing any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of an Acquired Company either (A) claimed or raised by any authority in writing or (B) as to which an Acquired Company or any Stockholder has knowledge based upon personal contact with any agent or representative of such authority. (S) 3(k) of the PII Disclosure Schedule lists all federal, state, local, and foreign income Tax returns filed with respect to an Acquired Company for taxable periods ended on or after December 31, 1991, indicates those Tax Returns that have been audited, and indicates those Tax Returns that currently are the subject of audit.

(iv) No Acquired Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(v) PII has not made any payments, is not obligated to make any payments, and is not a party to any agreement that under certain circumstances

could obligate it to make any payments that will not be deductible under Code Sec. 280G. PII is not a party to any Tax allocation or sharing agreement. PII (A) has not been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common the common parent of which was the PII) and (B) has no Liability for the Taxes of any Person (other than the Acquired Companies) under Treas. Reg. (S) 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

(1) Real Property.

(i) No Acquired Company owns any real property. The Stockholder owns the Real Property. With respect to the Real Property, the Buyer and the Stockholder agree as follows:

(A) The Buyer and the Stockholder agree to adjust the following expenses as of the Closing Date: real estate taxes and assessments; municipal water and sewer charges, if any.

(B) The deed (the "Deed") to be delivered at Closing shall be a customary bargain and sale deed without covenant.

(C) The Buyer, at its sole cost and expense, shall utilize a reputable title insurer (the "Title Insurer") for the issuance of a title policy (the "Title Policy") relating to the Real Property. If the Buyer should claim that there are defects in or objections to title (other than those referred to herein), the Buyer shall furnish written notice thereof to the Stockholder's attorney not later than five (5) business days prior to the date set for closing of title or be deemed to have waived its rights to object thereto and all such matters raised by the Title Insurer which are not timely referenced in such notice shall be deemed additional permitted exceptions to the Stockholder's title to the Real Property, provided such time limitation shall not apply to matters discovered by the Title Insurer on a subsequent continuation search.

(D) Anything to the contrary notwithstanding:

(1) the Stockholder shall be under no obligation or liability whatsoever to cure title defects or existing conditions in order to satisfy the conditions precedent to the Buyer's obligation to consummate the purchase of the Property, except that the Stockholder agrees that the Stockholder will be responsible for the removal of any mortgage or other lien on the Real Property that

secures an obligation that is in a liquidated dollar amount, and which can be eliminated by the mere payment of funds in such amount.

(2) If for any reason whatsoever the Stockholder is unable or unwilling to convey title to the Buyer on the Closing Date pursuant to the provisions of this Agreement, Buyer shall have (A) the right to accept (and/or institute a proceeding to compel the Stockholder to deliver) such title to the Property as is then vested in the Stockholder and to take title to the Real Property for the full Purchase Price hereunder, without any abatement other than in the dollar amount of any lien in a liquidated dollar amount that the Stockholder is expressly required to remove pursuant to the first sentence in subparagraph (1) above in full satisfaction of the Stockholder's obligation hereunder, except as expressly provided in subparagraph (3) below, or (B) the Buyer shall have the right to rescind this Agreement.

(3) In the event the Stockholder is unwilling to convey title to the Real Property at the Closing, notwithstanding Buyer's willingness to accept, in full satisfaction of the Stockholder's obligation hereunder, such title as the Stockholder has and to pay for such title in an amount equal to the entire Purchase Price hereunder, without deduction except for any reduction specifically referred to in subparagraph (1) above, the Buyer shall have the right to commence a proceeding for specific performance of the Stockholder's obligation to convey such title as provided for in subparagraph (2) above, with the Stockholder to be liable for all costs and expenses incurred (including reasonable legal fees and disbursements) by the Buyer in prosecuting such proceeding.

(4) The Real Property and improvements thereon are being sold in their "as-is" condition and state of repair without any representation or warranty whatsoever as to fitness for use, suitability, habitability, compliance with laws and governmental regulations (including zoning), or otherwise. The Buyer has conducted its own investigation as to all such matters and has satisfied itself. The Stockholder is hereby released from any and all liability with respect to such matters.

(E) The Property is to be sold and conveyed subject to the following permitted exceptions to title:

(1) Matters referred to in the printed exceptions and in Schedule B-2, (other than items J-2 and K-3 which relate to the existing mortgage on the Real Property) to Chicago Title Commitment No. 9727-00197, a copy of which has been delivered to the Buyer.

(2) Minor inconsistencies between record lines of title retaining walls and/or fences and/or any other state of facts which may be disclosed in a current accurate Survey of the Real Property hereof which do not reduce the market value of the Real Property or the ability to use same for its current use.

(3) matters or conditions which would be disclosed by a physical inspection of the Real Property.

(4) Existing zoning and land use laws and regulations.

(5) Rights and easements, if any, acquired by any public utility company or corporation to construct and maintain its poles, pipes, conduits and appurtenances thereto.

(6) Covenants and restrictions of record that restrict non-residential use of the Real Property or as to which the Title Insurer is willing to provide, at no increased cost to the Buyer, affirmative insurance that no breach of such covenants shall result in any reversion of the Real Property or be collectible out of the Real Property.

(7) Liens for taxes, water charges, sewer rents, and other governmental charges that are not yet due and payable and for which adjustment is to be made at the Closing.

(8) Any judgments of record, liens for unpaid taxes of any corporation in the chain of title to the Real Property, and liens for estate, inheritance or similar taxes of any person other than the Stockholder in the chain of title, provided that the Title Insurer shall be willing to insure the Buyer (the additional cost of such affirmative insurance to be borne by the Stockholder) against collection of the same out of the property.

(F) The acceptance by the Buyer of the delivery of the Deed shall be deemed to be the full performance and discharge of every condition, representation, covenant, warranty, agreement and/or obligation

on the part of the Stockholder to be performed pursuant to this Agreement that relate to title to the Real Property and/or the Stockholder's title thereto.

(G) The lease with respect to the Real Property between PII and Stockholder will be terminated as of the Closing and rents thereunder will be adjusted as of such date.

(ii) (S) 3(1)(ii) of the PII Disclosure Schedule lists and describes briefly all real property leased to an Acquired Company. PII has delivered to the Buyer correct and complete copies of the leases listed in (S) 3(1)(ii) of the PII Disclosure Schedule (as amended to date). With respect to each lease listed in (S) 3(1)(ii) of the PII Disclosure Schedule:

(A) the lease or sublease is legal, valid, binding, enforceable, and in full force and effect in accordance with its terms, subject to the qualifications that enforcement of the rights and remedies created hereby is subject to (a) bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law).

(B) the Acquired Companies are not, and to the Knowledge of the Acquired Companies and the Stockholder no party to the lease or sublease is, in breach or default, and no event has occurred and is continuing which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder, except for breaches or defaults which would not have a Material Adverse Effect;

(C) to the Knowledge of the Acquired Companies and the Stockholder there are no disputes, oral agreements, or forbearance programs in effect as to the lease that would have a Material Adverse Effect;

(D) to the knowledge of the Acquired Companies and the Stockholder, the Acquired Companies have not assigned, transferred, conveyed, mortgaged, deeded in trust, or encumbered any interest in the leasehold; or

(E) to the Knowledge of the Acquired Companies and the Stockholder all facilities leased thereunder have received all approvals of governmental authorities (including licenses and permits) required in

connection with the operation thereof and have been operated and maintained in all material respects in accordance with applicable laws, rules, and regulations.

(m) Intellectual Property.

(i) Each of the Acquired Companies owns or has the right to use pursuant to license, sublicense, agreement, or permission of all Intellectual Property used in the operation of their business as presently conducted. Each item of Intellectual Property included among the Acquired Assets, owned or used by the Acquired Companies immediately prior to the Closing, or owned by Stockholder and used by the Acquired Companies immediately prior to the Closing, will be owned or available for use by the Buyer on identical terms and conditions immediately subsequent to the Closing hereunder, subject to obtaining required consents to any of the foregoing.

(ii) To the knowledge of PII and the Stockholder except as set forth on (S) 3(m)(ii) of the PII Disclosure Schedule, none of the Acquired Companies has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and none of the Acquired Companies or the Stockholder has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation (including any claim that any of the Acquired Companies must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Acquired Companies and the Stockholder, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of the Acquired Companies.

(iii) (S) 3(m)(iii) of the PII Disclosure Schedule identifies each patent or registration which has been issued or transferred to the Acquired Companies or the Stockholder with respect to any of its Intellectual Property, identifies each pending patent application for registration which the Acquired Companies or the Stockholder has made with respect to any of its Intellectual Property, and identifies each patent or trademark which any of the Acquired Companies or the Stockholder has granted to any third party with respect to any of its Intellectual Property. The Acquired Companies have delivered to the Buyer correct and complete copies of all such patents, registrations, applications, licenses, agreements, and permissions (as amended to date) and has made available to the Buyer correct and complete copies of all other written documentation evidencing ownership and prosecution (if applicable) of each such item. (S) 3(m)(iii) of the PII Disclosure Schedule also identifies each trade name or unregistered trademark used by the Acquired Companies in connection with the Business. With respect

to each item of Intellectual Property required to be identified in (S) 3(m)(iii) of the PII Disclosure Schedule:

(A) the Acquired Companies possess all right, title, and interest in and to the item, free and clear of any Security Interest, license, or other restriction;

(B) to the Knowledge of the Acquired Companies, the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge nor is any of the foregoing threatened;

(C) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of the Acquired Companies threatened, which challenges the legality, validity, enforceability, use, or ownership of the item; and

(D) None of the Acquired Companies nor the Stockholder has ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(iv) (S) 3(m)(iv) of the PII Disclosure Schedule identifies each item of Intellectual Property that any third party owns and that the Acquired Companies use pursuant to license, sublicense, agreement, or permission. PII has delivered to the Buyer correct and complete copies of all such licenses, sublicenses, agreements, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in (S) 3(m)(iv) of the PII Disclosure Schedule:

(A) and except as set forth on (S) 3(m)(ii) or 3(m)(iii) of the PII Disclosure Schedule, the license, sublicense, agreement, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect, subject to the qualifications that enforcement of the rights and remedies created thereby is subject to (a) bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principals of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law);

(B) the license, sublicense, agreement, or permission will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assignments and assumptions to the extent obtained);

(C) none of the Acquired Companies, and to the Knowledge of the Acquired Companies, no other party to the license, sublicense, agreement, or permission, is in breach or default, and no event has occurred which with notice of lapse of time would constitute a breach or default or permit termination, modification, or acceleration thereunder;

(D) none of the Acquired Companies has, and to the Knowledge of the Acquired Companies, no other party to the license, sublicense, agreement, or permission has repudiated any provision thereof;

(E) to the Knowledge of the Acquired Companies, with respect to each sublicense, the representations and warranties set forth in subsections (A) through (D) above are true and correct with respect to the underlying license;

(F) the underlying item of Intellectual Property is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;

(G) no action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand is pending or, to the Knowledge of the Acquired Companies and the Stockholder, threatened, which challenges the legality, validity, or enforceability of the underlying item of Intellectual Property; and

(H) None of the Acquired Companies has granted any sublicense or similar right with respect to the license, sublicense, agreement, or permission.

(n) Tangible Assets. Each of the Acquired Companies owns or leases all buildings, machinery, equipment, and other tangible assets used and necessary for the conduct of its businesses as presently conducted. To the Knowledge of the Acquired Companies, each such tangible asset is free from any known material defects, has been maintained in accordance with normal industry practice, is in good operating condition and repair (subject to normal wear and tear), and is suitable for the purposes for which it presently is used.

(o) [INTENTIONALLY OMITTED.]

(p) Contracts. (S) 3(p) of the PII Disclosure Schedule lists the following contracts and other agreements, written or oral, to which any of the Acquired Companies is a party:

(i) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of \$15,000 per annum;

(ii) except for sales of inventory in the Ordinary Course of Business, any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one year, or which to the Knowledge of PII, will result in Losses to the Acquired Companies, or which involves amounts or consideration, in excess of \$50,000;

(iii) any agreement concerning the formation of a partnership or joint venture;

(iv) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any indebtedness for borrowed money, or any capitalized lease obligation, under which it has imposed a Security Interest on any of its assets, tangible or intangible;

(v) any agreement imposing on any of the Acquired Companies a material obligation of confidentiality or noncompetition to a third party;

(vi) any agreement involving the Stockholder to which any Acquired Company is a party;

(vii) any profit sharing, stock option, stock purchase, stock appreciation, deferred compensation, severance, or other plan or arrangement for the benefit of its current or former directors, officers, and employees;

(viii) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing annual compensation in excess of \$50,000 or providing severance benefits;

(ix) any agreement under which it has advanced or loaned any amount to any of its directors, officers, and employees;

(x) any agreement under which the consequences of a default or termination would require the payment of \$50,000 or more; or

(xi) any other agreement (or group of related agreements) the performance of which involves consideration in excess of \$50,000.

Except as set forth on the PII Disclosure Schedule, all such agreements (the "Material Contracts") are, to the Knowledge of the Acquired Companies and the Stockholder, valid, subsisting, in full force and effect and binding upon the parties thereto in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created thereby is subject to (i) bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and (ii) general principles of equity (regardless of whether such enforcement is considered in a proceeding in equity or at law), and the Acquired Companies have satisfied in full or provided for all of their liabilities and obligations thereunder requiring performance prior to the date hereof in all respects, and are not in default under any of them, nor does any condition exist that with notice or lapse of time or both would constitute such a default. To the Knowledge of the Acquired Companies and the Stockholder, no other party to any such Material Contract is in default thereunder, nor does any condition exist that with notice or lapse of time or both would constitute such a default. Subject to obtaining any applicable consents, all of the Acquired Companies' rights under such Material Contracts will be conveyed to the Buyer, upon consummation of the transactions contemplated by this Agreement.

(q) Notes and Accounts Receivable. Notes and accounts receivable of the Acquired Companies included among the Acquired Assets are at least in the amounts reflected in the Financial Statements and all such notes and accounts receivable are reflected properly on their books and records, are valid receivables and, with respect to such items reflected on the Financial Statements, are subject to no setoffs or counterclaims, are current and collectible in accordance with their terms at their recorded amounts, subject only to the reserve for bad debts set forth in the Financial Statements.

(r) Powers of Attorney. There are no outstanding powers of attorney executed on behalf of the Acquired Companies.

(s) Insurance. (S) 3(s) of the PII Disclosure Schedule sets forth the following information with respect to each product liability insurance policy to which any Acquired Company has been a party, a named insured, or otherwise the beneficiary of coverage at any time within the past five (5) years:

(i) the name of the insurer, the name of the policyholder, and the name of each covered insured;

(ii) the policy number and the period of coverage;

(iii) the scope (including an indication of whether the coverage was on a claims made, occurrence, or other basis) and amount (including a description of how deductibles and ceilings are calculated and operate) of coverage; and

(iv) a description of any retroactive premium adjustments or other loss-sharing arrangements.

With respect to each such insurance policy: (A) all policy premiums have been paid in full, and to the Knowledge of the Acquired Companies and the Stockholder, the policy is in full force and effect with respect to the periods for which it purports to provide coverage; (B) none of the Acquired Companies or, to the Knowledge of the Acquired Companies and the Stockholder, any other party to the policy is in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred and is continuing which, with notice or the lapse of time, could reasonably be expected to constitute such a material breach or default, or permit termination, modification, or acceleration, under the policy; and (C) no party to the policy has repudiated any provision thereof. (S) 3(s) of the PII Disclosure Schedule describes any self-insurance arrangements affecting the Acquired Companies. The Acquired Companies will deliver to the Buyer original copies of all insurance policies of the Affiliates.

(t) Litigation. None of the Acquired Companies or the Stockholder (i) is subject to any outstanding injunction, judgment, order, decree, ruling, or charge and (ii) is not a party nor, to the Knowledge of the Acquired Companies and the Stockholder, is threatened to be made a party to any action, suit, proceeding, hearing, or investigation of, in, or before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator.

(u) Product Warranty. To the knowledge of the Acquired Companies, each product manufactured, sold, leased, or delivered by the Acquired Companies has been in conformity in all material respects with all applicable contractual commitments and all express and implied warranties, and none of the Acquired Companies has any Liability (and there is no Basis for any present or future action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand against it which could reasonably be expected to give rise to any Liability) for replacement or repair thereof or other damages in connection therewith, subject only to any reserve for product warranty claims set forth in the PII Balance Sheet. Except as otherwise may be provided by applicable law, no product manufactured, sold, leased, or delivered by the Acquired Companies is subject to any guaranty, warranty, or other indemnity beyond the applicable standard terms and conditions of sale or lease. (S) 3(u) of the PII Disclosure Schedule includes copies of the standard terms and conditions of sale or lease for the Acquired Companies (containing applicable guaranty, warranty, and indemnity provisions).

(v) Product Liability. To the Knowledge of the Acquired Companies and the Stockholder, except as set forth on (S) 3(v) of the Disclosure Schedule, there are no existing or threatened claims against the Acquired Companies arising out of any injury to individuals or property as a result of the ownership, possession, or use of any product

manufactured, sold, leased, or delivered by the Acquired Companies which could result in Liability to the Acquired Companies.

(w) Employees. To the Knowledge of PII and the Stockholder, (i) no executive, key employee, or group of employees has any plans to terminate employment with the Acquired Companies, (ii) none of the Acquired Companies is a party to or bound by any collective bargaining agreement, nor has any of them experienced any strikes, grievances, or claims of unfair labor practice, and (iii) none of the Acquired Companies has any Knowledge of any organizational effort presently being made or threatened by or on behalf of any labor union with respect to its employees.

(x) Employee Benefits.

(i) No other corporation, trade, business, or other entity, would, together with PII, now or in the past 5 years, constitute a single employer within the meaning of Code (S) 414.

(ii) (S) 3(x) of the PII Disclosure Schedule contains a true and complete list of all of the Employee Benefit Plans which are presently in effect or which have previously been in effect in the last 5 years for the benefit of current or former employees, officers, directors or consultants of the Acquired Companies (the "PII Plans").

(iii) Except as set forth in (S) 3(x) of the PII Disclosure Schedule, PII does not maintain and has never maintained an "employee benefit pension plan," within the meaning of ERISA (S) 3(2), that is or was subject to Title IV of ERISA.

(iv) There is no lien outstanding upon any Acquired Assets pursuant to Code (S) 412(n) in favor of any PII Plan. No Acquired Assets or assets of any Affiliate have been provided as security to any PII Plan pursuant to Code (S) 401(a)(29).

(v) Except as set forth in (S) 3(x) of the PII Disclosure Schedule, PII has no past, present or future obligation or liability to contribute to any multiemployer plan as defined in ERISA (S) 3(37).

(vi) PII has complied in all material respects with the continuation health coverage requirements of Code (S) 4980B and ERISA (S)(S) 601 through 608.

(vii) PII is not obligated, contingently or otherwise, under any agreement to pay any amount which would be treated as a "parachute payment," as defined in Code (S) 280G(b) (determined without regard to Code (S) 280G(b)(2)(A)(ii)).

(viii) There are no foreign Employee Benefit Plans.

(y) Guaranties. None of the Acquired Companies is a guarantor or otherwise liable for any Liability or obligation (including indebtedness) of any other Person.

(z) Environment, Health, and Safety. To the knowledge of the Acquired Companies and the Stockholder:

(i) PII has complied with all Environmental, Health, and Safety Laws, the failure to comply with which could result in Losses in an amount in excess of \$10,000 individually or in the aggregate, and no action, suit, proceeding, hearing, charge, complaint, claim, demand, or notice, and no investigation has been filed or commenced against PII or the Stockholder alleging such failure.

(ii) Neither PII nor the Stockholder has Liability (and PII has not handled, used, stored, recycled or disposed of any substance, arranged for the disposal of any substance, exposed any employee or other individual to any substance or condition, or owned or operated any property or facility in any manner that could reasonably be expected to form the Basis for any present or future action, suit, proceeding, hearing, investigations, charge, complaint, claim or demand giving rise to any Liability) for damage or remediation to any site, location, body of water (surface or subsurface), for any illness of or personal injury to any employee or other individual, or for any reason under any Environmental, Health, and Safety Laws.

(iii) All properties and equipment used in the Business are free of any amounts of Hazardous Substances, the presence of which could result in Losses except for Losses which would not have a Material Adverse Effect.

(iv) There are no in service or out of service underground storage tanks located in or on the Real Property.

(v) This (S) 3(z) contains the sole representations of the Stockholder and the Acquired Companies with respect to environmental matters.

(aa) Certain Business Relationships With the Acquired Companies. Except as set forth in (S) 3(aa) of the PII Disclosure Schedule, none of the Stockholder or his relatives has been involved directly or indirectly in any business arrangement or relationship with PII within the past 36 months, and, other than the Real Property, the Stockholder does not own any asset, tangible or intangible, which is used in the Business.

(ab) Disclosure. To the Knowledge of the Acquired Companies and the Stockholder, the representations and warranties contained in this (S) 3 (including the PII

Disclosure Schedule as amended and supplemented prior to the Closing) do not and, as of the Closing Date will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statement and information contained in this (S) 3 not misleading.

4. REPRESENTATIONS AND WARRANTIES OF THE BUYER AND PARENT. Parent and the Buyer, jointly and severally, represent and warrant to PII and the Stockholder that the statements contained in this (S) 4 are correct and complete as of Closing Date.

(a) Organization of the Buyer. Each of Parent and the Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified as a foreign corporation to do business in every jurisdiction where such qualification is required. Buyer shall be qualified to do business in New Jersey.

(b) Authorization of Transaction. Upon the approval of the transactions contemplated hereby by the Boards of Directors of each of Parent and Buyer: each of Parent and Buyer will have full power and authority (including full corporate power and authority) to execute and deliver this Agreement and to perform its obligations hereunder; and this Agreement and each other document delivered by the Buyer or Parent pursuant hereto will constitute the valid and legally binding obligation of Parent and Buyer, enforceable in accordance with its terms and conditions. Parent and Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agencies in order for the Parties to consummate the transactions contemplated by this Agreement (including the assignment and assumption referred to in (S) 2 above) other than the notification and approval under the Hart-Scott-Rodino Act.

(c) Noncontravention. Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby (including the assignments and assumptions referred to in (S) 2 above) will (i) violate any constitution, state, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Parent or Buyer is subject, or any provision of its charter or bylaws or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Parent or Buyer is a party or by which they are bound or to which any of their assets are subject.

(d) Broker's Fees. Neither Parent nor Buyer has Liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) Disclosure. To the Knowledge of Parent and Buyer, the representations and warranties contained in this (S) 4 and the Public Information do not contain any untrue statements of a material fact or omit to state any material fact necessary in order to make the statements contained in this (S) 4 or therein not misleading. The Parent and the Buyer have the financial resources to pay the Purchase Price and perform their obligations under this Agreement.

(f) Parent Shares. Upon their issuance and delivery to PII in accordance with the terms hereof, the Parent Shares will be duly authorized, validly issued, fully paid and non-assessable, and no Parent Shares will be subject to, nor have been issued in violation of, pre-emptive or similar rights. No options, warrants, conversion or other rights, agreements, commitments, arrangements or understandings of any kind obligating the Parent to issue or sell any shares of common stock or securities convertible into or exchangeable for any such shares or any other securities, are outstanding, and no authorization therefor has been given. Upon consummation of the transactions provided for in this Agreement and in accordance with the terms hereof, the Parent will have conveyed good title to the Parent Shares free and clear of any Security Interest or restriction on transfer.

(g) Financial Statements. Parent has delivered to PII the following financial statements of the Parent (collectively the "Parent Financial Statements"):

(i) audited balance sheets, statements of income, changes in stockholders' equity, and cash flow as of and for the fiscal year ended October 31, 1996; and

(ii) unaudited balance sheet and statement of income, change in stockholders' equity, and cash flow as of and for the quarter ended January 31, 1997.

The Parent Financial Statements (including the notes thereto) have been prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, present fairly the financial condition of Parent as of such dates and the results of operations of Parent for such periods (subject in the case of interim statements only to normal year-end adjustments which in the aggregate are not material), are correct and complete, and are consistent with the books and records of Parent (which books and records are correct and complete).

(h) Events Subsequent to Most Recent Fiscal Quarter End. Since January 31, 1997, there has not been any material adverse change in the business, financial condition, operations, or results of operations of Parent.

(i) Due Diligence Review. The Buyer and Parent have had an opportunity to review and inspect, and have actually conducted a review and inspection of, PII and its business, the books and records of PII, and the financial statements of the Affiliates, and have had an opportunity to ask questions of the Stockholder, PII and the Affiliates, and their representatives and agents. In addition, the Buyer and Parent hereby acknowledge receipt of the information contained in the three binders delivered by PII in response to the Buyer's due diligence document request.

(j) Public Information. The Parent has delivered to the Stockholder (and each other Person who shall receive Parent Shares in connection with the consummation of the transactions contemplated by this Agreement) all Public Information currently available. All such Public Information, as of its respective filing dates, compiled in all material respects with the requirements of the rules and regulations promulgated by the Securities and Exchange Commission (the "Commission") with respect thereto. The Parent has filed all reports under the Securities Exchange Act that were required to be filed as of the date hereof and has otherwise complied with all material requirements of the Securities Act and the Securities Exchange Act. The financial statements of Parent included in the Public Information comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the Commission with respect thereto, have been prepared in accordance with GAAP applied on a consistent basis during the respective periods covered and fairly present, in all material respects, the financial positions of Parent as of the dates thereof and the results of operations and changes in financial position for the periods then ended.

5. CONDITIONS TO OBLIGATION TO CLOSE.

(a) Conditions to Obligation of Parent and the Buyer. The obligation of Parent and Buyer to consummate the transactions to be performed by it in connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in (S) 3 above shall be true and correct in all material respects at and as of the Closing Date, except the representations and warranties made only as of a specific date, which shall remain true and correct as of such date;

(ii) PII and the Stockholder shall have performed and complied with all of their covenants hereunder in all material respects through the Closing;

(iii) PII shall have procured all of the third party consents specified on Exhibit 5(a)(iii) hereto;

(iv) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local,

or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation, or (C) materially affect adversely the right of the Buyer to own the Acquired Assets, the Shares, or the Real Property or to operate the Business (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(v) PII and the Stockholder shall have delivered to the Buyer a certificate to the effect that each of the conditions specified above in (S) 5(a)(i)-(iv) is satisfied in all respects;

(vi) all applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated, and any necessary requirements under the Industrial Site Reclamation Act of New Jersey shall have been complied with;

(vii) the Stockholder and John West shall have entered into Consulting and Employment Agreements reasonably satisfactory to Parent and Buyer and the Buyer, Parent and the Stockholder shall have entered into a Noncompetition Agreement in form and substance as set forth in Exhibit 2(h)(iii)(C) attached hereto and the same shall be in full force and effect, and the Escrow Agreement shall have been executed and delivered;

(viii) the Buyer shall have received from counsel to PII and the Stockholder an opinion in form and substance as set forth in Exhibit 5(a)(viii) attached hereto, addressed to the Buyer, and dated as of the Closing Date;

(ix) all actions to be taken by the Acquired Companies and the Stockholder in connection with consummation of the transactions contemplated hereby and all certificates, opinions, assignments, assumptions, instruments, and other documents required to effect the transactions contemplated hereby shall have been delivered and shall be reasonably satisfactory in form and substance to the Buyer;

(x) this Agreement, and the consummation of the transactions contemplated by this Agreement, shall have been approved by the Boards of Directors of Buyer and Parent;

(xi) the PII Financial Statements, the PII Disclosure Schedule and all other items contemplated to be delivered following the execution hereof shall have been timely delivered in form and substance satisfactory to Buyer;

(xii) after the date hereof, no breach or inaccuracy of any representation or warranty or covenant of PII or the Stockholder shall have become known to the Buyer or Parent;

(xiii) Buyer shall have received results from environmental soil sampling reasonably satisfactory to Buyer.

The Buyer may waive any condition specified in this (S) 5(a) if it executes a writing so stating at or prior to the Closing.

(b) Conditions to Obligation of PII and the Stockholder. The obligations of PII and the Stockholder to consummate the transactions to be performed by it them connection with the Closing is subject to satisfaction of the following conditions:

(i) the representations and warranties set forth in (S) 4 above shall be true and correct in all material respects at and as of the Closing Date;

(ii) Parent and the Buyer shall have paid the Purchase Price and otherwise performed and complied with all of its covenants hereunder in all material respects through the Closing;

(iii) no action, suit, or proceeding shall be pending or threatened before any court or quasi-judicial or administrative agency of any federal, state, local, or foreign jurisdiction or before any arbitrator wherein an unfavorable injunction, judgment, order, decree, ruling, or charge would (A) prevent consummation of any of the transactions contemplated by this Agreement or (B) cause any of the transactions contemplated by this Agreement to be rescinded following consummation (and no such injunction, judgment, order, decree, ruling, or charge shall be in effect);

(iv) the Buyer shall have delivered to PII a certificate to the effect that each of the conditions specified above in (S) 5(b)(i)-(iii) is satisfied in all respects;

(v) all applicable waiting periods (and any extensions thereof) under the Hart-Scott-Rodino Act shall have expired or otherwise been terminated and all necessary requirements under the Industrial Site Reclamation Act of New Jersey shall have been complied with;

(vi) PII shall have received from counsel to the Buyer an opinion form and substance as set forth in Exhibit 5(b)(vi) attached hereto, addressed to PII, and dated as of the Closing Date;

(vii) all actions to be taken by the Buyer in connection with consummation of the transactions contemplated hereby and all certificates, opinions, assumptions, instruments, and other documents required to effect the transactions contemplated hereby will be reasonably satisfactory in form and substance to PII; and

(viii) the Stockholder and John West, respectively, shall have entered into Consulting and Employment Agreements reasonably satisfactory to the Stockholder and John West.

PII and the Stockholder may waive any condition specified in this (S) 5(b) by executing a writing so stating at or prior to the Closing.

6. PRE-CLOSING COVENANTS OF THE PARTIES.

(a) [INTENTIONALLY DELETED.]

(b) Access and Investigation. Between May 6, 1997, and the Closing Date, PII and the Stockholder will, and will cause each Acquired Company and its representatives to:

(i) afford Buyer and its representatives (collectively, "Buyer's Advisors") reasonable access to each Acquired Company's personnel, properties (including for purposes of environmental testing), contracts, books and records, and other documents and data so as to not unreasonably interfere with the conduct of the Business;

(ii) furnish Buyer with copies of all such contracts, books and records, and other existing documents and data as Buyer may reasonably request; and

(iii) furnish Buyer and Buyer's Advisors with such additional financial, operating and other data and information as Buyer may reasonably request.

(c) Operation of the Businesses of the Acquired Companies. Between May 6, 1997, and the Closing Date, PII and the Stockholder will, and will cause each Acquired Company to:

(i) conduct the business of each Acquired Company only in the Ordinary Course of Business or otherwise with the written consent of the Buyer; provided that there shall be no transactions between the Stockholder and any of the Acquired Companies without the prior written consent of Buyer;

(ii) use their best efforts to preserve intact the current business organization of each Acquired Company, keep available the services of the current officers, employees, and agents of each Acquired Company, and maintain the relations and good will with suppliers, customers, landlords, creditors, employees, agents, and others having business relationships with such Acquired Company; and

(iii) confer with Buyer concerning operational matters of a material nature and the status of business operations and finances.

(d) Negative Covenant. Except as otherwise expressly permitted by this Agreement, between May 6, 1997, and the Closing Date, PII and the Stockholder will not, and will cause each Acquired Company not to, without the prior consent of Buyer, take any affirmative action, or fail to take any reasonable action within their or its control, which would cause or result in an inaccuracy or breach of any of the representations, warranties or covenants of PII and the Stockholder set forth in this Agreement.

(e) Name of PII. Between the date of this Agreement and the Closing, PII shall take or shall cause to be taken any and all actions necessary in order to change its name as of the Closing.

(f) Required Approvals. As promptly as practicable after the date of this Agreement, PII and the Stockholder will, and will cause each Acquired Company to, make all filings required to be made by them in order to consummate the transactions contemplated hereby (including all filings under the HSR Act.) Between the date of this Agreement and the Closing Date, PII and the Stockholder will, and will cause each Acquired Company to, cooperate with Buyer at Buyer's expense with respect to all filings that Buyer elects to make or is required to make in connection with the transactions contemplated hereby.

(g) Notification. Between May 6, 1997, and the Closing Date, PII and the Stockholder will promptly notify Buyer in writing if any Acquired Company or Stockholder becomes aware of any fact or condition that causes or constitutes a material breach of any of the representations and warranties of PII and the Stockholder as of the date of this Agreement, or if such Acquired Company or Stockholder becomes aware of the occurrence after the date of this Agreement of any fact or condition that would (except as expressly contemplated by this Agreement) cause or constitute a material breach of any such representation or warranty had such representation or warranty been made as of the time of occurrence or discovery of such fact or condition.

(h) Best Efforts. Between the date of this Agreement and the Closing Date, each of (i) PII and the Stockholder and (ii) Parent and Buyer will use their respective best efforts to cause the conditions in (S) 5 to be satisfied.

7. POST-CLOSING COVENANTS. The Parties agree as follows with respect to the period following the Closing.

(a) General. In case at any time after the Closing any further action is necessary to carry out the purposes of this Agreement, each of the Stockholder, the Parent, PII and Buyer will take such further action (including the execution and delivery of such further instruments and documents) as any other Party reasonably may request, at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor hereunder). PII and the Stockholder acknowledge and agree that from and after the Closing the Buyer will have the right but not the obligation to possession of all documents, books, records (including copies of Tax records), agreements, and financial data of any sort relating to PII not excluded from the definition of Acquired Assets in this Agreement; provided, however, that PII and the Stockholder shall have the right to obtain access to such documents, books, records (including copies of Tax records), agreements, and financial data and make photocopies thereof for a proper purpose, such as in connection with the preparation of their tax returns.

(b) Litigation Support. In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim or demand in connection with (i) any transaction contemplated under this Agreement or (ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving PII or the Stockholder, each of the other Parties will reasonably cooperate with the contesting or defending Party and his or its counsel in the contest or defense, make available his or its personnel, and provide such testimony and access to his or its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under (S) 8 below).

(c) Transition. PII and the Stockholder will use its (his) best efforts not to take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of PII from maintaining the same business relationships with the Buyer after the Closing as it maintained with PII prior to the Closing.

(d) Confidentiality. PII, the Stockholder, Parent and Buyer will treat and hold as confidential all of the Confidential Information, refrain from using any of the Confidential Information and deliver promptly to the party from whom the Confidential Information was received or destroy, at the request and option of the party from whom

the Confidential Information was received, all tangible embodiments (and all copies) of the Confidential Information which are in his or its possession. In the event that a party is requested or required (by oral question or request for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process) to disclose any Confidential Information, that Party will notify the party from whom the Confidential Information was received promptly of the request or requirement so that the party from whom the Confidential Information was received may seek an appropriate protective order or waive compliance with the provisions of this (S) 7(d). If, in the absence of a protective order or the receipt of a waiver hereunder, a party is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, that Party may disclose the Confidential Information to the tribunal; provided, however, that such party shall use its reasonable efforts to obtain, at the reasonable request of the party from whom the Confidential Information was received and at such party's sole expense, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as such party shall designate.

(e) Retirement Plan. PII shall terminate its tax-qualified retirement plan (the "Qualified Plan") as of the Closing Date, and as soon as practicable thereafter shall file a request with the appropriate Key District Office of the Internal Revenue Service seeking a favorable determination that the Qualified Plan continues to satisfy applicable tax-qualification requirements upon termination. PII shall make all reasonable efforts to secure such a favorable determination from the Internal Revenue Service and, upon obtaining same, shall provide the Parent with a copy of such favorable determination letter.

(f) Registration Rights.

(i) As used in this (S) 7(e), the following shall have the following respective meanings:

"Commission" shall mean the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act.

"Holder" shall mean any holder of the outstanding Parent Shares that have not been sold to the public. For purposes of this (S) 7(e), "Parent Shares" shall include any shares of capital stock issued in respect of the Parent Shares upon any stock split, stock dividend or distribution, recapitalization or similar event.

"Registration Statement" shall mean a registration statement filed or to be filed by the Parent under the Securities Act which is available to

register under the Securities Act a sale of any of the Parent Shares by or for the account of any Holder. Such term includes any prospectus included in the Registration Statement.

"Transfer" shall mean any sale or other disposition of any Parent Shares which would constitute a sale thereof under the Securities Act.

(ii) Each certificate representing any Parent Shares and, except as otherwise provided in (S) 7(e)(iii) hereof, each certificate issued upon exchange or transfer of any Parent Shares (whether or not such exchange or transfer shall constitute a Transfer) shall be stamped or otherwise imprinted with a legend substantially in the following form:

"THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER ANY SECURITIES LAWS AND MAY ONLY BE SOLD IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAWS. IN PARTICULAR, THE SHARES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE TRANSFERRED OR OTHERWISE DISPOSED OF (1) UNLESS A REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, WITH RESPECT TO SUCH SHARES SHALL THEN BE IN EFFECT OR UNLESS THE COMPANY SHALL HAVE RECEIVED AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY THAT ANY PROPOSED TRANSFER OR DISPOSITION OF SUCH SHARES IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

(iii) Prior to any proposed Transfer of any Parent Shares (other than under the circumstances described in (S) 7(e)(iv), the Holder thereof shall give written notice to the Parent of the intention to effect such Transfer. Each such notice shall describe the manner of the proposed Transfer and shall be accompanied by an opinion of counsel reasonably satisfactory to Parent to the effect that the proposed transfer of Parent Shares may be effected without registration under the Securities Act and under applicable state securities or blue sky laws. Upon confirmation that such opinion is reasonably satisfactory to Parent, the Holder of such Parent Shares shall be entitled to transfer such Parent Shares in accordance with the terms of its notice. Each certificate for Parent Shares transferred as above provided shall bear the legend set forth in (S) 7(e)(ii) hereof except that such certificate shall not bear such legend if (i) such Transfer is in accordance with provisions of Rule 144 (or any other rule permitting public sale without registration under the Securities Act) or (ii) the opinion of counsel

referred to above is to the further effect that the transferee and any subsequent transferee (other than an affiliate of Parent) would be entitled to Transfer such securities in a public sale without registration under the Securities Act.

(iv) If following the Closing Date, Parent determines that it will file a Registration Statement for any public offering of securities, Parent shall give written notice to each Holder, at least 30 days in advance of filing such Registration Statement, that such filing is expected to be made. Upon written request of any Holder made within fifteen (15) days after receipt of Parent's written notice and subject to the limitations set forth in this (S) 7(e)(iv), Parent shall include in such Registration Statement the number of shares of Parent Shares specified in the Holder's request for the purpose of registering those Parent Shares for sale by or for the account of such Holder (and any related qualification under blue sky or other state securities laws) and in any underwriting involved therein. Subject to the provisions of this (S) 7(e) Parent shall have exclusive control over the filing, amending, withdrawal and other actions regarding such Registration Statement. Notwithstanding anything in the foregoing to the contrary, Parent shall have no obligation to give notice to any Holder with respect to the filing of, or to include any Parent Shares for any Holder in, any Registration Statement on Form S-8 or Form S-4.

(v) If the securities to be sold by Parent pursuant to a Registration Statement described in (S) 7(e)(iv) hereof are to be sold in any underwritten public offering, the right of any Holder to have Parent Shares included in the same Registration Statement shall be conditioned upon the inclusion by the managing underwriter of such Holder's Parent Shares in the same underwriting. Parent, all Holders and all other security holders proposing to sell securities in such underwriting shall enter into an underwriting agreement in customary form with the underwriter or underwriters selected by Parent. Notwithstanding any other provisions of this (S) 7(e)(v), if the managing underwriter determines that marketing factors require a limitation of the number of securities to be included in the underwriting, the managing underwriter and Parent may limit the number of Parent Shares to be included in the underwriting for all Holders, in the aggregate, to any number which, together with any other securities of the same class that Parent may be contractually obligated to register for others, shall not be less than 10 percent (10%) of the total number included in the underwriting. Parent shall advise all Holders who shall have requested inclusion of their Parent Shares in the same underwriting of the aggregate number of Parent Shares that may be included for all Holders. Such aggregate number shall be allocated among all such Holders in proportion, as nearly as practical, to the number of Parent Shares for which each Holder requested registration, provided that any decrease in the number of shares to be included in the Registration Statement pursuant to the provisions of this (S) 7(e)(v) shall be allocated, as nearly as

practicable, first among selling shareholders holding shares of capital stock as to which the Parent is not contractually obligated to register, and second, among selling shareholders having such contractual rights, as nearly as practicable, in proportion to the number of shares of capital stock for which such selling shareholders requested registration. No Parent Shares excluded from an underwriting by reason of such marketing limitation shall be included in the Registration Statement. If any Holder disapproves of the terms of the underwriting, he may elect to withdraw his Parent Shares by giving written notice to Parent and the managing underwriter. After receiving any such notice, Parent shall withdraw such Holder's Parent Shares from the Registration Statement. If a withdrawal of Parent Shares or any withdrawal of other securities (except a complete withdrawal of all securities that were to be sold by Parent, in which case Parent may withdraw the Registration Statement in its entirety) makes it possible, with the marketing limitation set by the managing underwriter and Parent, to include in the underwriting a greater number of Parent Shares held by other Holders participating in such underwriting, then to the extent practical, without delaying the underwriting, Parent shall offer to all Holders who then have Parent Shares included in the underwriting an opportunity to include additional Parent Shares in the proportion previously described in this (S) 7(e)(v).

(vi) In connection with the registration under the Securities Act of any sale of Parent Shares by or for the account of any Holder pursuant to (S) 7(iv) hereof, Parent shall file on a timely basis appropriate applications or other instruments to register, qualify or obtain exemptions for the sale under such state securities or blue sky laws as the managing underwriter shall reasonably specify or, if the sale is not to be an underwritten public offering, such state securities or blue sky laws as the Holder may reasonably request. Parent, however, shall have no obligation to file any applications or other instruments in any jurisdiction in which either (i) no such filing is required with respect to the proposed sale of Parent Shares by or for the account of the Holder, in the opinion of qualified counsel selected by Parent, or (ii) Parent would be required to execute a general consent to service of process, to register as a broker or dealer or to cause any officer or employee of Parent to register as a dealer, broker, or salesman or in any similar capacity. Parent shall use its best efforts in good faith to obtain and maintain for a reasonable period, up to six months, an effective registration, qualification or exemption under the applications or other instruments filed by Parent pursuant to this (S) 7(e)(vi).

(vii) All expenses incurred in connection with any Registration Statement filed or prepared for filing pursuant (S) 7(e)(iv) hereof and in connection with all related state securities or blue sky applications or other instruments, including without limitation all registration, filing and qualification fees, printing expenses, fees and disbursements of counsel for Parent and fees and expenses of

accountants incidental to such Registration Statement, and fees and disbursements for one counsel to the Holders incidental to such Registration Statement shall be borne by Parent. Notwithstanding any other provision of this (S) 7(e)(vii), each Holder shall bear the entire amount of any discount or commission allowed or paid to any underwriter in connection with any sale of Parent Shares by or for the account of such Holder.

(viii) In connection with any Registration Statement filed pursuant to this (S) 7(e), Parent shall indemnify and hold harmless each Holder whose Parent Shares are included in the Registration Statement, each underwriter who may purchase from or sell any Parent Shares for any such Holder and each person who controls any such Holder or any such underwriter, within the meaning of the Securities Act, from and against any and all losses, claims, damages and liabilities caused by any untrue statements or alleged untrue statement of a material fact contained in the Registration Statement or any related state securities or blue sky applications or other instruments or caused by any omission or alleged omission to state in the Registration Statement or any related state securities or blue sky applications or other instruments any material fact required to be stated or necessary to make the statements which are made, in light of the circumstances in which they are made, not misleading, except insofar as such losses, claims, damages or liabilities are caused by any untrue statement or alleged untrue statement or omission or alleged omission based upon written information furnished to Parent by such Holder, underwriter or controlling person expressly for use in the Registration Statement or any related state securities or blue sky applications or other instruments. Each Holder whose Parent Shares are included in any Registration Statement filed pursuant to this (S) 7(e) shall indemnify Parent, its directors, each officer signing the Registration Statement, each other person (including each other Holder) whose securities are included in the Registration Statement, each underwriter who may purchase from or sell any securities for Parent or any other person pursuant to the Registration Statement and each person, if any, who controls Parent, any such other person or any such underwriter, within the meaning of the Securities Act, from and against any and all losses, claims, damages and liabilities caused by any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any related state securities or blue sky applications or other instruments or caused by any omission or alleged omission to state in the Registration Statement or any related state securities or blue sky applications or other instruments any material fact required to be stated or necessary to make the statements which are made, in light of the circumstances in which they are made, not misleading, insofar as such losses, claims, damages or liabilities are caused by any untrue statement or alleged untrue statement or omission or alleged omission based upon written information furnished by the Holder from whom indemnification is sought expressly for use in the Registration Statement or any related state securities or

blue sky application or other instruments; provided, that the obligations of such Holders hereunder shall be limited to any amount equal to the proceeds to each such Holder of securities sold as contemplated herein; provided, further, that the foregoing indemnity agreement shall not inure to the benefit of the Parent or any underwriter, or any director or officer of, or person controlling, the Parent or such Holder, other shareholder or underwriter, in respect of any person's asserted loss, claim, damage or liability resulting from the purchase of securities from the Parent or such Holder, other shareholder or underwriter if a copy of the prospectus, offering circular or other document (as then amended or supplemented) was not sent or given to such person at or prior to the written confirmation of the sale of securities to such person, and such prospectus, offering circular or other document would have cured the defect giving rise to such loss, claim, damage or liability. Each party entitled to indemnification under this (S) 7(e)(viii) (the "securities indemnified party") shall give written notice to the party required to provide indemnification (the "securities indemnifying party") promptly after such securities indemnified party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the securities indemnifying party to assume the defense of any such claim or any litigation resulting therefrom; provided, that counsel for the securities indemnifying party, who shall conduct the defense of such claim or any litigation resulting therefrom, shall be approved by the securities indemnified party (whose approval shall not be unreasonably withheld), and the securities indemnified party may participate in such defense at such party's expense; and provided, further, that the failure of any securities indemnified party to give notice as provided herein shall not relieve the securities indemnifying party of its obligations under this (S) 7(e)(viii) unless and to the extent such failure shall have prejudiced the securities indemnified party. No securities indemnifying party, in the defense of any such claim or litigation, shall, except with the consent of each securities indemnified party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such securities indemnified party of a release from all liability in respect to such claim or litigation. No securities indemnifying party shall be subject to any liability for any settlement made by the securities indemnified party without the securities indemnifying party's consent (which consent shall not be unreasonably withheld). Each securities indemnified party shall furnish such information regarding itself or the claim in question as an securities indemnifying party may reasonably request in writing and as shall be reasonably required in connection with defense of such claim and litigation resulting therefrom. To the extent the provisions contained in this (S) 7(e) are in conflict with any indemnification provisions that are included in any underwriting agreement entered into by Parent and one or more Holders with one or more underwriters in connection with any underwritten public offering registered under any registration statement filed pursuant to this (S) 7(e), the provisions of the underwriting agreement shall govern.

The indemnities provided for in this (S) 7(e)(viii) shall be independent of and in addition to any other indemnity provision of this Agreement.

(ix) Each Holder whose Parent Shares are included in any Registration Statement filed pursuant to this (S) 7(e) shall furnish to Parent such information regarding such Holder and the sale proposed by such Holder as may be reasonably required for inclusion in the Registration Statement or any related state securities or blue sky applications or other instruments, as may be reasonably necessary to provide supplemental information to the Commission, the National Association of Securities Dealers, Inc. or any administrator of any state securities or blue sky law, or as Parent or any underwriter may reasonably request.

(x) From and after the date of this Agreement, the Parent will not enter into an agreement with any holder or prospective holder of any securities of the Parent giving such holder or prospective holder the right to require the Parent to initiate or effect any registration of any securities of the Parent on terms more favorable than granted to the Holders herein. Any right given by the Parent or to any holder or prospective holder of the Parent's securities in connection with the registration of securities will be conditioned such that it will be consistent with the provisions of this (S) 7(e) and with the rights of the Holders provided in this Agreement.

(xi) With a view to making available the benefits of certain rules and regulations of the Commission that may permit the sale of the Parent Shares to the public without registration, the Parent agrees that it will

(A) at all times file with the Commission in a timely manner all reports and other documents required to be filed by the Parent under the Securities Act, if any, and the Exchange Act, and to comply with all other requirements, if any, of Rule 144(c) (1) or any successor provision thereto until two (2) years and ninety (90) days following the Closing Date.

(B) so long as any Holder owns any Parent Shares, furnish to the Holder promptly upon request a written statement by the Parent as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Parent, and such other reports and documents filed with the Commission as any Holder may reasonably request in availing itself of any rule or regulation of the Commission allowing a Holder to sell any such securities without registration.

(xii) In the case of each registration effected by the Parent pursuant to this (S) 7(e), the Parent will keep each Holder advised in writing as to the initiation of each registration and as to the completion thereof. At its expense, the Parent will

(A) keep such registration effective for a period of 120 days or until the Holder or Holders have completed the distribution described in the registration statement relating thereto, whichever first occurs; provided, that in the case of any registration on Form S-3 of Parent Shares that are intended to be offered on a continuous or delayed basis, such 120-day period shall be extended, if necessary, to keep the registration statement effective until all such Parent Shares are sold if Rule 415, or any successor rule under the Securities Act, permits an offering on a continuous or delayed basis and applicable rules under the Securities Act governing the obligation to file a post-effective amendment permit, in lieu of filing a post-effective amendment that (i) includes any prospectus required by (S) 10(a)(3) of the Securities Act or (ii) reflects facts or events representing a material or fundamental change in the information set forth in the registration statement, the incorporation by reference of information required to be included in (i) and (ii) above to be contained in periodic reports filed pursuant to (S) 13 or 15(d) of the Exchange Act in the registration statement, and

(B) furnish such number of prospectuses and other documents incident thereto as a Holder from time to time reasonably requests.

(xiii) Notwithstanding the foregoing provisions of this (S) 7(e), Parent shall not be obligated to file a Registration Statement hereunder if at the time of filing the Holders requesting to participate in the offering are entitled to sell the Parent Shares for which registration has been requested immediately under Rule 144 (or any successor rule or regulation) during any 90 day period, or to include in any Registration Statement Parent Shares which could have been included in any prior Registration Statement of Parent under this (S) 7(e), but which were not so included for reason other than a limitation on the number of Parent Shares included in such prior Registration Statement pursuant to (S) 7(e)(v).

The registration rights granted in this (S) 7(e) are not assignable, in whole or in part, without the prior written consent of Parent, except such rights shall transfer with the ownership of the Parent Shares.

As a condition to having Parent Shares included in any Registration Statement filed pursuant to this (S) 7(e), each Holder shall agree that in selling the Parent Shares the Holder will comply with all applicable laws and regulations, including, but not limited to, Rules 10b-6 and 10b-7 promulgated under the Securities Exchange Act.

(g) Employee Matters.

(i) On the Closing Date, Buyer shall offer employment in a similar position to each employee of PII who on the Closing Date is actively at work or absent from work due to short-term disability, maternity leave, jury duty, military service, vacation, layoff with recall rights, or other short-term leave (the "Employees") at a rate of base compensation equal to not less than 100% of their base compensation immediately prior to the Closing Date. Buyer shall also offer to Employees participation in benefit programs for which the basic terms of such programs are substantially similar or more beneficial to such employees as those set forth in the Employee Benefit Programs. Notwithstanding the foregoing, Buyer is not assuming any liability or obligation under any Employee Benefit Plans of PII.

(ii) Notwithstanding the foregoing, the terms and conditions of the employment of the Stockholder and John West shall be governed by the terms and conditions of their respective consultant or employment contracts to be executed at closing.

(iii) The Buyer shall be responsible for all severance and other Liabilities incurred in respect of any Employee terminated by the Buyer following their employment by Buyer, for any reason, after the Closing Date.

(iv) Any former employee of PII (or their dependents) who become eligible for health continuation coverage under PII's major medical plan by virtue of his or her failure to accept Buyer's offer of employment being tantamount to a qualifying event, for the entitlement to such coverage, shall have available health continuation coverage satisfying the requirements of Section 4870 B of the Code and Section 601 through 608 of ERISA after the Closing through health benefit plans maintained by Buyer or its affiliates.

(h) Tax Matters. Each party agrees to comply with the allocation provided for in this Agreement. Buyer and PII will cooperate with and provide each other with such information and access to books and records as either of them may reasonably require of the other in connection with the filing of any Tax Return, including Tax Returns relating to the application of the successor employer rules for payroll Tax purposes contained in Code (S)(S) 3121(a)(1) and 3306(b)(1), the determination of a liability for Taxes or a right to a refund for Taxes, or the preparation for litigation or

investigation of any claim for Taxes or a right to a refund for Taxes, or the preparation for cooperation and information shall include all relevant Tax Returns, and other documents and records, or portions thereof relating to or necessary in connection with the preparation of records, or portions thereof relating to or necessary in connection with the preparation of such Tax Returns or other determination of Tax liability. Each Party shall retain all Tax Returns, schedules, workpapers, and all other materials, records or documents until the expiration of the statute of limitations for the taxable years to which such Tax Returns and other documents relate. After expiration of the statute of limitations, such party shall notify the other party in writing that it desires to dispose of or destroy the Tax Returns and other documents and shall provide such other party with the right for thirty (30) days after the tendering of such notice to copy or take possession of such Tax Returns and other documents. Any information obtained under this provision shall be kept confidential by the parties, except as may be necessary in connection with the filing of such Tax Returns.

8. REMEDIES UNDER THIS AGREEMENT.

(a) Survival of Representations and Warranties. All of the representations and warranties of PII and the Stockholder contained in (S) 3(c)(iii) and (S) 3(g)-(ab) of this Agreement and of Buyer contained in (S) 4(d)-(g) of this Agreement shall survive the Closing and continue in full force and effect for a period of one (1) year thereafter; all of the other representations, warranties, covenants, indemnities, and other agreements of the Buyer, PII, and the Stockholder contained in this Agreement (including the representations and warranties of PII contained in (S) 3(a)-(f) (other than 3(c)(iii)) hereof and of Buyer and Parent contained in (S) 4(a)-(c) hereof shall survive the Closing and continue in full force and effect forever thereafter, subject to any applicable statutes of limitations. No action, claim, or proceeding may be brought by any Party hereto against any other Party resulting from, arising out of, or caused by a breach of a representation or warranty contained herein, or the failure to perform any covenant or other obligations hereunder, after the time such representation, warranty or covenant ceases to survive pursuant to the preceding sentence, unless written notice of such claim setting forth with specificity the basis for such claim is delivered to the applicable Party prior to such time.

(b) Indemnification Provisions for Benefit of Parent and the Buyer.

(i) In the event PII or the Stockholder breaches (or in the event any third party alleges facts that, if true, would mean PII or the Stockholder has breached) any of its representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to (S) 8(a) above, provided that the Buyer makes a written claim for indemnification setting forth the basis for such claim against PII or the Stockholder pursuant to (S) 8(g) below within such survival period, then each of PII and the Stockholder jointly

and severally agrees to indemnify Parent and Buyer, subject to the limitations set forth herein, from and against the entirety of any Losses the Parent and the Buyer may suffer through and after the date of the claim for indemnification (including any Losses the Parent and the Buyer may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach); provided, however, that

(x) PII and the Stockholder shall not have any obligation to indemnify, and shall have no Liability to, Parent or the Buyer from and against any Losses resulting from, arising out of, or caused by the breach (or alleged breach) of any representation, warranty, or covenant of PII or the Stockholder contained in (S) 3(a)-(f) (other than (S) 3(c)(iii)) hereof which exceed the Purchase Price;

(y) PII and the Stockholder shall not have any obligation to indemnify, and shall have no Liability to, Parent or the Buyer from and against any Losses resulting from, arising out of, or caused by the breach (or alleged breach) of any representation, warranty or covenant of PII or the Stockholder contained in (S) 3(c)(iii) or (S) 3(g)-(ab) hereof which exceed in the aggregate the value of the Parent Shares placed into escrow pursuant to the terms of the Escrow Agreement, and the sole recourse of Parent and Buyer for such Losses shall be limited to the Parent Shares which are subject to the Escrow Agreement;

(z) PII and the Stockholder shall have no such indemnification obligation with respect to such (S)(S) 3(c)(i) and 3(c)(iii) and 3(e)-(ab) breaches (or alleged breaches) until the Buyer has suffered Losses by reason thereof in excess of One Hundred Thousand Dollars (\$100,000) and then only to the extent of the excess.

(aa) The indemnity for breach of the representation and warranty with respect to collectability of the accounts receivable set forth in Section 3(q), the amount recoverable shall be limited to 75% of the amount which otherwise would be recoverable under this Section 8.

(ii) Notwithstanding anything to the contrary herein contained, PII and the Stockholder will indemnify, defend and hold harmless Parent and the Buyer from and against any Losses as a result of claims based on or arising from any liabilities or obligations of the Acquired Companies or the Stockholder which are not Assumed Liabilities; provided, however, that any indemnification obligations under this paragraph (ii) shall not exceed the Purchase Price.

(iii) As security for their indemnification obligations of PII and the Stockholder, PII agrees to deposit that number of Parent Shares (rounded up to the next whole share) which results from dividing the Agreed Value into Two Million Dollars (\$2,000,000) in escrow for a period of one (1) year following the Closing Date, pursuant to the terms of the Escrow Agreement, the terms of which are set forth on Exhibit 8(b)(iii).

(iv) Notwithstanding any provision in this Agreement to the contrary, in the event any inaccuracy or breach of any representation or warranty or covenant of PII or the Stockholder are known to the Buyer or Parent at or prior to the Closing, (A) the Buyer shall disclose to PII and the Stockholder any such inaccuracy or breach, and (B) PII and the Stockholder shall have no liability to the Buyer for any liabilities incurred by the Buyer or Parent with respect to such inaccuracies or breaches so disclosed.

(c) Indemnification Provisions for Benefit of PII and the Stockholder.

(i) In the event Parent or Buyer breaches (or in the event any third party alleges facts that, if true, would mean Parent or Buyer has breached) any of their representations, warranties, and covenants contained in this Agreement, and, if there is an applicable survival period pursuant to (S) 8(a) above, provided that PII makes a written claim for indemnification setting forth with specificity the basis for such claim against Parent or Buyer pursuant to (S) 8(d) below within such survival period, then Parent and Buyer jointly and severally agree to indemnify PII and the Stockholder from and against the entirety of any Losses (up to but not in excess of the Purchase Price) PII and the Stockholder may suffer through and after the date of the claim for indemnification (including any Losses PII or the Stockholders may suffer after the end of any applicable survival period) resulting from, arising out of, or caused by the breach (or the alleged breach).

(ii) Notwithstanding anything to the contrary herein contained, (i) Parent and Buyer jointly and severally will indemnify, defend and hold harmless PII and the Stockholder from and against any Losses as a result of claims based on or arising from any Assumed Liabilities or the operation of the Acquired Assets after the Closing Date and (ii) such indemnification shall not be limited in time or amount or subject to any deductible or cap.

(d) Method of Asserting Claims.

(i) With respect to any third-party claim:

(A) If any third party shall notify any Party (the "Indemnified Party") with respect to any matter ("Third Party Claim") which may give rise to a claim for indemnification against any other Party (the "Indemnifying Party") under (S) 8(b) or (c), then the Indemnified Party shall promptly notify each Indemnifying Party thereof in writing; provided, however, that (subject to the applicable survival period set forth in (S) 8(a) above) no delay on the part of the Indemnified Party in notifying any Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party thereby is prejudiced.

(B) The Indemnifying Party shall have fifteen (15) days after receipt of notice from the Indemnified Party of a Third Party Claim ("Notice Period") to notify the Indemnified Party in writing (1) whether or not the Indemnifying Party disputes such Third Party Claim specifying in reasonable detail the basis for such dispute, and (2) notwithstanding any such dispute, whether or not it desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim in accordance with the provisions hereof.

(C) If the Indemnifying Party disputes the Third Party Claim or the amount thereof (whether or not the Indemnifying Party elects to defend the Indemnified Party against such Indemnification Claim), such dispute shall be resolved by arbitration in accordance with (S) 8(e) hereof. Pending the resolution of any such dispute, the Third Party Claim shall not be settled without the prior written consent of the Indemnified Party, such consent not to be unreasonably withheld.

(D) If the Indemnifying Party notified the Indemnified Party within the Notice Period that the Indemnifying Party will defend the Indemnified Party against the Third Party Claim, then except as hereinafter provided, the Indemnifying Party will have the right to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as the Indemnifying Party (1) diligently conducts the defense of such Third Party Claim, and (2) shall not enter into a settlement, or entry of a final judgment or final award with respect to, any such Third Party Claim without the consent of the Indemnified Party unless such settlement, judgment or award requires no more than a monetary payment for which

the Indemnified Party is fully indemnified and does not involve any other matters binding upon the Indemnified Party.

(E) So long as the Indemnifying Party is conducting the defense of the Third Party Claim in accordance with (S) 8(d)(i)(D) above, (1) the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third Party Claim, unless the named parties of any proceeding relating to such Third Party Claim (including any impleaded parties) include both the Indemnifying Party and the Indemnified Party and representation of both parties by the same counsel would be inappropriate due to actual or potential differing interests between them, in which event the Indemnifying Party shall not be entitled to direct the defense of such action and the fees and expenses of the Indemnified Party shall be at the expense of the Indemnifying Party, and (2) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the Third Party Claim without the prior written consent of the Indemnifying Party (not to be withheld unreasonably).

(F) If the Indemnifying Party elects not to defend the Indemnified Party against the Third Party Claim, whether by giving the Indemnified Party timely notice as provided above or otherwise, then the amount of any such Third Party Claim, or if the same is defended by the Indemnifying Party or the Indemnified Party, then that portion thereof as to which such defense is unsuccessful or the amount of such settlement, final judgment or final award described in (S) 8(d)(i)(D), in each case, shall be conclusively deemed to be a liability of the Indemnifying Party hereunder, unless the Indemnifying Party shall have disputed its liability to the Indemnified Party as provided in (S) 8(d)(i)(B), in which event such dispute shall be resolved as provided in (S) 8(e) hereof.

(ii) If the Indemnification Claim involves a matter other than a Third Party Claim, the Indemnified Party shall promptly send a notice of the Indemnification Claim to the Indemnifying Party. Indemnifying Party shall have fifteen (15) days after receipt from the Indemnified Party of notice of the Indemnification Claim to dispute the Indemnification Claim in writing specifying in reasonable detail the basis for such objection. Failure to timely so dispute the Indemnification Claim shall constitute acceptance of the claim for indemnification by the Indemnifying Party. If notice of the dispute is timely made by the Indemnifying Party and the dispute is not resolved within twenty (20) days from the date the Indemnifying Party received notice of the dispute, such dispute shall be resolved in accordance with (S) 8(e). Claims accepted by an Indemnifying Party, resolved by arbitration or resolved by mutual agreement shall be paid as

and when due, subject to the limitations set forth in this Section 8, and, with respect to claims under the Escrow Agreement, in accordance with the procedures set forth therein.

(e) Arbitration.

(i) Except as set forth below in (S) 8(e)(ii), all disputes under this Article 8 shall be settled by arbitration in a location in Washington, D.C. mutually acceptable to the Parties before a single arbitrator pursuant to the rules of the American Arbitration Association. Arbitration may be commenced at any time by any of the PII Parties on the one hand or the Buyer on the other by giving written notice to each other than such dispute has been referred to arbitration under this (S) 8(e). The arbitrator shall be selected by the joint agreement of the PII Parties and the Buyer, but if they do not so agree within twenty (20) days after the date of receipt of the notice referred to above, the selection shall be made pursuant to the rules from the panels of arbitrators maintained by such Association. The arbitrator shall enforce this Agreement and the intentions of the Parties as evidenced by this Agreement. Any award rendered by the arbitrator shall be conclusive and binding upon the parties hereto; provided, however, that any such award shall be accompanied by a written opinion of the arbitrator giving the reason for the award. This provision for arbitration shall be specifically enforceable by the parties and the decision of the arbitrator in accordance herewith shall be final and binding and there shall be no right of appeal therefrom. The arbitrator shall assess, as part of his award to the prevailing party, all or such part as the arbitrator deems proper of the arbitration expenses of the prevailing party (including reasonable attorneys' fees) and of the arbitrator against the party that is unsuccessful in such claim, defense or objection.

(ii) Nothing contained in this (S) 8(e) shall prevent the Parties from settling any dispute by mutual agreement at any time.

(f) Determination of Losses. The Parties shall take into account the time cost of money (using the Applicable Rate as the interest rate) in determining Losses for purposes of this (S)8. All payments under this (S) 8 shall be deemed adjustments to the Purchase Price.

9. MISCELLANEOUS.

(a) Press Releases and Public Announcements. Neither Parent, Buyer, PII nor the Stockholder shall issue any press release or make any public announcement relating to the subject matter of this Agreement without the prior written approval of the other parties hereto. Buyer, upon prior notice to PII, may make any public disclosure it

believes in good faith is required or permitted by applicable law or any listing or trading agreement concerning its publicly-traded securities.

(b) Name of PII. PII agrees that, following the Closing, Buyer and Parent may use the name "Princeton Instruments, Inc." in connection with the Business.

(c) No Third-Party Beneficiaries. This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(d) Entire Agreement. This Agreement (including the documents referred to herein) constitutes the entire agreement between the Parties and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they related in any way to the subject matter hereof.

(e) Succession and Assignment. This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties; provided, however, that the Buyer may (i) assign any or all of its rights and interests hereunder to one or more of its affiliates and (ii) designate one or more of its affiliates to perform its obligations hereunder (in any or all of which cases the Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(f) Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) Headings. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) Notices. All notices, requests, demands, claims, and other communications hereunder will be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given if (and then two business days after) it is sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to the intended recipient as set forth below:

If to PII and the Stockholder:

Dr. Yair Talmi
14 Russell Court
Newton, Pennsylvania 18940

Copy to: Lane & Mittendorf LLP
320 Park Avenue
New York, NY 10022-6815
Attention: Harvey Feldschreiber,
Esq.

If to Buyer:

Derrick N. Key
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622

Copy to: Shanler D. Cronk, Esq.
Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622

Any Party may send any notice, request, demand, claim, or other communication hereunder to the intended recipient at the address set forth above using any other means (including personal delivery, expedited courier, messenger service, telecopy, telex, ordinary mail, or electronic mail), but no such notice, request, demand, claim, or other communication shall be deemed to have been duly given unless and until it actually is received by the intended recipient. Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

(i) Governing Law. This Agreement shall be governed by and construed in accordance with the domestic laws of the State of New Jersey without giving effect to any choice or conflict of law provision or rule (whether of the State of New Jersey or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of New Jersey.

(j) Amendments and Waivers. No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by each of the Parent, Buyer, PII and the Stockholder. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) Severability. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

(l) Expenses. Buyer, PII and each Stockholder will bear its (his) own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby. The Stockholder shall bear all such expenses incurred by the Affiliates.

(m) Construction. Any reference to any federal, state, local, or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation. The Parties intend that with respect to each representation, warranty, and covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached shall not detract from or mitigate the fact that the Party is in breach of the first representation, warranty, or covenant.

(n) Incorporation of Exhibits and Schedules. The Exhibits and Schedules identified in this Agreement are incorporated herein by reference and made a part hereof.

(o) Specific Performance. Each of the Parties acknowledges and agrees that the other Party would be damaged irreparably in the event any of the provisions of this Agreement are not performed in accordance with their specific terms or otherwise are breached. Accordingly, each of the Parties agrees that the other Party shall be entitled to an injunction or injunctions to prevent breaches of the provisions of this Agreement and to enforce specifically this Agreement and the terms and provisions hereof in any action instituted in any court of the United States or any state thereof having, in accordance with the terms of this Agreement, jurisdiction over the Parties and the matter, in addition to any other remedy to which it may be entitled, at law or in equity.

(p) Submission to Jurisdiction. Each of the Parties submits to the jurisdiction of any state or federal court sitting in Washington, D.C. in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of the action or proceeding may be heard and determined in any such court. Each Party also agrees not to bring any action or proceeding arising out of or relating to this Agreement in any other court. Each of the Parties waives any defense of inconvenient forum to the maintenance of any action or proceeding so brought and waives any bond, surety, or other security that might be required of any other Party with respect thereto. Each Party appoints The Prentice-Hall Corporation System, Inc. (the "Process Agent") as his or its agent to receive on is or its behalf service of copies of the summons and complaint and any other process that might be served in the action or proceeding. Any Party may make service on any other Party by sending or delivering a copy of the process (i) to the Party to be served at the address and in the manner provided for the giving of notices in (S) 9(h) above or (ii) to the Party to be served in care of the Process Agent at the address and in the manner provided for the giving of notices in (S) 8(g) above. Each Party agrees that

a final judgment in any action or proceeding so brought shall be conclusive and may be enforced by suit on the judgment or in any other manner provided by law or in equity.

(q) Bulk Sale and Other Tax Filings. The Buyer and PII agree to waive compliance with applicable state sales tax, bulk sales notification statutes and regulations and any applicable state tax statutes, in connection with the sale of the Acquired Assets to the Buyer.

(r) Transfer Taxes; Sales Tax. The Parties agree that the Stockholder shall pay any real property transfer Taxes, Buyer shall pay the sales tax on the transfer of personal property and each of PII, Stockholder, Parent or Buyer, as appropriate, shall be responsible for such other transfer Taxes applicable to the transaction contemplated hereby (including the transfer of Shares) as are customary in the jurisdiction in which the tax is payable and each party so responsible shall indemnify, defend and hold the others harmless with respect to such Taxes. Each Party shall file, or cooperate with the other Parties in filing, all necessary documentation and Tax Returns with respect to such Transfer Taxes.

(s) No Assignment Causing Breach. Notwithstanding anything in this Agreement, neither this Agreement nor any document or instrument delivered pursuant hereto shall constitute an assignment of any claim, contract, agreement, license, lease, commitment, sales order or purchase order or any claim or right or any benefit arising thereunder or resulting therefrom if an attempted assignment thereof without the consent of any other Person would constitute a breach thereof or in any way adversely affect the rights to be assigned. Until such consent is obtained, or if an attempted assignment thereunder would be ineffective or would affect the rights of PII or any Affiliate thereunder so that the Buyer would not in fact receive all such rights, PII and the Buyer will cooperate with each other to provide for the Buyer the benefits of, and to permit the Buyer to assume all liabilities under, any such claim, contract, agreement, license, lease, commitment, sales order or purchase order, including enforcement at the request and expense of the Buyer for the benefit of the Buyer of any and all rights of PII or any Affiliate against a third party thereto arising out of the breach or cancellation thereof by such third party; and any transfer or assignment to the Buyer by PII or any Affiliate of any property or property rights or any contract or agreement which shall require the consent or approval of any third party shall be made subject to such consent or approval being obtained. The Parties shall each use their best efforts to obtain any required consent to assignment.

(t) Guaranty. Parent hereby unconditionally guarantees the full and prompt payment and performance of the obligations of the Buyer under this Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement on the date first above written.

PARENT
Roper Industries, Inc.

By: /s/ N. Will Crocker

N. Will Crocker
Vice President

BUYER
Roper Acquisition, Inc.

By: /s/ N. Will Crocker

N. Will Crocker
Vice President

PII
Princeton Instruments, Inc.

By: /s/ Yair Talmi

Yair Talmi
President

STOCKHOLDER
Dr. Yair Talmi

/s/ Dr. Yair Talmi

Dr. Yair Talmi

ROPER INDUSTRIES, INC.
BY-LAWS

AMENDED AND RESTATED AS OF MAY 13, 1997

ARTICLE I

Stockholders' Meetings

1. Places of meetings. All meetings of stockholders shall be held at

such place or places in or outside of Delaware as the board of directors may from time to time determine or as may be designated in the notice of meeting or waiver of notice thereof, subject to any provisions of the laws of Delaware.

2. Annual meetings. Unless otherwise determined from time to time by the

board of directors, the annual meeting of stockholders shall be held each year for the election of directors and the transaction of such other business as may properly come before the meeting on the last Wednesday in the fourth month following the close of the fiscal year commencing at some time between 10 A.M. and 3 P.M., if not a legal holiday and if a legal holiday, then on the day following at the same time. If the annual meeting is not held on the date designated, it may be held as soon thereafter as convenient and shall be called the annual meeting. Written notice of the time and place of the annual meeting shall be given by mail to each stockholder entitled to vote at his address as it appears on the records of the corporation not less than the minimum nor more than the maximum number of days permitted under the laws of Delaware prior to the scheduled date thereof, unless such notice is waived as provided by Article VIII of these By-laws.

3. Special meetings. A special meeting of stockholders may be called at

any time by order of the board of directors or the executive committee. Written notice of the time, place and specific purposes of such meetings shall be given by mail to each stockholder entitled to vote thereat at his address as it appears on the records of the corporation not less than the minimum nor more than the maximum number of days prior

to the scheduled date thereof permitted under the laws of Delaware, unless such notice is waived as provided in Article VIII of these By-laws.

4. Meetings without notice. Meetings of the stockholders may be held at -----
any time without notice when all the stockholders entitled to vote thereat are present in person or by proxy.

5. Voting. At all meetings of stockholders, each stockholder entitled to -----
vote on the record date as determined under Article V Section 3 of these By-laws or if not so determined as prescribed under the laws of Delaware shall be entitled to such number of votes for each share of stock standing on record in his name, as shall be determined in accordance with the provisions of Article 4 of the certificate of incorporation or any amendment thereto.

6. Quorum and Action. At any stockholders' meeting, a majority of the -----
number of shares of stock outstanding and entitled to vote thereat present in person or by proxy shall constitute a quorum, but a smaller interest may adjourn any meeting from time to time, and the meeting may be held as adjourned without further notice, subject to such limitations as may be imposed under the laws of Delaware. When a quorum is present at any meeting, a majority of the voting power present in person or by proxy and entitled to vote on any question shall decide any such question brought before such meeting unless the question is one upon which a different vote is required by express provision of the laws of Delaware, the certificate of incorporation or these By-laws, in which case such express provision shall govern.

7. List of stockholders. At least ten days before every meeting, a -----
complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order and showing the address of and the number of shares registered in the name of each stockholder, shall be prepared by the secretary or the transfer agent in charge of the stock ledger of the corporation. Such list shall be open for examination by any stockholder as required by the laws of Delaware. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine such list or the books of the corporation or to vote in person or by proxy at such meeting.

ARTICLE II

Board of Directors

8. Number and qualification. Subject to the rights of the holders of any

series of preferred stock then outstanding, members of the board of directors shall be elected at each annual meeting of stockholders, in accordance with and subject to the provisions of the certificate of incorporation. Each director so elected shall serve until the election and qualification of his successor or until his earlier resignation or removal as provided in these By-laws. The initial number of directors shall be such as may be determined by the incorporators unless the initial directors are named in the certificate of incorporation, and thereafter the number of directors shall be such as may be determined, subject to the rights of the holders of any series of preferred stock then outstanding, from time to time by the affirmative vote of the majority of the members of the board of directors, but in no event shall the number be less than the minimum authorized under the laws of Delaware. In case of any increase in the number of directors between elections by the stockholders, the additional directorships shall be considered vacancies and shall be filled in the manner prescribed in Article IV of these By-laws. Directors need not be stockholders. The initial board of directors shall be elected by the incorporators, unless such directors are named in the certificate of incorporation.

9. Powers. The business and affairs of the corporation shall be carried

on by or under the direction of the board of directors, which shall have all the powers authorized by the laws of Delaware, subject to such limitations as may be provided by the certificate of incorporation or these By-laws.

10. Compensation. The board of directors may from time to time by

resolution authorize the payment of fees or other compensation to the directors for services as such to the corporation, including, but not limited to, fees for attendance at all meetings of the board or of the executive or other committees, and determine the amount of such fees and compensation. Directors shall in any event be paid their traveling expenses for attendance at all meetings of the board or of the executive or other committees. Nothing herein contained shall be construed to preclude any director from serving the corporation in any other capacity and receiving compensation therefor in amounts authorized or otherwise approved from time to time by the board or the executive committee.

11. Meetings and quorum. Meetings of the board of directors may be held

either in or outside of Delaware. A quorum shall be one-third the then authorized total number of directors, but not less than two directors unless a board of one director is authorized under the laws of Delaware in which event one director shall constitute a quorum. A director will be considered present at a meeting, even though not physically present, to the extent and in the manner authorized by the laws of Delaware.

The board of directors may from time to time provide for the holding of regular meetings with or without notice and may fix the times and places at which such meetings are to be held. Meetings other than regular meetings may be called at any time by the president or the chairman of the board and must be called by the president or by the secretary or an assistant secretary upon the request of any director.

Notice of each meeting, other than a regular meeting (unless required by the board of directors), shall be given to each director by mailing the same to each director at his residence or business address at least ten days before the meeting or by delivering the same to him personally or by telephone or telecopy at least two days before the meeting.

Notice of any meeting shall state the time and place of such meeting, but need not state the purposes thereof unless otherwise required by the laws of Delaware, the certificate of incorporation, the By-laws, or the board of directors.

12. Executive Committee. The board of directors may by resolution passed

by a majority of the whole board provide for an executive committee of two or more directors and shall elect the members thereof to serve at the pleasure of the board and may designate one of such members to act as chairman. The board may at any time change the membership of the committee, fill vacancies in it, designate alternate members to replace any absent or disqualified members at any meeting of the committee, or dissolve it.

During the intervals between the meetings of the board of directors, the executive committee shall possess and may exercise any or all of the powers of the board of directors in the management or direction of the business and affairs of the corporation and under the By-laws to the extent authorized by resolution adopted by a majority of the

entire board of directors, subject to such limitations as may be imposed by the laws of Delaware.

The executive committee may determine its rules of procedure and the notice to be given of its meetings, and it may appoint such committees and assistants as it shall from time to time deem necessary. A majority of the members of the committee shall constitute a quorum.

13. Other committees. The board of directors may by resolution provide

for such other committees as it deems desirable and may discontinue the same at its pleasure. Each such committee shall have the powers and perform such duties, not inconsistent with law, as may be assigned to it by the board.

14. Action without meetings. Any action required or permitted to be taken

at any meeting of the board of directors or any committee thereof may be taken without meeting to the extent and in the manner authorized by the laws of Delaware.

ARTICLE III

----- Officers -----

15. Titles and election. The officers of the corporation shall be a

president, a secretary and a treasurer, who shall initially be elected as soon as convenient by the board of directors and thereafter, in the absence of earlier resignations or removals, shall be elected at the first meeting of the board following any annual stockholders' meeting, each of whom shall hold office at the pleasure of the board except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal under these By-laws or other termination of his employment. Any person may hold more than one office if the duties can be consistently performed by the same person, and to the extent permitted by the laws of Delaware.

The board of directors, in its discretion, may also at any time elect or appoint a chairman of the board of directors who shall be a director, and one or more vice presidents, assistant secretaries and assistant treasurers and such other officers as it may deem advisable, each of whom shall hold office at the pleasure of the board, except as may otherwise be approved by the board or executive committee, or until his earlier resignation, removal or other termination of employment, and shall have such authority

and shall perform such duties as may be prescribed or determined from time to time by the board or in case of officers other than the chairman of the board, if not so prescribed or determined by the board, as the president or the then senior executive officer may prescribe or determine.

The board of directors may require any officer or other employee or agent to give bond for the faithful performance of his duties in such form and with such sureties as the board may require.

16. Duties. Subject to such extension, limitations, and other provisions

as the board of directors or the By-laws may from time to time prescribe or determine, the following officers shall have the following powers and duties:

(a) Chairman of the Board. The chairman of the board, when present,

shall preside at all meetings of the stockholders and of the board of directors and shall be charged with general supervision of the management and policy of the corporation, and shall have such other powers and perform such other duties as the board of directors may prescribe from time to time.

(b) President. Subject to the board of directors and the provisions

of these By-laws, the president shall be the chief executive officer of the corporation, shall exercise the powers and authority and perform all of the duties commonly incident to his office, shall in the absence of the chairman of the board preside at all meetings of the stockholders and of the board of directors if he is a director, and shall perform such other duties as the board of directors or executive committee shall specify from time to time. The president or a vice president, unless some other person is thereunto specifically authorized by the board of directors or executive committee, shall sign all bonds, debentures, promissory notes, deeds and contracts of the corporation.

(c) Vice President. The vice president or vice presidents shall

perform such duties as may be assigned to them from time to time by the board of directors or by the president if the board does not do so. In the absence or disability of the president, the vice presidents in order of seniority may, unless otherwise determined by the board, exercise the powers and perform the duties pertaining to the office of president, except that if one or more executive vice presidents has been elected or appointed, the person holding such office in order of seniority shall exercise the powers and perform the duties of the office of president.

(d) Secretary. The secretary or in his absence an assistant secretary

shall keep the minutes of all meetings of stockholders and of the board of directors, give and serve all notices, attend to such correspondence as may be assigned to him, keep in safe custody the seal of the corporation, and affix such seal to all such instruments properly executed as may require it, and shall have such other duties and powers as may be prescribed or determined from time to time by the board of directors or by the president if the board does not do so.

(e) Treasurer. The treasurer, subject to the order of the board of

directors, shall have the care and custody of the moneys, funds, valuable papers and documents of the corporation (other than his own bond, if any, which shall be in the custody of the president), and shall have, under the supervision of the board of directors, all the powers and duties commonly incident to his office. He shall deposit all funds of the corporation in such bank or banks, trust company or trust companies, or with such firm or firms doing a banking business as may be designated by the board of directors or by the president if the board does not do so. He may endorse for deposit or collection all checks, notes, etc., payable to the corporation or to its order. He shall keep accurate books of account of the corporation's transactions, which shall be the property of the corporation, and together with all its property in his possession, shall be subject at all times to the inspection and control of the board of directors. The treasurer shall be subject in every way to the order of the board of directors, and shall render to the board of directors and/or the president of the corporation, whenever they may require it, an account of all his transactions and of the financial condition of the corporation. In addition to the foregoing, the treasurer shall have such duties as may be prescribed or determined from time to time by the board of directors or by the president if the board does not do so.

17. Delegation of authority. The board of directors or the executive

committee may at any time delegate the powers and duties of any officer for the time being to any other officer, director or employee.

18. Compensation. The compensation of the Chairman of the Board, the

president, all vice presidents, the secretary and the treasurer shall be fixed by the board of directors or the executive committee, and the fact that any officer is a director shall not preclude him from receiving compensation or from voting upon the resolution providing the same.

ARTICLE IV

Resignations, Vacancies and Removals

19. Resignations. Any director or officer may resign at any time by

giving written notice thereof to the board of directors, the president or the secretary. Any such resignation shall take effect at the time specified therein or, if the time be not specified, upon receipt thereof; and unless otherwise specified therein, the acceptance of any resignation shall not be necessary to make it effective.

20. Vacancies. (a) Directors. When the office of any director becomes

vacant or unfilled whether by reason of death, resignation, removal, increase in the authorized number of directors or otherwise, such vacancy or vacancies may be filled, subject to the rights of the holders of any series of preferred stock then outstanding, by a majority vote of the directors then in office, although less than a quorum. Any director so elected by the board shall serve until the election and qualification of his successor or until his earlier resignation or removal as provided in these By-laws. The directors may also reduce their authorized number by the number of vacancies in the board, in accordance with the provisions of the certificate of incorporation, provided such reduction does not reduce the board to less than the minimum authorized by the laws of Delaware.

(a) Officers. The board of directors may at any time or from time to

time fill any vacancy among the officers of the corporation.

21. Removals. (a) Directors. Except as may otherwise be prohibited or

restricted under the laws of Delaware, the stockholders may, at any meeting called for such purpose, remove any director from office, but only for cause, as such term is defined in, and subject to the provisions of, Article 8 of the certificate of incorporation.

(a) Officers. Subject to the provisions of any validly existing

agreement, the board of directors may at any meeting remove from office any officer, with or without cause, and may elect or appoint a successor; provided that if action is to be taken to remove the president the notice of meeting or waiver of notice thereof shall state that one of the purposes thereof is to consider and take action on his removal.

ARTICLE V

Capital Stock

22. Certificate of stock. Every stockholder shall be entitled to a

certificate or certificates for shares of the capital stock of the corporation in such form as may be prescribed or authorized by the board of directors, duly numbered and setting forth the number and kind of shares represented thereby. Such certificates shall be signed by the chairman of the board, the president or a vice president and by the treasurer or an assistant treasurer or by the secretary or an assistant secretary. Any or all of such signatures may be in facsimile if and to the extent authorized under the laws of Delaware.

In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed on a certificate has ceased to be such officer, transfer agent or registrar before the certificate has been issued, such certificate may nevertheless be issued and delivered by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

23. Transfer of stock. Shares of the capital stock of the corporation

shall be transferable only upon the books of the corporation upon the surrender of the certificate or certificates properly assigned and endorsed for transfer. If the corporation has a transfer agent or agents or transfer clerk and registrar of transfers acting on its behalf, the signature of any officer or representative thereof may be in facsimile.

The board of directors may appoint a transfer agent and one or more co-transfer agents and a registrar and one or more co-registrars of transfer and may make or authorize the transfer agents to make all such rules and regulations deemed expedient concerning the issue, transfer and registration of shares of stock.

24. Record dates. (a) In order that the corporation may determine the

stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix in advance a record date which, in the case of a meeting, shall be not less than the minimum nor more than the maximum number of days prior to the

scheduled date of such meeting permitted under the laws of Delaware and which, in the case of any other action, shall be not more than the maximum number of days prior to any such action permitted by the laws of Delaware.

(a) If no such record date is fixed by the board, the record date shall be that prescribed by the laws of Delaware.

(b) A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

25. Lost certificates. In case of loss or mutilation or destruction of a

stock certificate, a duplicate certificate may be issued upon such terms as may be determined or authorized by the board of directors or executive committee or by the president if the board or the executive committee does not do so.

ARTICLE VI

Fiscal Year, Bank Deposits, Checks, etc.

26. Fiscal Year. The fiscal year of the corporation shall commence or end

at such time as the board of directors may designate.

27. Bank deposits, checks etc. The funds of the corporation shall be

deposited in the name of the corporation or of any division thereof in such banks or trust companies in the United States or elsewhere as may be designated from time to time by the board of directors or executive committee, or by such officer or officers as the board or executive committee may authorize to make such designations.

All checks, drafts or other orders for the withdrawal of funds from any bank account shall be signed by such person or persons as may be designated from time to time by the board of directors or executive committee or as may be designated by any officer or officers authorized by the board of directors or executive committee to make such designations. The signatures on checks, drafts or other orders for the withdrawal of funds may be in facsimile if authorized in the designation.

ARTICLE VII

Books and Records

28. Place of keeping books. Unless otherwise expressly required by the laws of Delaware, the books and records of the corporation may be kept outside of Delaware.

29. Examination of books. Except as may otherwise be provided by the laws of Delaware, the certificate of incorporation or these By-laws, the board of directors shall have power to determine from time to time whether and to what extent and at what times and places and under what conditions any of the accounts, records and books of the corporation are to be open to the inspection of any stockholder. No stockholder shall have any right to inspect any account or book or document of the corporation except as prescribed by statute or authorized by express resolution of the stockholders or of the board of directors.

ARTICLE VIII

Notices

30. Requirements of notice. Whenever notice is required to be given by statute, the certificate of incorporation or these By-laws, it shall not mean personal notice unless so specified, but such notice may be given in writing by depositing the same in a post office, letter box, or mail chute, postpaid and addressee to the person to whom such notice is directed at the address of such person on the records of the corporation, and such notice shall be deemed given at the time when the same shall be thus mailed.

31. Waivers. Any stockholder, director or officer may, in writing or by telegram or cable, at any time waive any notice or other formality required by statute, the certificate of incorporation or these By-laws. Such waiver of notice, whether given before or after any meeting or action, shall be deemed equivalent to notice. Presence of a stockholder either in person or by proxy at any stockholders' meeting and presence of

any director at any meeting of the board of directors shall constitute a waiver of such notice as may be required by any statute, the certificate of incorporation or these By-laws.

ARTICLE IX

Seal

The corporate seal of the corporation shall consist of two concentric circles between which shall be the name of the corporation and in the center of which shall be inscribed "Corporate Seal, Delaware".

ARTICLE X

Powers of Attorney

The board of directors or the executive committee may authorize one or more of the officers of the corporation to execute powers of attorney delegating to named representatives or agents power to represent or act on behalf of the corporation, with or without power of substitution.

In the absence of any action by the board or the executive committee, the president, any vice president, the secretary or the treasurer of the corporation may execute for and on behalf of the corporation waivers of notice of stockholders' meetings and proxies for such meetings in any company in which the corporation may hold voting securities.

ARTICLE XI

Indemnification of Directors and Officers

32. Definitions. As used in this article, the term "person" means any

past, present or future director or officer of the corporation or a designated officer of an operating division of the corporation.

33. Indemnification granted. The corporation shall indemnify, to the full

extent and under the circumstances permitted by the Delaware General Corporation Law in effect from time to time, any person as defined above, made or threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative by reason of the fact that he is or was a director, officer of the corporation or designated officer of an operating division of the corporation, or is or was an employee or agent of the corporation, or is or was serving at the specific request of the corporation as a director, officer, employee or agent of another company or other enterprise in which the corporation should own, directly or indirectly, an equity interest or of which it may be a creditor.

This right of indemnification shall not be deemed exclusive of any other rights to which a person indemnified herein may be entitled by By-law, agreement, vote of stockholders or disinterested directors or otherwise, and shall continue as to a person who has ceased to be a director, officer, designated officer, employee or agent and shall inure to the benefit of the heirs, executors, administrators and other legal representatives of such person. It is not intended that the provisions of this article be applicable to, and they are not to be construed as granting indemnity with respect to, matters as to which indemnification would be in contravention of the laws of Delaware or of the United States of America whether as a matter of public policy or pursuant to statutory provision.

34. Miscellaneous. The board of directors may also on behalf of the

corporation grant indemnification to any individual other than a person defined herein to such extent and in such manner as the board in its sole discretion may from time to time and at any time determine.

ARTICLE XII

Amendments

These By-laws may be amended or repealed either:

(a) at any meeting of stockholders at which a quorum is present by vote of at least sixty-six and two-thirds percent (66-2/3%) of the number of

shares of stock entitled to vote present in person or by proxy at such meeting as provided in Article I Sections 5 and 6 of these By-laws, or

(b) at any meeting of the board of directors by a majority vote of the directors then in office;

provided the notice of such meeting of stockholders or directors or waiver of notice thereof contains a statement of the substance of the proposed amendment or repeal.

=====

AMENDED AND RESTATED CREDIT AGREEMENT

by and among

ROPER INDUSTRIES, INC.
as Borrower,

NATIONSBANK, NATIONAL ASSOCIATION (SOUTH),
as Agent and as Lender

and

THE LENDERS PARTY HERETO FROM TIME TO TIME

May 15, 1997

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TABLE OF CONTENTS

Page

ARTICLE I

Definitions and Terms

| | |
|-------------------------------------|----|
| 1.1. Amendment and Restatement..... | 3 |
| 1.2. Definitions..... | 3 |
| 1.3. Rules of Interpretation..... | 22 |

ARTICLE II

The Revolving Credit Facility

| | |
|--|----|
| 2.1. Revolving Loans..... | 25 |
| 2.2. Payment of Interest..... | 27 |
| 2.3. Payment of Principal..... | 27 |
| 2.4. Non-Conforming Payments..... | 27 |
| 2.5. Notes..... | 28 |
| 2.6. Pro Rata Payments..... | 28 |
| 2.7. Reductions..... | 28 |
| 2.8. Conversions and Elections of Subsequent Interest Periods..... | 29 |
| 2.9. Increase and Decrease in Amounts..... | 29 |
| 2.10. Facility Fees..... | 30 |
| 2.11. Deficiency Advances..... | 30 |
| 2.12. Use of Proceeds..... | 30 |
| 2.13. Swing Line..... | 30 |

ARTICLE III

Letters of Credit

| | |
|--|----|
| 3.1. Letters of Credit..... | 33 |
| 3.2. Reimbursement..... | 33 |
| 3.3. Letter of Credit Facility Fees..... | 36 |
| 3.4. Administrative Fees..... | 37 |

ARTICLE IV

Change in Circumstances

| | |
|---|----|
| 4.1. Increased Cost and Reduced Return..... | 38 |
| 4.2. Limitation on Types of Loans..... | 39 |

| | | |
|------|----------------------------------|----|
| 4.3. | Illegality..... | 39 |
| 4.4. | Treatment of Affected Loans..... | 40 |
| 4.5. | Compensation..... | 40 |
| 4.6. | Taxes..... | 41 |

ARTICLE V

Security

| | | |
|------|-------------------------|----|
| 5.1. | Stock Pledge..... | 43 |
| 5.2. | Guaranty..... | 43 |
| 5.3. | Further Assurances..... | 43 |

ARTICLE VI

Conditions to Making Loans and Issuing Letters of Credit

| | | |
|------|--|----|
| 6.1. | Conditions of Initial Advance..... | 44 |
| 6.2. | Conditions of Revolving Loans and Letters of Credit..... | 46 |

ARTICLE VII

Representations and Warranties

| | | |
|-------|------------------------------------|----|
| 7.1. | Organization and Authority..... | 48 |
| 7.2. | Loan Documents..... | 48 |
| 7.3. | Solvency..... | 49 |
| 7.4. | Subsidiaries and Stockholders..... | 49 |
| 7.5. | Ownership Interests..... | 49 |
| 7.6. | Financial Condition..... | 49 |
| 7.7. | Title to Properties..... | 50 |
| 7.8. | Taxes..... | 50 |
| 7.9. | Other Agreements..... | 50 |
| 7.10. | Litigation..... | 50 |
| 7.11. | Margin Stock..... | 50 |
| 7.12. | Investment Company..... | 51 |
| 7.13. | Patents, Etc..... | 51 |
| 7.14. | No Untrue Statement..... | 51 |
| 7.15. | No Consents, Etc..... | 51 |
| 7.16. | Employee Benefit Plans..... | 52 |
| 7.17. | No Default..... | 53 |
| 7.18. | Hazardous Materials..... | 53 |
| 7.19. | Employment Matters..... | 53 |
| 7.20. | RICO..... | 53 |

ARTICLE VIII

Affirmative Covenants

| | |
|--|----|
| 8.1. Financial Reports, Etc..... | 54 |
| 8.2. Maintain Properties..... | 55 |
| 8.3. Existence, Qualification, Etc..... | 55 |
| 8.4. Regulations and Taxes..... | 55 |
| 8.5. Insurance..... | 55 |
| 8.6. True Books..... | 56 |
| 8.7. Right of Inspection..... | 56 |
| 8.8. Observe all Laws..... | 56 |
| 8.9. Governmental Licenses..... | 56 |
| 8.10. Covenants Extending to Other Persons..... | 56 |
| 8.11. Officer's Knowledge of Default..... | 56 |
| 8.12. Suits or Other Proceedings..... | 56 |
| 8.13. Notice of Discharge of Hazardous Material or Environmental Complaint..... | 57 |
| 8.14. Environmental Compliance..... | 57 |
| 8.15. Indemnification..... | 57 |
| 8.16. Further Assurances..... | 57 |
| 8.17. Employee Benefit Plans..... | 57 |
| 8.18. Continued Operations..... | 58 |
| 8.19. New Subsidiaries..... | 58 |
| 8.20. Delivery of Share Charges..... | 59 |

ARTICLE IX

Negative Covenants

| | |
|---|----|
| 9.1. Financial Covenants..... | 60 |
| 9.2. Acquisitions..... | 61 |
| 9.3. Capital Expenditures..... | 61 |
| 9.4. Liens..... | 61 |
| 9.5. Indebtedness..... | 62 |
| 9.6. Transfer of Assets..... | 62 |
| 9.7. Investments..... | 63 |
| 9.8. Merger or Consolidation..... | 63 |
| 9.9. Restricted Payments..... | 63 |
| 9.10. Transactions with Affiliates..... | 64 |
| 9.11. Compliance with ERISA..... | 64 |
| 9.12. Fiscal Year..... | 65 |
| 9.13. Dissolution, etc..... | 65 |
| 9.14. Change in Control..... | 65 |
| 9.15. Rate Hedging Obligations..... | 65 |
| 9.16. Negative Pledge Clauses..... | 65 |

| | | |
|-------|---|----|
| 9.17. | Restrictions on Ability of Subsidiaries to Pay Dividends..... | 65 |
|-------|---|----|

ARTICLE X

Events of Default and Acceleration

| | | |
|-------|-----------------------------|----|
| 10.1. | Events of Default..... | 66 |
| 10.2. | Agent to Act..... | 69 |
| 10.3. | Cumulative Rights..... | 69 |
| 10.4. | No Waiver..... | 69 |
| 10.5. | Allocation of Proceeds..... | 69 |

ARTICLE XI

The Agent

| | | |
|--------|--|----|
| 11.1. | Appointment, Powers, and Immunities..... | 71 |
| 11.2. | Reliance by Agent..... | 71 |
| 11.3. | Defaults..... | 72 |
| 11.4. | Rights as Lender..... | 72 |
| 11.5. | Indemnification..... | 72 |
| 11.6. | Non-Reliance on Agent and Other Lenders..... | 73 |
| 11.7. | Resignation of Agent..... | 73 |
| 11.8. | Sharing of Payments, etc..... | 73 |
| 11.9. | Fees..... | 74 |
| 11.10. | Security Trustee..... | 74 |

ARTICLE XII

Miscellaneous

| | | |
|--------|--|----|
| 12.1. | Assignments and Participations..... | 75 |
| 12.2. | Notices..... | 76 |
| 12.3. | Right of Set-off; Adjustments..... | 77 |
| 12.4. | Survival..... | 78 |
| 12.5. | Expenses..... | 78 |
| 12.6. | Amendments and Waivers..... | 78 |
| 12.7. | Counterparts..... | 79 |
| 12.8. | Termination..... | 79 |
| 12.9. | Indemnification..... | 79 |
| 12.10. | Severability..... | 80 |
| 12.11. | Entire Agreement..... | 80 |
| 12.12. | Agreement Controls..... | 80 |
| 12.13. | Usury Savings Clause..... | 80 |
| 12.15. | Governing Law; Waiver of Jury Trial..... | 81 |

| | | |
|---------------|--|-------|
| EXHIBIT A | Applicable Revolving Credit Commitment Percentages..... | A-1 |
| EXHIBIT B | Form of Assignment and Acceptance..... | B-1 |
| EXHIBIT C | Notice of Appointment (or Revocation) of Authorized Representative..... | C-1 |
| EXHIBIT D-1 | Form of Borrowing Notice..... | D-1 |
| EXHIBIT D-2 | Form of Borrowing Notice--Swing Line Loans..... | D-3 |
| EXHIBIT E | Form of Interest Rate Selection Notice..... | E-1 |
| EXHIBIT F-1 | Form of Revolving Note..... | F-1-1 |
| EXHIBIT F-2 | Form of Swing Line Note..... | F-2-1 |
| EXHIBIT G | Form of Opinion of Borrower's Counsel..... | G-1 |
| EXHIBIT H | Compliance Certificate..... | H-1 |
| EXHIBIT I | Form of Facility Guaranty..... | I-1 |
| EXHIBIT J | Form of LC Account Agreement..... | J-1 |
| EXHIBIT L | Receipt and Certificate of Registrar..... | L-1 |
| Schedule 1.1 | Existing Letters of Credit..... | S-1 |
| Schedule 7.4 | Subsidiaries and Investments in Other Persons..... | S-2 |
| Schedule 7.6 | Indebtedness..... | S-3 |
| Schedule 7.7 | Liens..... | S-4 |
| Schedule 7.10 | Litigation..... | S-5 |

THIRD AMENDED AND RESTATED CREDIT AGREEMENT

THIS THIRD AMENDED AND RESTATED CREDIT AGREEMENT, dated as of May 15, 1997 (the "Agreement"), is made by and among ROPER INDUSTRIES, INC., a Delaware corporation having its principal place of business in Bogart, Georgia (the "Borrower"), NATIONSBANK, NATIONAL ASSOCIATION (SOUTH), a national banking association organized and existing under the laws of the United States, in its capacity as a Lender ("NationsBank"), and each other financial institution executing and delivering a signature page hereto and each other financial institution which may hereafter execute and deliver an instrument of assignment with respect to this Agreement pursuant to Section 11.1 (hereinafter such financial institutions may be referred to individually as a "Lender" or collectively as the "Lenders"), and NATIONSBANK, NATIONAL ASSOCIATION (SOUTH), a national banking association organized and existing under the laws of the United States, in its capacity as agent for the Lenders (in such capacity, and together with any successor agent appointed in accordance with the terms of Section 11.7, the "Agent");

W I T N E S S E T H:

WHEREAS, the Borrower, the Agent (as successor in interest to Bank South, N.A.), and the lenders signatory thereto have heretofore entered into a Credit Agreement dated September 30, 1992 (as modified the "Prior 1992 Agreement") pursuant to which the Agent agreed to make a revolving credit and term loan and letter of credit facility of up to \$31,000,000 to the Borrower, which facility was guaranteed by certain subsidiaries (the "Guarantors") of the Borrower by Guaranty Agreements (the "Guarantys"), and the Borrower and certain Guarantors secured their obligations pursuant to Stock Pledge Agreements dated September 30, 1992 (the "Stock Pledge Agreements") by which the Borrower and the Guarantors pledged and granted to the Agent a security interest in all the capital stock of the domestic Subsidiaries and the Material Foreign Subsidiaries described therein; and

WHEREAS, the Borrower, the Agent (as successor in interest to Bank South, N.A.), and the lenders signatory thereto have heretofore amended and restated the Prior 1992 Agreement in its entirety pursuant to the terms of an Amended and Restated Credit Agreement dated September 30, 1994 (the "Prior 1994 Agreement"); and

WHEREAS, the Borrower, the Agent, and the Lenders signatory thereto have heretofore amended and restated the Prior 1994 Agreement in its entirety pursuant to the terms of a Second Amended and Restated Credit Agreement dated May 8, 1996 (the "Prior 1996 Agreement" and collectively with the Prior 1992 Agreement and the Prior 1994 Agreement, the "Prior Agreements"); and

WHEREAS, the Borrower has requested that the Lenders amend and restate the Prior 1996 Agreement in its entirety to provide a revolving credit facility of up to \$200,000,000, the proceeds of which are to be used for working capital, capital expenditures, acquisitions, and general corporate

purposes and which shall include a letter of credit facility of up to \$10,000,000 for the issuance of standby letters of credit and a swing line facility of up to \$10,000,000; and

WHEREAS, the Lenders are willing to make such revolving credit and letter of credit facilities available to the Borrower upon the terms and conditions set forth herein;

NOW, THEREFORE, the Borrower, the Lenders and the Agent hereby agree as follows:

ARTICLE I

Definitions and Terms

1.1 Amendment and Restatement. The Borrower, the Agent, and the Lender

hereby agree that upon the effectiveness of this Agreement, the terms and provisions of the Prior Agreements shall be and hereby are amended and restated in their entirety by the terms and conditions of this Agreement and the terms and provisions of the Prior Agreements, except as otherwise provided herein, shall be superseded by this Agreement.

This Agreement is given as a substitution of, and not as a payment of, the obligations of the Borrower under the Prior Agreements and is not intended to constitute a novation of the Prior Agreements. Except as otherwise selected by the Borrower by delivery of a Borrowing Notice prior to the Closing Date in accordance with the terms hereof, upon the effectiveness of this Agreement all amounts outstanding and owing by the Borrower under the Prior Agreements as of the Closing Date, as determined by the Agent, shall constitute Advances hereunder accruing interest with respect to "Prime Rate Advances" as defined in the Prior 1996 Agreement, at the Base Rate hereunder. All of the indebtedness, liabilities and obligations owing by the Borrower under the Prior Agreements shall continue to be secured by the "Pledged Stock" as defined in the Stock Pledge Agreements executed in connection with the Prior Agreements and the Borrower acknowledges and agrees that the "Pledged Stock" as defined in such Stock Pledge Agreements executed in connection with the Prior Agreements remains subject to a security interest in favor of the Agent for the ratable benefit of the Lenders and to secure the liabilities of the Borrower re-evidenced by this Agreement and the other Loan Documents.

1.2 Definitions. For the purposes of this Agreement, in addition to the

definitions set forth above, the following terms shall have the respective meanings set forth below:

"Acquisition" means the acquisition of (i) a controlling equity interest in another Person (including the purchase of an option, warrant or convertible or similar type security to acquire such a controlling interest at the time it becomes exercisable by the holder thereof), whether by purchase of such equity interest or upon exercise of an option or warrant for, or conversion of securities into, such equity interest, or (ii) assets of another Person which constitute all or substantially all of the assets of such Person or of a line or lines of business conducted by such Person.

"Advance" means a borrowing under the Revolving Credit Facility consisting of a Base Rate Loan or a Eurodollar Rate Loan.

"Affiliate" means any Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with the Borrower; or (ii) which beneficially owns or holds 5% or more of any class of the outstanding voting stock (or in

the case of a Person which is not a corporation, 5% or more of the equity interest) of the Borrower; or 5% or more of any class of the outstanding voting stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Borrower. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

"Applicable Commitment Percentage" means, with respect to each Lender at any time, a fraction, the numerator of which shall be such Lender's Revolving Credit Commitment and the denominator of which shall be the Total Revolving Credit Commitment, which Applicable Commitment Percentage for each Lender as of the Closing Date is as set forth in Exhibit A; provided that the Applicable Commitment Percentage of each Lender shall be increased or decreased to reflect any assignments to or by such Lender effected in accordance with Section 12.1.

"Applicable Lending Office" means, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or of an affiliate of such Lender) designated for such Type of Loan on the signature pages hereof or such other office of such Lender (or an affiliate of such Lender) as such Lender may from time to time specify to the Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans of such Type are to be made and maintained.

"Applicable Margin" means for each Eurodollar Rate Loan and each Base Rate Loan, that percent per annum set forth below, which shall be based upon the Consolidated Leverage Ratio for the Four-Quarter Period most recently ended as specified below:

| Tier | Consolidated Leverage Ratio | Applicable Margin for Eurodollar Rate Loans | Applicable Margin for Base Rate Loans | Applicable Unused Fee |
|------|--|---|---------------------------------------|-----------------------|
| VI | Greater than 3.00 to 1.00 | 1.125% | 0.250% | 0.300% |
| V | Less than or equal to 3.00 to 1.00 and greater than 2.50 to 1.00 | 0.875% | 0.250% | 0.250% |
| IV | Less than or equal to 2.50 to 1.00 and greater than 2.00 to 1.00 | 0.750% | 0.00% | 0.250% |
| III | Less than or equal to 2.00 to 1.00 and greater than 1.50 to 1.00 | 0.625% | 0.00% | 0.200% |
| II | Less than or equal to 1.50 to 1.00 and greater than 1.00 to 1.00 | 0.500% | 0.00% | 0.175% |
| I | Less than or equal to 1.00 to 1.00 | 0.400% | 0.00% | 0.150% |

The Applicable Margin and Applicable Unused Fee shall be established at the end of each fiscal quarter of the Borrower (each, a "Determination Date"). Any change in the Applicable Margin and Applicable Unused Fee following each Determination Date shall be determined based upon the computations set forth in the certificate furnished to the Agent pursuant to

Section 8.1(a)(ii) and Section 8.1(b)(ii), subject to review and approval

of such computations by the Agent, and shall be effective commencing on the date three Business Days following the date such certificate is received (or, if earlier, the date such certificate was required to be delivered) until the date three Business Days following the date on which a new certificate is delivered or is required to be delivered, whichever shall first occur; provided however, if the Borrower shall fail to deliver any

such certificate within the time period required by Section 8.1, then the

Applicable Margin and Applicable Unused Fee shall be Tier VI until the appropriate certificate is so delivered. From the Closing Date to the first Determination Date, the Applicable Margin for Eurodollar Rate Loans shall be 0.625% and Base Rate Loans shall be .0% and the Applicable Unused Fee shall be 0.200%.

"Applicable Unused Fee" means that percent per annum set forth in the table in the definition of Applicable Margin, which shall be based upon the Consolidated Leverage Ratio for the Four-Quarter Period most recently ended and shall be effective on the date set forth in the definition of Applicable Margin. The Applicable Unused Fee shall be established as set forth in the definition of Applicable Margin.

"Applications and Agreements for Letters of Credit" means, collectively, the Applications and Agreements for Letters of Credit, or similar documentation, executed by the Borrower from time to time and delivered to the Issuing Bank to support the issuance of Letters of Credit.

"Assignment and Acceptance" shall mean an Assignment and Acceptance in the form of Exhibit B (with blanks appropriately filled in) delivered to the Agent in connection with an assignment of a Lender's interest under this Agreement pursuant to Section 12.1.

"Authorized Representative" means any of the President, the Executive Vice President or the Chief Financial Officer of the Borrower or, with respect to financial matters, the Chief Financial Officer or the Corporate Controller of the Borrower, or any other Person expressly designated by the Board of Directors of the Borrower (or the appropriate committee thereof) as an Authorized Representative of the Borrower, as set forth from time to time in a certificate in the form of Exhibit C.

"Base Rate" means, for any day, the rate per annum equal to the higher of (a) the Federal Funds Rate for such day plus one-half of one percent (0.5%) and (b) the Prime Rate for such day plus the Applicable Margin. Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Rate shall be effective on the effective date of such change in the Prime Rate or Federal Funds Rate.

"Base Rate Loan" means a Loan for which the rate of interest is determined by reference to the Base Rate.

"Base Rate Refunding Loan" means a Base Rate Loan made either to (i) satisfy Reimbursement Obligations arising from a drawing under a Letter of Credit or (ii) pay NationsBank in respect of Swing Line Outstandings.

"Board" means the Board of Governors of the Federal Reserve System (or any successor body).

"Borrower's Account" means a demand deposit account number [_____] or any successor account with the Agent, which may be maintained at one or more offices of the Agent or an agent of the Agent.

"Borrowing Notice" means the telephonic request of an Authorized Representative to obtain an Advance of any Type hereunder as the obtaining of such Advance shall otherwise be permitted herein. Any Borrowing Notice shall be confirmed in writing transmitted by telefacsimile on the same day of such request by an Authorized Representative, in the forms of Exhibits -----

D-1 and D-2, respectively.

"Business Day" means, (i) with respect to a Base Rate Loan, any day which is not a Saturday, Sunday or a day on which banks in the States of New York and North Carolina are authorized or obligated by law, executive order or governmental decree to be closed, and (ii) with respect to any Eurodollar Rate Loan, any day which is a Business Day, as described above, and on which the relevant international financial markets are open for the transaction of business contemplated by this Agreement in London, England, New York, New York and Charlotte, North Carolina.

"Capital Expenditures" means, with respect to the Borrower and its Subsidiaries, for any period the sum of (without duplication) (i) all -----
expenditures (whether paid in cash or accrued as liabilities) by the Borrower or any Subsidiary during such period for items that would be classified as "property, plant or equipment" or comparable items on the consolidated balance sheet of the Borrower and its Subsidiaries, including without limitation all transactional costs incurred in connection with such expenditures provided the same have been capitalized, excluding, however, the amount of any Capital Expenditures paid for with proceeds of casualty insurance as evidenced in writing and submitted to the Agent together with any compliance certificate delivered pursuant to Section 8.1(a) or (b), and -----

(ii) with respect to any Capital Lease entered into by the Borrower or its Subsidiaries during such period, the present value of the lease payments due under such Capital Lease over the term of such Capital Lease applying a discount rate equal to the interest rate provided in such lease (or in the absence of a stated interest rate, that rate used in the preparation of the financial statements described in Section 8.1(a)), all the foregoing in -----

accordance with GAAP applied on a Consistent Basis.

"Capital Leases" means all leases which have been or should be capitalized in accordance with GAAP as in effect from time to time including Statement No. 13 of the Financial Accounting Standards Board and any successor thereof.

"Change of Control" means, at any time:

(i) any "person" or "group" (each as used in Sections 13(d)(3) and 14(d)(2) of the Exchange Act) either (A) becomes the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of Voting Stock of the Borrower (or securities convertible into or exchangeable for such Voting Stock) representing twenty-five percent (25%) or more of the combined voting power of all Voting Stock of the Borrower (on a fully diluted basis) or (B) otherwise has the ability, directly or indirectly, to elect a majority of the board of directors of the Borrower;

(ii) during any period of up to 24 consecutive months, commencing on the Closing Date, individuals who at the beginning of such 24-month period were directors of the Borrower shall cease for any reason (other than the death, disability or retirement of an officer of the Borrower that is serving as a director at such time so long as another officer of the Borrower replaces such Person as a director) to constitute a majority of the board of directors of the Borrower;

(iii) any Person or two or more Persons acting in concert shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation thereof, will result in its or their acquisition of the power to exercise, directly or indirectly, a voting control over twenty-five percent (25%) or more of the Voting Stock of Borrower; or

(iv) a security of the Borrower is not traded on the New York Stock Exchange.

"Closing Date" means the date as of which this Agreement is executed by the Borrower, the Lenders and the Agent and on which the conditions set forth in Section 6.1 have been satisfied.

"Code" means the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder.

"Collateral" has the meaning given to such term in the Stock Pledge Agreement.

"Commercial Letter of Credit" means a documentary letter of credit issued by the Issuing Bank for the account of the Borrower which letter of credit is secured by documents.

"Consistent Basis" in reference to the application of GAAP means the accounting principles observed in the period referred to are comparable in all material respects to those applied in the preparation of the audited financial statements of the Borrower referred to in Section 7.6(a).

"Consolidated EBIT" means, with respect to the Borrower and its Subsidiaries for any Four-Quarter Period ending on the date of computation thereof the sum of, without duplication, (i) Consolidated Net

Income, (ii) Consolidated Interest Expense, and (iii) taxes

on income, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis; provided, however, that with respect to any

Acquisition which is treated as a "purchase", Consolidated EBIT for the four fiscal quarters ending during the quarter in which such Acquisition occurs shall include the results of operations of the Person or assets so acquired (which results shall be determined on an historical proforma basis in form and substance satisfactory to the Agent).

"Consolidated EBITDA" means, with respect to the Borrower and its Subsidiaries for any Four-Quarter Period ending on the date of computation thereof, the sum of, without duplication, (i) Consolidated Net Income, (ii)

Consolidated Interest Expense, (iii) taxes on income, (iv) amortization, and (v) depreciation, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis; provided, however, that with

respect to any Acquisition which is treated as a "purchase", Consolidated EBITDA for the four fiscal quarters ending during the quarter in which such Acquisition occurs shall include the results of operations of the Person or assets so acquired (which results shall be determined on an historical proforma basis in form and substance satisfactory to the Agent).

"Consolidated Indebtedness" means all Indebtedness for Money Borrowed of the Borrower and its Subsidiaries, all determined on a consolidated basis.

"Consolidated Interest Coverage Ratio" means, as of the date of computation thereof, the ratio of (i) Consolidated EBIT to (ii) Consolidated Interest Expense (for the Four-Quarter Period ending on (or most recently ended prior to) such date).

"Consolidated Interest Expense" means, with respect to any period of computation thereof, the gross interest expense of the Borrower and its Subsidiaries, including without limitation (i) the current amortized portion of debt discounts to the extent included in gross interest expense, (ii) the current amortized portion of all fees (including fees payable in respect of any Swap Agreement and Letters of Credit) payable in connection with the incurrence of Indebtedness to the extent included in gross interest expense and (iii) the portion of any payments made in connection with Capital Leases allocable to interest expense, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Consolidated Leverage Ratio" means, as of the date of computation thereof, the ratio of (i) Consolidated Indebtedness (determined as at such date) to (ii) Consolidated EBITDA (for the Four-Quarter Period ending on (or most recently ended prior to) such date).

"Consolidated Net Income" means, for any period of computation thereof, the gross revenues from operations of the Borrower and its Subsidiaries (including payments received by the Borrower and its Subsidiaries of (i) interest income, and (ii) dividends and distributions made in the ordinary course of their businesses by Persons in which investment is permitted pursuant to this Agreement and not related to an extraordinary event), less all operating and non-operating expenses of the Borrower and its Subsidiaries including taxes on income, all determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis;

but excluding (for all purposes other than compliance with Section 9.1(a)

hereof) as income: (i) net gains on the sale, conversion or other disposition of capital assets, (ii) net gains on the acquisition, retirement, sale or other disposition of capital stock and other securities of the Borrower or its Subsidiaries, (iii) net gains on the collection of proceeds of life insurance policies, (iv) any write-up of any asset, and (v) any other net gain or credit of an extraordinary nature as determined in accordance with GAAP applied on a Consistent Basis.

"Consolidated Net Worth" means, as of any date on which the amount thereof is to be determined, the sum of the following in respect of the Borrower and its Subsidiaries (determined on a consolidated basis and excluding any upward adjustment after the Closing Date due to revaluation of assets): (i) the amount of issued and outstanding share capital, plus (ii) the amount of additional paid-in capital and retained earnings (or, in the case of a deficit, minus the amount of such deficit), plus (iii) the amount of any foreign currency translation adjustment (if positive, or, if negative, minus the amount of such translation adjustment), minus (iv) the amount of any treasury stock, all as determined in accordance with GAAP applied on a Consistent Basis.

"Consolidated Total Assets" means, as of any date on which the amount thereof is to be determined, the net book value of all assets of the Borrower and its Subsidiaries as determined on a consolidated basis in accordance with GAAP applied on a Consistent Basis.

"Contingent Obligation" of any Person means all contingent liabilities required (or which, upon the creation or incurring thereof, would be required) to be included in the financial statements (including footnotes) of such Person in accordance with GAAP applied on a Consistent Basis, including Statement No. 5 of the Financial Accounting Standards Board, all Rate Hedging Obligations and any obligation of such Person guaranteeing or in effect guaranteeing any Indebtedness, dividend or other obligation of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including obligations of such Person however incurred:

(1) to purchase such Indebtedness or other obligation or any property or assets constituting security therefor;

(2) to advance or supply funds in any manner (i) for the purchase or payment of such Indebtedness or other obligation, or (ii) to maintain a minimum working capital, net worth or other balance sheet condition or any income statement condition of the primary obligor;

(3) to grant or convey any lien, security interest, pledge, charge or other encumbrance on any property or assets of such Person to secure payment of such Indebtedness or other obligation;

(4) to lease property or to purchase securities or other property or services primarily for the purpose of assuring the owner or holder of such Indebtedness or

obligation of the ability of the primary obligor to make payment of such Indebtedness or other obligation; or

(5) otherwise to assure the owner of the Indebtedness or such obligation of the primary obligor against loss in respect thereof.

"Continue", "Continuation", and "Continued" shall refer to the continuation pursuant to Section 2.8 hereof of a Eurodollar Rate Loan from -----
one Interest Period to the next Interest Period.

"Convert", "Conversion", and "Converted" shall refer to a conversion pursuant to Section 2.8 or Article IV of one Type of Loan into another Type of Loan.

"Cost of Acquisition" means, with respect to any Acquisition, as at the date of such Acquisition, the sum of the following (without

duplication): (i) the value of the capital stock, warrants or options to acquire capital stock of Borrower or any Subsidiary to be transferred in connection therewith (adjusted to give effect to any limitations on transfer of such capital stock, warrants or options), (ii) the amount of any cash and fair market value of other property (excluding property described in clause (i) and the unpaid principal amount of any debt instrument) given as consideration, (iii) the amount (determined by using the face amount or the amount payable at maturity, whichever is greater) of any Indebtedness incurred (without duplication), assumed or acquired by the Borrower or any Subsidiary in connection with such Acquisition, (iv) all additional purchase price amounts in the form of earnouts and other contingent obligations that should be recorded on the financial statements of the Borrower and its Subsidiaries in accordance with GAAP, (v) all amounts paid in respect of covenants not to compete, consulting agreements that should be recorded on financial statements of the Borrower and its Subsidiaries in accordance with GAAP, (vi) the aggregate fair market value of all other consideration given by the Borrower or any Subsidiary in connection with such Acquisition, and (vii) out of pocket transaction costs for the services and expenses of attorneys, accountants and other consultants incurred in effecting such transaction, and other similar transaction costs so incurred.

"Default" means any event or condition which, with the giving or receipt of notice or lapse of time or both, would constitute an Event of Default hereunder.

"Default Rate" means (i) with respect to each Eurodollar Rate Loan, until the end of the Interest Period applicable thereto, a rate of two percent (2%) above the Eurodollar Rate applicable to such Loan, and thereafter at a rate of interest per annum which shall be two percent (2%) above the Base Rate, (ii) with respect to Base Rate Loans, at a rate of interest per annum which shall be two percent (2%) above the Base Rate, and (iii) in any case, the maximum rate permitted by applicable law, if lower.

"Dollars" and the symbol "\$" means dollars constituting legal tender for the payment of public and private debts in the United States of America.

"Eligible Assignee" means (i) a Lender; (ii) an affiliate of a Lender; and (iii) any other Person approved by the Agent and, unless an Event of Default has occurred and is continuing at the time any assignment is effected in accordance with Section 12.1, the Borrower, such approval

not to be unreasonably withheld or delayed by the Borrower or the Agent; provided, however, that neither the Borrower nor an affiliate of the

Borrower shall qualify as an Eligible Assignee.

"Eligible Securities" means the following obligations and any other obligations previously approved in writing by the Agent:

(a) Government Securities;

(b) obligations of any corporation organized under the laws of any state of the United States of America or under the laws of any other nation, payable in the United States of America, expressed to mature not later than 92 days following the date of issuance thereof and rated in an investment grade rating category by S&P and Moody's;

(c) interest bearing demand or time deposits issued by any Lender or certificates of deposit maturing within one year from the date of issuance thereof and issued by a bank or trust company organized under the laws of the United States or of any state thereof having capital surplus and undivided profits aggregating at least \$400,000,000 and being rated "A-3" or better by S&P or "A" or better by Moody's;

(d) Repurchase Agreements;

(e) Municipal Obligations;

(f) Pre-Refunded Municipal Obligations;

(g) shares of mutual funds which invest in obligations described in paragraphs (a) through (f) above, the shares of which mutual funds are at all times rated "AAA" by S&P;

(h) tax-exempt or taxable adjustable rate preferred stock issued by a Person having a rating of its long term unsecured debt of "A" or better by S&P or "A-3" or better by Moody's; and

(i) asset-backed remarketed certificates of participation representing a fractional undivided interest in the assets of a trust, which certificates are rated at least "A-1" by S&P and "P-1" by Moody's.

"Employee Benefit Plan" means any employee benefit plan within the meaning of Section 3(3) of ERISA which (i) is maintained for employees of the Borrower or any of its ERISA Affiliates or is assumed by the Borrower or any of its ERISA Affiliates in connection

with any Acquisition or (ii) has at any time been maintained for the employees of the Borrower or any current or former ERISA Affiliate.

"Environmental Laws" means any federal, state or local statute, law, ordinance, code, rule, regulation, order, decree, permit or license regulating, relating to, or imposing liability or standards of conduct concerning, any environmental matters or conditions, environmental protection or conservation, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the Resource Conservation and Recovery Act, as amended; the Toxic Substances Control Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; together with all regulations promulgated thereunder, and any other "Superfund" or "Superlien" law."

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute and all rules and regulations promulgated thereunder.

"ERISA Affiliate", as applied to the Borrower, means any Person or trade or business which is a member of a group which is under common control with the Borrower, who together with the Borrower, is treated as a single employer within the meaning of Section 414(b) and (c) of the Code.

"Eurodollar Rate Loan" means Loans that bear interest at rates based upon the Eurodollar Rate.

"Eurodollar Rate" means the interest rate per annum calculated according to the following formula:

$$\begin{array}{rcl} \text{Eurodollar} & = & \text{Interbank Offered Rate} & + & \text{Applicable} \\ \text{Rate} & & \frac{\text{-----}}{1 - \text{Reserve Requirement}} & & \text{Margin} \end{array}$$

"Event of Default" means any of the occurrences set forth as such in Section 10.1.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the regulations promulgated thereunder.

"Existing Letters of Credit" means those Letters of Credit described in Schedule 1.1 attached hereto.

"Facility Guaranty" means each Amended and Restated Guaranty and Suretyship Agreement between one or more Guarantors and the Agent for the benefit of the Lenders, delivered as of the Closing Date and otherwise pursuant to Section 8.19, as the same may be amended, modified or supplemented.

"Facility Termination Date" means the date on which the Revolving Credit Termination Date shall have occurred, no Letters of Credit shall remain outstanding and the Borrower shall have fully, finally and irrevocably paid and satisfied all Obligations.

"Federal Funds Rate" means, for any day, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) 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 by the Federal Reserve Bank of New York on the Business Day next succeeding such day; provided that (a) if such day is not a

Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate charged to the Agent (in its individual capacity) on such day on such transactions as determined by the Agent.

"Fiscal Year" means the twelve month fiscal period of the Borrower and its Subsidiaries commencing on November 1 of each calendar year and ending on October 31 of the following calendar year.

"Foreign Benefit Law" means any applicable statute, law, ordinance, code, rule, regulation, order or decree of any foreign nation or any province, state, territory, protectorate or other political subdivision thereof regulating, relating to, or imposing liability or standards of conduct concerning, any Employee Benefit Plan.

"Four-Quarter Period" means a period of four full consecutive fiscal quarters of the Borrower and its Subsidiaries, taken together as one accounting period.

"GAAP" or "Generally Accepted Accounting Principles" means generally accepted accounting principles, being those principles of accounting set forth in pronouncements of the Financial Accounting Standards Board, the American Institute of Certified Public Accountants or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report.

"Government Securities" means direct obligations of, or obligations the timely payment of principal and interest on which are fully and unconditionally guaranteed by, the United States of America.

"Governmental Authority" shall mean any Federal, state, municipal, national or other governmental department, commission, board, bureau, court, agency or instrumentality or political subdivision thereof or any entity or officer exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to any government or any court, in each case whether associated with a state of the United States, the United States, or a foreign entity or government.

"Guarantors" means, at any date, the Subsidiaries who are required to be parties to a Facility Guaranty at such date.

"Hazardous Material" means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos-containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

"Indebtedness" means with respect to any Person, without duplication, all Indebtedness for Money Borrowed, all indebtedness of such Person for the acquisition of property or arising under Rate Hedging Obligations, all indebtedness secured by any Lien on the property of such Person whether or not such indebtedness is assumed, all liability of such Person by way of endorsements (other than for collection or deposit in the ordinary course of business), all Contingent Obligations, letters of credit, that portion of obligations with respect to Capital Leases and other items which in accordance with GAAP is required to be classified as a liability on a balance sheet; but excluding all accounts payable in the ordinary course of business so long as payment therefor is due within one year; provided that

in no event shall the term Indebtedness include surplus and retained earnings, lease obligations (other than pursuant to Capital Leases), reserves for deferred income taxes and investment credits, other deferred credits or reserves.

"Indebtedness for Money Borrowed" means with respect to any Person, without duplication, all indebtedness in respect of money borrowed, including without limitation all Capital Leases and the deferred purchase price of any property or asset, evidenced by a promissory note, bond, debenture or similar written obligation for the payment of money (including conditional sales or similar title retention agreements), other than trade payables incurred in the ordinary course of business.

"Interbank Offered Rate" means, for any Eurodollar Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "Eurodollar Rate" shall mean, for any Eurodollar Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; provided, however, if

more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%).

"Interest Period" means, for each Eurodollar Rate Loan, a period commencing on the date such Eurodollar Rate Loan is made or Converted and ending, at the Borrower's option,

on the date one, two, three or six months thereafter as notified to the Agent by the Authorized Representative three (3) Business Days prior to the beginning of such Interest Period; provided, that,

(i) if the Authorized Representative fails to notify the Agent of the length of an Interest Period three (3) Business Days prior to the first day of such Interest Period, the Loan for which such Interest Period was to be determined shall be deemed to be a Base Rate Loan as of the first day thereof;

(ii) if an Interest Period for a Eurodollar Rate Loan would end on a day which is not a Business Day, such Interest Period shall be extended to the next Business Day (unless such extension would cause the applicable Interest Period to end in the succeeding calendar month, in which case such Interest Period shall end on the next preceding Business Day);

(iii) any Interest Period which begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month;

(iv) no Interest Period shall extend past the Stated Termination Date; and

(v) there shall not be more than seven (7) Interest Periods in effect on any day.

"Interest Rate Selection Notice" means the telephonic request of an Authorized Representative to elect a subsequent Interest Period for any Eurodollar Rate Loan or the Conversion of any Eurodollar Rate Loan into a Base Rate Loan or the Conversion of any Base Rate Loan into a Eurodollar Rate Loan. Any Interest Rate Selection Notice shall be confirmed in writing transmitted by teletype on the same day as such request by an Authorized Officer in the form of Exhibit E.

"Issuing Bank" means initially NationsBank and thereafter any Lender which is successor to NationsBank as issuer of Letters of Credit under Article IV.

"LC Account Agreement" means the LC Account Agreement dated as of the date hereof between the Borrower and the Agent, as amended, modified or supplemented from time to time.

"Letter of Credit" means a Standby Letter of Credit or a Commercial Letter of Credit issued by the Issuing Bank for the account of the Borrower pursuant to Article III hereof, including the Existing Letters of Credit.

"Letter of Credit Commitment" means, with respect to each Lender, the obligation of such Lender to acquire Participations in respect of Letters of Credit and Reimbursement

Obligations up to an aggregate amount at any one time outstanding equal to such Lender's Applicable Commitment Percentage of the Total Letter of Credit Commitment as the same may be increased or decreased from time to time pursuant to this Agreement.

"Letter of Credit Facility" means the facility described in Article

III hereof providing for the issuance by the Issuing Bank for the account

of the Borrower of Letters of Credit in an aggregate stated amount at any time outstanding not exceeding the Total Letter of Credit Commitment.

"Letter of Credit Outstandings" means, as of any date of determination, the aggregate amount remaining undrawn under all Letters of Credit plus Reimbursement Obligations then outstanding.

"Lien" means any interest in property securing any obligation owed to, or a claim by, a Person other than the owner of the property, whether such interest is based on the common law, statute or contract, and including but not limited to the lien or security interest arising from a mortgage, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. For the purposes of this Agreement, the Borrower and any Subsidiary shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, financing lease, or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes.

"Loan" or "Loans" means any borrowing pursuant to an Advance under the Revolving Credit Facility.

"Loan Documents" means this Agreement, the Notes, the Facility Guaranties, the LC Account Agreement, the Applications and Agreements for Letter of Credit, and all other instruments and documents heretofore or hereafter executed or delivered to or in favor of any Lender or the Agent in connection with the Loans made and transactions contemplated under this Agreement, as the same may be amended, supplemented or replaced from the time to time.

"Loan Parties" means the Borrower and the Guarantors.

"Material Adverse Effect" means a material adverse effect on (i) the business, properties, operations or condition, financial or otherwise, of the Borrower or any of its Subsidiaries, taken as a whole, (ii) the ability of the Loan Parties to pay or perform their respective obligations, liabilities and indebtedness under the Loan Documents as such payment or performance becomes due in accordance with the terms thereof, or (iii) the rights, powers and remedies of the Agent or any Lender under any Loan Document or the validity, legality or enforceability thereof (including for purposes of clauses (ii) and (iii) the imposition of burdensome conditions thereon).

"Material Foreign Subsidiary" means any direct or indirect Subsidiary of the Borrower (but not a Subsidiary of a Material Foreign Subsidiary) which is incorporated or organized under the laws of a jurisdiction outside of the United States and which (i) has total assets equal to or greater than five percent (5%) of Consolidated Total Assets (calculated as of the most recent fiscal period with respect to which the Agent shall have received financial statements required to be delivered pursuant to Sections 8.1(a) or (b) or if prior to delivery of any financial statements pursuant to such Sections, then calculated with respect to the Fiscal Year) and financial statements referenced in Section 7.6) (the "Required Financial Information") or (ii) has income equal to or greater than five percent (5%) of Consolidated Net Income (calculated for the most recent period for which the Agent has received the Required Financial Information).

"Moody's" means Moody's Investors Service, Inc.

"Multiemployer Plan" means a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) Fiscal Years.

"Municipal Obligations" means general obligations issued by, and supported by the full taxing authority of, any state of the United States of America or of any municipal corporation or other public body organized under the laws of any such state which are rated in the highest investment rating category by both S&P and Moody's.

"NationsBank" means NationsBank, National Association (South).

"NCMI" means NationsBanc Capital Markets, Inc. and its successors.

"Notes" means, collectively, the promissory notes of the Borrower evidencing (i) Revolving Loans executed and delivered to the Lenders substantially in the form of Exhibit F-1, and (ii) Swing Line Loans executed and delivered to NationsBank substantially in the form of Exhibit F-2.

"Obligations" means the obligations, liabilities and Indebtedness of the Borrower with respect to (i) the principal and interest on the Loans as evidenced by the Notes, (ii) the Reimbursement Obligations and otherwise in respect of the Letters of Credit, (iii) all liabilities of Borrower to any Lender which arise under a Swap Agreement, and (iii) the payment and performance of all other obligations, liabilities and Indebtedness of the Borrower to the Lenders, the Agent or NCMI hereunder, under any one or more of the other Loan Documents or with respect to the Loans.

"Outstandings" means, collectively, at any date, the Letter of Credit Outstandings, Swing Line Outstandings, and Revolving Credit Outstandings on such date.

"Participation" means, (i) with respect to any Lender (other than the Issuing Bank) and a Letter of Credit, the extension of credit represented by the participation of such Lender hereunder in the liability of the Issuing Bank in respect of a Letter of Credit issued by the Issuing Bank in accordance with the terms hereof and (ii) with respect to any Lender (other than NationsBank) and a Swing Line Loan, the extension of credit represented by the participation of such Lender hereunder in the liability of NationsBank in respect of a Swing Line Loan made by NationsBank in accordance with the terms hereof.

"PBG" means the Pension Benefit Guaranty Corporation and any successor thereto.

"Pension Plan" means any employee pension benefit plan within the meaning of Section 3(2) of ERISA, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (i) is maintained for employees of the Borrower or any of its ERISA Affiliates or is assumed by the Borrower or any of its ERISA Affiliates in connection with any Acquisition or (ii) has at any time been maintained for the employees of the Borrower or any current or former ERISA Affiliate.

"Permitted Liens" has the meaning ascribed to such term in Section 9.4

hereof. -----

"Person" means an individual, partnership, corporation, trust, limited liability company, unincorporated organization, association, joint venture or a government or agency or political subdivision thereof.

"Pledged Stock" has the meaning given to such term in the Stock Pledge Agreement.

"Pre-Refunded Municipal Obligations" means obligations of any state of the United States of America or of any municipal corporation or other public body organized under the laws of any such state which are rated, based on the escrow, in the highest investment rating category by both S&P and Moody's and which have been irrevocably called for redemption and advance refunded through the deposit in escrow of Government Securities or other debt securities which are (i) not callable at the option of the issuer thereof prior to maturity, (ii) irrevocably pledged solely to the payment of all principal and interest on such obligations as the same becomes due and (iii) in a principal amount and bear such rate or rates of interest as shall be sufficient to pay in full all principal of, interest, and premium, if any, on such obligations as the same becomes due as verified by a nationally recognized firm of certified public accountants.

"Prime Rate" means the per annum rate of interest established from time to time by NationsBank as its prime rate, which rate may not be the lowest rate of interest charged by NationsBank to its customers.

"Principal Office" means the office of NationsBank, presently located at, Independence Center, 15th Floor, NC1 001-15-04, Charlotte, North Carolina 28255, Attention: Agency Services.

"Rate Hedging Obligations" means any and all obligations of the Borrower or any Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, 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, warrants and those commonly known as interest rate "swap" agreements; and (ii) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

"Regulation D" means Regulation D of the Board as the same may be amended or supplemented from time to time.

"Reimbursement Obligation" shall mean at any time, the obligation of the Borrower with respect to any Letter of Credit to reimburse the Issuing Bank and the Lenders to the extent of their respective Participations (including by the receipt by the Issuing Bank of proceeds of Loans pursuant to Section 3.2) for amounts theretofore paid by the Issuing Bank pursuant

to a drawing under such Letter of Credit.

"Repurchase Agreement" means a repurchase agreement entered into with any financial institution whose debt obligations or commercial paper are rated "A" by either of S&P or Moody's or "A-1" by S&P or "P-1" by Moody's.

"Required Lenders" means, as of any date, Lenders on such date having Credit Exposures (as defined below) aggregating more than 50% of the aggregate Credit Exposures of all Lenders on such date. For purposes of the preceding sentence, the amount of the "Credit Exposure" of each Lender

shall be equal to the aggregate principal amount of the Loans owing to such Lender plus the aggregate unutilized amounts of such Lender's Revolving Credit Commitment (without regard to any Swing Line Outstandings) plus the amount of such Lender's Applicable Commitment Percentage of Letter of Credit Outstandings; provided that, (i) if any Lender shall have failed to pay to the Issuing Bank its Applicable Commitment Percentage of any drawing under any Letter of Credit resulting in an outstanding Reimbursement Obligation, such Lender's Credit Exposure attributable to Letters of Credit and Reimbursement Obligations shall be deemed to be held by the Issuing Bank for purposes of this definition and (ii) if any Lender shall have failed to pay to NationsBank its Applicable Commitment Percentage of any Swing Line Loan, such Lender's Credit Exposure attributable to all Swing Line Outstandings shall be deemed to be held by NationsBank for purposes of this definition.

"Reserve Requirement" means, at any time, the maximum rate at which reserves (including, without limitation, any marginal, special, supplemental, or emergency reserves) are required to be maintained under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) by member banks of the Federal

Reserve System against, in the case of Eurodollar Rate Loans, "Eurocurrency liabilities" (as such term is used in Regulation D). Without limiting the effect of the foregoing, the Reserve Requirement shall reflect any other reserves required to be maintained by such member banks with respect to (i) any category of liabilities which includes deposits by reference to which the Eurodollar Rate is to be determined, or (ii) any category of extensions of credit or other assets which include Eurodollar Rate Loans. The Eurodollar Rate shall be adjusted automatically on and as of the effective date of any change in the Reserve Requirement.

"Restricted Payment" means (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of stock of Borrower or any of its Subsidiaries (other than those payable or distributable solely to the Borrower) now or hereafter outstanding, except a dividend payable solely in shares of a class of stock to the holders of that class; (b) any redemption, conversion, exchange, retirement or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of stock of Borrower or any of its Subsidiaries (other than those payable or distributable solely to the Borrower) now or hereafter outstanding; (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of stock of Borrower or any of its Subsidiaries now or hereafter outstanding; and (d) any issuance and sale of capital stock of any Subsidiary of the Borrower (or any option, warrant or right to acquire such stock) other than to the Borrower.

"Revolving Credit Commitment" means, with respect to each Lender, the obligation of such Lender to make Revolving Loans to the Borrower up to an aggregate principal amount at any one time outstanding equal to such Lender's Applicable Commitment Percentage of the Total Revolving Credit Commitment.

"Revolving Credit Facility" means the facility described in Article II hereof providing for Loans to the Borrower by the Lenders in the aggregate principal amount of the Total Revolving Credit Commitment.

"Revolving Credit Outstandings" means, as of any date of determination, the aggregate principal amount of all Revolving Loans made pursuant to Section 2.1 then outstanding and all interest accrued thereon.

"Revolving Credit Termination Date" means (i) the Stated Termination Date or (ii) such earlier date of termination of Lenders' obligations pursuant to Section 10.1 upon the occurrence of an Event of Default, or

(iii) such date as the Borrower may voluntarily and permanently terminate the Revolving Credit Facility by payment in full of all Revolving Credit Outstandings, Swing Line Outstandings and Letter of Credit Outstandings and cancellation of all Letters of Credit.

"Revolving Loan" means any borrowing pursuant to an Advance under the Revolving Credit Facility in accordance with Article II.

"S&P" means Standard & Poor's Ratings Group, a division of McGraw-Hill.

"Single Employer Plan" means any employee pension benefit plan covered by Title IV of ERISA in respect of which the Borrower or any Subsidiary is an "employer" as described in Section 4001(b) of ERISA and which is not a Multiemployer Plan.

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

(i) the fair value of its assets (both at fair valuation and at present fair saleable value on an orderly basis) is in excess of the total amount of its liabilities, including Contingent Obligations; and

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

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

"Standby Letter of Credit" means a letter of credit issued by the Issuing Bank for the account of the Borrower in favor of a Person advancing credit or securing an obligation on behalf of the Borrower.

"Stated Termination Date" means May 31, 2002.

"Stock Pledge Agreement" means, collectively or individually as the context may indicate, (i) that certain Amended and Restated Stock Pledge Agreement dated as of the date hereof between the Borrower or any Subsidiary and the Agent for the benefit of the Agent and the Lenders, (ii) the Charge Over Shares between the Borrower and the Agent dated as of the date hereof relating to certain Material Foreign Subsidiaries, and (iii) any additional Stock Pledge Agreement delivered to the Agent pursuant to

Section 8.19, as hereafter amended, supplemented or replaced from time to -----
time.

"Subsidiary" means any corporation or other entity in which more than 50% of its outstanding voting stock or more than 50% of all equity interests is owned directly or indirectly by the Borrower and/or by one or more of the Borrower's Subsidiaries.

"Swap Agreement" means one or more agreements between the Borrower and any Lender with respect to Indebtedness evidenced by any or all of the Notes, on terms mutually acceptable to Borrower and such Lender, which agreements create Rate Hedging Obligations.

"Swing Line" means the revolving line of credit established by NationsBank in favor of the Borrower pursuant to Section 2.13.

"Swing Line Loans" means loans made by NationsBank to the Borrower pursuant to Section 2.13.

"Swing Line Outstandings" means, as of any date of determination, the aggregate principal amount of all Swing Line Loans then outstanding.

"Termination Event" means: (i) a "Reportable Event" described in Section 4043 of ERISA and the regulations issued thereunder (unless the notice requirement has been waived by applicable regulation); or (ii) the withdrawal of the Borrower or any ERISA Affiliate from a Pension Plan during a plan year in which it was a "substantial employer" as defined in Section 4001(a)(2) of ERISA or was deemed such under Section 4068(f) of ERISA; or (iii) the termination of a Pension Plan, the filing of a notice of intent to terminate a Pension Plan or the treatment of a Pension Plan amendment as a termination under Section 4041 of ERISA; or (iv) the institution of proceedings to terminate a Pension Plan by the PBGC; or (v) any other event or condition which would constitute grounds under Section 4042(a) of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan; or (vi) the partial or complete withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan; or (vii) the imposition of a Lien pursuant to Section 412 of the Code or Section 302 of ERISA; or (viii) any event or condition which results in the reorganization or insolvency of a Multiemployer Plan under Section 4241 or Section 4245 of ERISA, respectively; or (ix) any event or condition which results in the termination of a Multiemployer Plan under Section 4041A of ERISA or the institution by the PBGC of proceedings to terminate a Multiemployer Plan under Section 4042 of ERISA.

"Total Letter of Credit Commitment" means an amount not to exceed \$10,000,000.

"Total Revolving Credit Commitment" means a principal amount equal to \$200,000,000, as reduced from time to time in accordance with Section 2.7.

"Type" shall mean any type of Loan (i.e., a Base Rate Loan or Eurodollar Rate Loan).

"Voting Stock" means shares of capital stock issued by a corporation, or equivalent interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right so to vote has been suspended by the happening of such a contingency.

1.3. Rules of Interpretation.

(a) All accounting terms not specifically defined herein shall have the meanings assigned to such terms and shall be interpreted in accordance with GAAP applied on a Consistent Basis.

(b) Each term defined in Article 1 or 9 of the Georgia Uniform Commercial Code shall have the meaning given therein unless otherwise defined herein, except to the extent that the Uniform Commercial Code of another jurisdiction is controlling, in which case such terms shall have the meaning given in the Uniform Commercial Code of the applicable jurisdiction.

(c) The headings, subheadings and table of contents used herein or in any other Loan Document are solely for convenience of reference and shall not constitute a part of any such document or affect the meaning, construction or effect of any provision thereof.

(d) Except as otherwise expressly provided, references herein to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules are references to articles, sections, paragraphs, clauses, annexes, appendices, exhibits and schedules in or to this Agreement.

(e) All definitions set forth herein or in any other Loan Document shall apply to the singular as well as the plural form of such defined term, and all references to the masculine gender shall include reference to the feminine or neuter gender, and vice versa, as the context may require.

(f) used herein or in any other Loan Document, words such as "hereunder", "hereto", "hereof" and "herein" and other words of like import shall, unless the context clearly indicates to the contrary, refer to the whole of the applicable document and not to any particular article, section, subsection, paragraph or clause thereof.

(g) References to "including" means including without limiting the generality of any description preceding such term, and for purposes hereof the rule of ejusdem generis shall not be applicable to limit a general statement, followed by or referable to an enumeration of specific matters, to matters similar to those specifically mentioned.

(h) All dates and times of day specified herein shall refer to such dates and times at Charlotte, North Carolina.

(i) Each of the parties to the Loan Documents and their counsel have reviewed and revised, or requested (or had the opportunity to request) revisions to, the Loan Documents, and any rule of construction that ambiguities are to be resolved against the drafting party shall be inapplicable in the construing and interpretation of the Loan Documents and all exhibits, schedules and appendices thereto.

(j) Any reference to an officer of the Borrower or any other Person by reference to the title of such officer shall be deemed to refer to each other officer of such Person, however titled, exercising the same or substantially similar functions.

(k) All references to any agreement or document as amended, modified or supplemented, or words of similar effect, shall mean such document or agreement, as the case

may be, as amended, modified or supplemented from time to time only as and to the extent permitted therein and in the Loan Documents.

ARTICLE II

The Revolving Credit Facility

2.1. Revolving Loans.

(a) Commitment. Subject to the terms and conditions of this Agreement,

each Lender severally agrees to make Advances to the Borrower under the Revolving Credit Facility from time to time from the Closing Date until the Revolving Credit Termination Date on a pro rata basis as to the total borrowing requested by the Borrower on any day determined by such Lender's Applicable Commitment Percentage up to but not exceeding the Revolving Credit Commitment of such Lender, provided, however, that the Lenders will not be required and shall

have no obligation to make any such Advance (i) so long as a Default or an Event of Default has occurred and is continuing or (ii) if the Agent has accelerated the maturity of any of the Notes as a result of an Event of Default; provided

further, however, that immediately after giving effect to each such Advance, the

principal amount of Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings shall not exceed the Total Revolving Credit Commitment. Within such limits, the Borrower may borrow, repay and reborrow under the Revolving Credit Facility on a Business Day from the Closing Date until, but (as to borrowings and reborrowings) not including, the Revolving Credit Termination Date; provided, however, that (y) no Eurodollar Rate Loan

shall be made which has an Interest Period that extends beyond the Stated Termination Date and (z) each Eurodollar Rate Loan may, subject to the provisions of Section 2.8, be repaid only on the last day of the Interest Period

with respect thereto unless such payment is accompanied by the additional payment, if any, required by Section 4.5.

(b) Amounts. Except as otherwise permitted by the Lenders from time to

time, the aggregate unpaid principal amount of the Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings shall not exceed at any time the Total Revolving Credit Commitment, and, in the event there shall be outstanding any such excess, the Borrower shall immediately make such payments and prepayments as shall be necessary to comply with this restriction. Each Loan hereunder, other than Base Rate Refunding Loans, and each Conversion under Section 2.8, shall be in an amount of at least \$5,000,000, and, if greater

than \$5,000,000, an integral multiple of \$1,000,000.

(c) Advances and Rate Selection. (i) An Authorized Representative shall

give the Agent (A) at least three (3) Business Days' irrevocable telephonic notice of each Eurodollar Rate Loan (whether representing an additional borrowing hereunder or the Conversion of a borrowing hereunder prior to 10:30 A.M.; and (B) irrevocable telephonic notice of each Base Rate Loan (whether representing an additional borrowing hereunder or the Conversion of a borrowing hereunder) prior to 10:30 A.M. on the day of such proposed Base Rate Loan. Each such Borrowing Notice or Interest Rate Selection Notice, which shall be effective upon receipt by the Agent, shall specify the amount of the borrowing, the Type of Loan, the date of borrowing and, if a Eurodollar Rate Loan the Interest Period to be used in the computation of interest. An Authorized Officer shall provide the agent written confirmation of each such telephonic notice in the form attached hereto as Exhibit D-1 or D-2

or Exhibit E with appropriate insertions but failure to provide such

confirmation shall not affect the validity of such telephonic notice. Notice of receipt of such Borrowing Notice or Interest Rate Selection Notice, as the case may be, together with the amount of each Lender's portion of an Advance requested thereunder, shall be provided by the agent to each Lender by telefacsimile transmission with reasonable promptness, but (provided the agent shall have received such notice by 10:30 A.M.) not later than 1:00 P.M. on the same day as the Agent's receipt of such notice.

(ii) Not later than 2:00 P.M. on the date specified for each borrowing under this Section 2.1, each Lender shall, pursuant to the terms and subject to

the conditions of this Agreement, make the amount of the Advance or Advances to be made by it on such day available by wire transfer to the Agent in the amount of its pro rata share, determined according to such Lender's Applicable Commitment Percentage of the Revolving Loan or Revolving Loans to be made on such day. Such wire transfer shall be directed to the Agent at the Principal Office and shall be in the form of Dollars constituting immediately available funds. The amount so received by the Agent shall, subject to the terms and conditions of this Agreement, be made available to the Borrower by delivery of the proceeds thereof to the Borrower's Account or otherwise as shall be directed in the applicable Borrowing Notice by the Authorized Representative and reasonably acceptable to the Agent.

(iii) The Borrower shall have the option to elect the duration of the initial and any subsequent Interest Periods and to Convert the Loans in accordance with Section 2.8. Eurodollar Rate Loans and Base Rate Loans may be

outstanding at the same time, provided, however, there shall not be outstanding

at any one time Eurodollar Rate Loans having more than seven (7) different Interest Periods. If the Agent does not receive a Borrowing Notice or an Interest Rate Selection Notice giving notice of election of the duration of an Interest Period or of Conversion of any Loan to or Continuation of a Loan as a Eurodollar Rate Loan by the time prescribed by Section 2.1(c) or 2.8, the

Borrower shall be deemed to have elected to Convert such Loans to (or continue such Loan as) a Base Rate Loan until the Borrower notifies the Agent in accordance with Section 2.8.

(iv) Notwithstanding the foregoing, if a drawing is made under any Letter of Credit, such drawing is honored by the Issuing Bank prior to the Stated Termination Date, and the Borrower shall not immediately fully reimburse the Issuing Bank in respect of such drawing, (A) provided that the conditions to making a Loan as herein provided shall then be satisfied, the Reimbursement Obligation arising from such drawing shall be paid to the Issuing Bank by the Agent without the requirement of notice to or from the Borrower from immediately available funds which shall be advanced as a Base Rate Refunding Loan by each Lender under the Revolving Credit Facility in an amount equal to such Lender's Applicable Commitment Percentage of such Reimbursement Obligation, and (B) if the conditions to making a Revolving Loan as herein provided shall not then be satisfied, each of the Lenders shall fund by payment to the Agent (for the benefit of the Issuing Bank) in immediately available funds the purchase from the Issuing Bank of their respective Participations in the related Reimbursement Obligation based on their respective Applicable Commitment Percentages of the Total Letter of Credit Commitment. If a drawing is presented under any Letter of Credit in accordance with the terms thereof and the Borrower shall not immediately reimburse the Issuing Bank in respect thereof, then notice of such drawing or payment shall be provided promptly by the Issuing Bank to the Agent and the Agent shall provide notice to each Lender by telephone or telefacsimile transmission. If notice to the Lenders of a drawing under any Letter of Credit is given by the Agent

at or before 12:00 noon on any Business Day, each Lender shall, pursuant to the conditions specified in this Section 2.1(c)(iv), either make a Base Rate

Refunding Loan or fund the purchase of its Participation in the amount of such Lender's Applicable Commitment Percentage of such drawing or payment and shall pay such amount to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds before 2:30 P.M. on the same Business Day. If notice to the Lenders of a drawing under a Letter of Credit is given by the Agent after 12:00 noon on any Business Day, each Lender shall, pursuant to the conditions specified in this Section 2.1(c)(iv),

either make a Base Rate Refunding Loan or fund the purchase of its Participation in the amount of such Lender's Applicable Commitment Percentage of such drawing or payment and shall pay such amount to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds before 12:00 noon on the next following Business Day. Any such Base Rate Refunding Loan shall be advanced as, and shall continue as, a Base Rate Loan unless and until the Borrower Converts such Base Rate Loan in accordance with the terms of Section 2.8.

2.2. Payment of Interest. (a) The Borrower shall pay interest to the

Agent for the account of each Lender on the outstanding and unpaid principal amount of each Revolving Loan made by such Lender for the period commencing on the date of such Revolving Loan until such Revolving Loan shall be due at the then applicable Base Rate for Base Rate Loans or applicable Eurodollar Rate for Eurodollar Rate Loans, as designated by the Authorized Representative pursuant to Section 2.1; provided, however, that if any amount shall not be paid when due

(at maturity, by acceleration or otherwise), all amounts outstanding hereunder shall bear interest thereafter at the Default Rate.

(b) Interest on each Revolving Loan shall be computed on the basis of a year of 360 days in the case of a Eurodollar Rate Loan and a year of 365 or 366 days (as the case may be) in the case of a Base Rate Loan and calculated in each case for the actual number of days elapsed. Interest on each Revolving Loan shall be paid (i) quarterly in arrears on the last Business Day of each January, April, July and October, commencing July 31, 1997 for each Base Rate Loan, (ii) on the last day of the applicable Interest Period for each Eurodollar Rate Loan and, if such Interest Period extends for more than three (3) months, at intervals of three (3) months after the first day of such Interest Period, and (iii) upon payment in full of the principal amount of such Revolving Loan.

2.3. Payment of Principal. The principal amount of the Revolving

Credit Outstandings shall be due and payable to the Agent for the benefit of each Lender in full on the Revolving Credit Termination Date, or earlier as specifically provided herein. The principal amount of any Base Rate Loan may be prepaid in whole or in part at any time. The principal amount of any Eurodollar Rate Loan may be prepaid only at the end of the applicable Interest Period unless the Borrower shall pay to the Agent for the account of the Lenders the additional amount, if any, required under Section 4.5. All prepayments of

Revolving Loans made by the Borrower shall be in the amount of \$5,000,000 or such greater amount which is an integral multiple of \$1,000,000, or the amount equal to all Revolving Credit Outstandings, or such other amount as necessary to comply with Section 2.1(b) or Section 2.8.

2.4. Non-Conforming Payments. (a) Each payment of principal

(including any prepayment) and payment of interest and fees, and any other amount required to be paid to the Lenders with respect to the Revolving Loans, shall be made to the Agent at the Principal Office, for the account of each Lender, in Dollars and in immediately available funds before 12:30 P.M. on the

date such payment is due. The Borrower shall give the Agent three (3) Business Days prior written notice of any payment of principal of any Eurodollar Rate Loan and one (1) Business Day notice of any payment of a Base Rate Loan, such notice to be given prior to 10:00 A.M. and to specify (i) the date the payment will be made and (ii) the Loan to which payment relates. The Agent may, but shall not be obligated to, debit the amount of any such non-conforming payment which is not made by such time to any ordinary deposit account, if any, of the Borrower with the Agent.

(b) The Agent shall deem any payment made by or on behalf of the Borrower hereunder that is not made both in Dollars and in immediately available funds and prior to 12:30 P.M. on the date payment is due to be a non-conforming payment. Any such payment shall not be deemed to be received by the Agent until the later of (i) the time such funds become available funds and (ii) the next Business Day. Any non-conforming payment may constitute or become a Default or Event of Default. Interest shall continue to accrue on any principal as to which a non-conforming payment is made until the later of (x) the date such funds become available funds or (y) the next Business Day at the Default Rate from the date such amount was due and payable.

(c) In the event that any payment hereunder or under the Notes becomes due and payable on a day other than a Business Day, then such due date shall be extended to the next succeeding Business Day unless provided otherwise under clause (ii) of the definition of "Interest Period"; provided that interest shall continue to accrue during the period of any such extension and provided further, that in no event shall any such due date be extended beyond the Revolving Credit Termination Date.

2.5. Notes. Revolving Loans made by each Lender shall be evidenced by Notes in substantially the form set forth as Exhibit F-1 payable to the order of such Lender in the respective amount of its Applicable Commitment Percentage of the Revolving Credit Commitment, which Note shall be dated the Closing Date or a later date pursuant to an Assignment and Acceptance and shall be duly completed, executed and delivered by the Borrower. Swing Line Loans made by NationsBank shall be evidenced by a Note in substantially the form as set forth as Exhibit F-2 payable to the order of NationsBank.

2.6. Pro Rata Payments. Except as otherwise provided herein, (a) each payment on account of the principal of and interest on the Revolving Loans and the fees described in Section 2.10 shall be made to the Agent for the account of the Lenders pro rata based on their Applicable Commitment Percentages, (b) all payments to be made by the Borrower for the account of each of the Lenders on account of principal, interest and fees, shall be made without diminution, setoff, recoupment or counterclaim, and (c) the Agent will promptly distribute to the Lenders in immediately available funds payments received in fully collected, immediately available funds from the Borrower.

2.7. Reductions. The Borrower shall, by notice from an Authorized Representative, have the right from time to time but not more frequently than once each calendar month, upon not less than three (3) Business Days' written notice to the Agent, effective upon receipt, to permanently reduce the Total Revolving Credit Commitment. The Agent shall give each Lender, within one (1) Business Day of receipt of such notice, telefacsimile notice, or telephonic notice (confirmed in writing), of such reduction. Each such reduction shall be in the aggregate amount of \$10,000,000 or such greater

amount which is in an integral multiple of \$5,000,000, or the entire remaining Total Revolving Credit Commitment, and shall permanently reduce the Total Revolving Credit Commitment. Each reduction of the Total Revolving Credit Commitment shall be accompanied by payment of the Revolving Loans to the extent that the principal amount of Revolving Credit Outstandings plus Letter of Credit Outstandings plus Swing Line Outstandings exceeds the Total Revolving Credit Commitment after giving effect to such reduction, together with accrued and unpaid interest on the amounts prepaid. No such reduction shall result in the payment of any Eurodollar Rate Loan other than on the last day of the Interest Period of such Eurodollar Rate Loan unless such prepayment is accompanied by amounts due, if any, under Section 4.5.

2.8. Conversions and Elections of Subsequent Interest Periods.

Provided that no Default or Event of Default shall have occurred and be continuing and subject to the limitations set forth below and in Article IV, the

Borrower may:

(a) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 10:30 A.M. on any Business Day, Convert all or a part of Eurodollar Rate Loans to Base Rate Loans on the last day of the Interest Period for such Eurodollar Rate Loans; and

(b) upon delivery, effective upon receipt, of a properly completed Interest Rate Selection Notice to the Agent on or before 10:30 A.M. three (3) Business Days' prior to the date of such election or Conversion:

(i) elect a subsequent Interest Period for all or a portion of Eurodollar Rate Loans to begin on the last day of the then current Interest Period for such Eurodollar Rate Loans; and

(ii) Convert Base Rate Loans to Eurodollar Rate Loans on any Business Day.

Each election and Conversion pursuant to this Section 2.8 shall be subject

to the limitations on Eurodollar Rate Loans set forth in the definition of "Interest Period" herein and in Sections 2.1, 2.3 and Article IV. The Agent

shall give written notice to each Lender of such notice of election or Conversion prior to 3:00 P.M. on the day such notice of election or Conversion is received. All such Continuations or Conversions of Loans shall be effected pro rata based on the Applicable Commitment Percentages of the Lenders.

2.9. Increase and Decrease in Amounts. The amount of the Total Revolving

Credit Commitment which shall be available to the Borrower as Advances shall be reduced by the aggregate amount of Outstanding Letters of Credit and Outstanding Swing Line Loans.

2.10. Facility Fees.

(a) Unused Fee. For the period beginning on the Closing Date and ending on

the Revolving Credit Termination Date, the Borrower agrees to pay to the Agent, for the pro rata benefit of the Lenders based on their Applicable Commitment Percentages, an unused fee equal to the Applicable Unused Fee multiplied by the average daily amount by which the Total Revolving Credit Commitment exceeds the sum of (i) Revolving Credit Outstandings without giving effect to Swing Line Outstandings plus (ii) Letter of Credit Outstandings. Such fees shall be due in arrears on the last Business Day of each January, April, July and October commencing July 31, 1997 to and on the Revolving Credit Termination Date. Notwithstanding the foregoing, so long as any Lender fails to make available any portion of its Revolving Credit Commitment when requested, such Lender shall not be entitled to receive payment of its pro rata share of such fee until such Lender shall make available such portion. Such fee shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

2.11. Deficiency Advances. No Lender shall be responsible for any

default of any other Lender in respect to such other Lender's obligation to make any Loan or fund its purchase of any Participation hereunder nor shall the Revolving Credit Commitment of any Lender hereunder be increased as a result of such default of any other Lender. Without limiting the generality of the foregoing, in the event any Lender shall fail to advance funds to the Borrower as herein provided, the Agent may in its discretion, but shall not be obligated to, advance under the Note in its favor as a Lender all or any portion of such amount or amounts (each, a "deficiency advance") and shall thereafter be entitled to payments of principal of and interest on such deficiency advance in the same manner and at the same interest rate or rates to which such other Lender would have been entitled had it made such advance under its Note; provided that, upon payment to the Agent from such other Lender of the entire

outstanding amount of each such deficiency advance, together with accrued and unpaid interest thereon, from the most recent date or dates interest was paid to the Agent by the Borrower on each Revolving Loan comprising the deficiency advance at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank, then such payment shall be credited against the applicable Note of the Agent in full payment of such deficiency advance and the Borrower shall be deemed to have borrowed the amount of such deficiency advance from such other Lender as of the most recent date or dates, as the case may be, upon which any payments of interest were made by the Borrower thereon.

2.12. Use of Proceeds. The proceeds of the Loans made pursuant to the

Revolving Credit Facility hereunder shall be used by the Borrower for general working capital needs and other corporate purposes, including the making of Acquisitions and Capital Expenditures permitted hereunder.

2.13. Swing Line. (a) Notwithstanding any other provision of this

Agreement to the contrary, in order to administer the Revolving Credit Facility in an efficient manner and to minimize the transfer of funds between the Agent and the Lenders, NationsBank shall make available Swing Line Loans to the Borrower prior to the Revolving Credit Termination Date. NationsBank shall not make any Swing Line Loan pursuant hereto (i) if to the actual knowledge of NationsBank the Borrower is not in compliance with all the conditions to the making of Revolving Loans set forth in this Agreement, (ii) if after giving effect to such Swing Line Loan, the Swing Line Outstandings

exceed \$10,000,000, or (iii) if after giving effect to such Swing Line Loan, the sum of the Swing Line Outstandings, the Revolving Credit Outstandings and Letter of Credit Outstandings exceeds the Total Revolving Credit Commitment. Swing Line Loans shall be limited to Base Rate Loans. The Company may borrow, repay and reborrow under this Section 2.13. Unless notified to the contrary by

NationsBank, borrowings under the Swing Line shall be made in the minimum amount of \$100,000 or, if greater, in amounts which are integral multiples of \$10,000, or in the amount necessary to effect a Base Rate Refunding Loan, upon written request by telefacsimile transmission, effective upon receipt, by an Authorized Representative of the Borrower made to NationsBank not later than 12:30 P.M. on the Business Day of the requested borrowing. Each such Borrowing Notice shall specify the amount of the borrowing and the date of borrowing, and shall be in the form of Exhibit D-2, with appropriate insertions. Unless notified to the

contrary by NationsBank, each repayment of a Swing Line Loan shall be in an amount which is an integral multiple of \$100,000 or the aggregate amount of all Swing Line Outstandings. If the Borrower instructs NationsBank to debit any demand deposit account of the Borrower in the amount of any payment with respect to a Swing Line Loan, or NationsBank otherwise receives repayment, after 12:30 P.M. on a Business Day, such payment shall be deemed received on the next Business Day.

(b) Swing Line Loans shall bear interest at the Base Rate or such other rate as the Borrower and NationsBank shall agree, the interest payable on Swing Line Loans is solely for the account of NationsBank, and all accrued and unpaid interest on Swing Line Loans shall be payable on the dates and in the manner provided in Sections 2.2(b) and 2.4 with respect to interest on Base Rate Loans.

The Swing Line Outstandings shall be evidenced by the Note delivered to NationsBank pursuant to Section 2.5. Any amount of principal or interest which

is not paid when due shall bear interest thereafter at the Default Rate.

(c) Upon the making of a Swing Line Loan, each Lender shall be deemed to have purchased from NationsBank a Participation therein in an amount equal to that Lender's Applicable Commitment Percentage of such Swing Line Loan. Upon demand made by NationsBank, each Lender shall, according to its Applicable Commitment Percentage of such Swing Line Loan, promptly provide to NationsBank its purchase price therefor in an amount equal to its Participation therein. Any Advance made by a Lender pursuant to demand of NationsBank of the purchase price of its Participation shall be deemed (i) provided that the conditions to making Revolving Loans shall be satisfied, a Base Rate Refunding Loan under Section 2.1

until the Borrower Converts such Base Rate Loan in accordance with the terms of Section 2.8, and (ii) in all other cases, the funding by each Lender of the

purchase price of its Participation in such Swing Line Loan. The obligation of each Lender to so provide its purchase price to NationsBank shall be absolute and unconditional and shall not be affected by the occurrence of an Event of Default or any other occurrence or event.

The Borrower, at its option and subject to the terms hereof, may request an Advance pursuant to Section 2.1 in an amount sufficient to repay Swing Line

Outstandings on any date and the Agent shall provide from the proceeds of such Advance to NationsBank the amount necessary to repay such Swing Line Outstandings (which NationsBank shall then apply to such repayment) and credit any balance of the Advance in immediately available funds in the manner directed by the Borrower pursuant to Section 2.1(c)(ii). The proceeds of such Advances

shall be paid to NationsBank for application to the Swing Line Outstandings and the Lenders shall then be deemed to have made Loans in the amount of such Advances. The Swing Line shall continue in effect until the Revolving Credit

Termination Date, at which time all Swing Line Outstandings and accrued interest thereon shall be due and payable in full.

ARTICLE III

Letters of Credit

3.1. Letters of Credit. The Issuing Bank agrees, subject to the terms

and conditions of this Agreement, upon request of the Borrower to issue from time to time for the account of the Borrower Letters of Credit upon delivery to the Issuing Bank of an Application and Agreement for Letter of Credit relating thereto in form and content acceptable to the Issuing Bank; provided, that (i)

the Letter of Credit Outstandings shall not exceed the Total Letter of Credit Commitment and (ii) no Letter of Credit shall be issued if, after giving effect thereto, Letter of Credit Outstandings plus the Revolving Credit Outstandings plus Swing Line Outstandings shall exceed the Total Revolving Credit Commitment. No Letter of Credit shall have an expiry date (including all rights of the Borrower or any beneficiary named in such Letter of Credit to require renewal) or payment date occurring later than the earlier to occur of one year after the date of its issuance or the fifth Business Day prior to the Stated Termination Date.

3.2. Reimbursement.

(a) The Borrower hereby unconditionally agrees to pay to the Issuing Bank immediately on demand at the Principal Office all amounts required to pay all drafts drawn or purporting to be drawn under the Letters of Credit and all reasonable expenses incurred by the Issuing Bank in connection with the Letters of Credit, and in any event and without demand to place in possession of the Issuing Bank (which shall include Advances under the Revolving Credit Facility if permitted by Section 2.1 and Swing Line Loans if permitted by Section 2.14)

sufficient funds to pay all debts and liabilities arising under any Letter of Credit. The Issuing Bank agrees to give the Borrower prompt notice of any request for a draw under a Letter of Credit. The Issuing Bank may charge any account the Borrower may have with it for any and all amounts the Issuing Bank pays under a Letter of Credit, plus charges and reasonable expenses as from time to time agreed to by the Issuing Bank and the Borrower; provided that to the

extent permitted by Section 2.1(c)(iv) and Section 2.14, amounts shall be paid

pursuant to Advances under the Revolving Credit Facility or, if the Borrower shall elect, by Swing Line Loans. The Borrower agrees to pay the Issuing Bank interest on any Reimbursement Obligations not paid when due hereunder at the Base Rate plus two percent (2.0%), or the maximum rate permitted by applicable law, if lower, such rate to be calculated on the basis of a year of 360 days for actual days elapsed.

(b) In accordance with the provisions of Section 2.1(c), the Issuing Bank

shall notify the Agent of any drawing under any Letter of Credit promptly following the receipt by the Issuing Bank of such drawing.

(c) Each Lender (other than the Issuing Bank) shall automatically acquire on the date of issuance thereof, a Participation in the liability of the Issuing Bank in respect of each Letter of Credit in an amount equal to such Lender's Applicable Commitment Percentage of such liability, and to the extent that the Borrower is obligated to pay the Issuing Bank under Section 3.2(a), each Lender

(other than the Issuing Bank) thereby shall absolutely, unconditionally and irrevocably assume, and

shall be unconditionally obligated to pay to the Issuing Bank as hereinafter described, its Applicable Commitment Percentage of the liability of the Issuing Bank under such Letter of Credit.

(i) Each Lender (including the Issuing Bank in its capacity as a Lender) shall, subject to the terms and conditions of Article II,

pay to the Agent for the account of the Issuing Bank at the Principal Office in Dollars and in immediately available funds, an amount equal to its Applicable Commitment Percentage of any drawing under a Letter of Credit, such funds to be provided in the manner described in Section 2.1(c)(iv).

(ii) Simultaneously with the making of each payment by a Lender to the Issuing Bank pursuant to Section 2.1(c)(iv)(B), such Lender

shall, automatically and without any further action on the part of the Issuing Bank or such Lender, acquire a Participation in an amount equal to such payment (excluding the portion thereof constituting interest accrued prior to the date the Lender made its payment) in the related Reimbursement Obligation of the Borrower. The Reimbursement Obligations of the Borrower shall be immediately due and payable whether by Advances made in accordance with Section 2.1(c)(iv), Swing

Line Loans made in accordance with Section 2.13, or otherwise.

(iii) Each Lender's obligation to make payment to the Agent for the account of the Issuing Bank pursuant to Section 2.1(c)(iv) and

this Section 3.2(c), and the right of the Issuing Bank to receive the

same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and shall be made without any offset, abatement, withholding or reduction whatsoever. If any Lender is obligated to pay but does not pay amounts to the Agent for the account of the Issuing Bank in full upon such request as required by Section

2.1(c)(iv) or this Section 3.2(c), such Lender shall, on demand, pay

to the Agent for the account of the Issuing Bank interest on the unpaid amount for each day during the period commencing on the date of notice given to such Lender pursuant to Section 2.1(c) until such

Lender pays such amount to the Agent for the account of the Issuing Bank in full at the interest rate per annum for overnight borrowing by the Agent from the Federal Reserve Bank.

(iv) In the event the Lenders have purchased Participations in any Reimbursement Obligation as set forth in clause (ii) above, then at any time payment (in fully collected, immediately available funds) of such Reimbursement Obligation, in whole or in part, is received by the Issuing Bank from the Borrower, the Issuing Bank shall promptly pay to each Lender an amount equal to its Applicable Commitment Percentage of such payment from the Borrower.

(d) Promptly following the end of each calendar quarter, the Issuing Bank shall deliver to the Agent a notice describing the aggregate undrawn amount of all Letters of Credit at the end of such quarter. Upon the request of any Lender from time to time, the Issuing Bank shall deliver to

the Agent, and the Agent shall deliver to such Lender, any other information reasonably requested by such Lender with respect to each outstanding Letter of Credit.

(e) The issuance by the Issuing Bank of each Letter of Credit shall, in addition to the conditions precedent set forth in Article VI, be subject to the

conditions that such Letter of Credit be in such form and contain such terms as shall be reasonably satisfactory to the Issuing Bank consistent with the then current practices and procedures of the Issuing Bank with respect to similar letters of credit, and the Borrower shall have executed and delivered such other instruments and agreements relating to such Letters of Credit as the Issuing Bank shall have reasonably requested consistent with such practices and procedures and shall not be in conflict with any of the express terms herein contained. All Letters of Credit shall be issued pursuant to and subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, International Chamber of Commerce Publication No. 500 and all subsequent amendments and revisions thereto.

(f) The Borrower agrees that the Issuing Bank may, in its sole discretion, accept or pay, as complying with the terms of any Letter of Credit, any drafts or other documents otherwise in order which may be signed or issued by an administrator, executor, trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, liquidator, receiver, attorney in fact or other legal representative of a party who is authorized under such Letter of Credit to draw or issue any drafts or other documents.

(g) Without limiting the generality of the provisions of Section 12.9, the

Borrower hereby agrees to indemnify and hold harmless the Issuing Bank, each other Lender and the Agent from and against any and all claims and damages, losses, liabilities, reasonable costs and expenses which the Issuing Bank, such other Lender or the Agent may incur (or which may be claimed against the Issuing Bank, such other Lender or the Agent) by any Person by reason of or in connection with the issuance or transfer of or payment or failure to pay under any Letter of Credit; provided that the Borrower shall not be required to

indemnify the Issuing Bank, any other Lender or the Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, (i) caused by the willful misconduct or gross negligence of the party to be indemnified or (ii) caused by the failure of the Issuing Bank to pay under any Letter of Credit after the presentation to it of a request for payment strictly complying with the terms and conditions of such Letter of Credit, unless such payment is prohibited by any law, regulation, court order or decree. The indemnification and hold harmless provisions of this Section 3.2(g) shall

survive repayment of the Obligations, occurrence of the Revolving Credit Termination Date and expiration or termination of this Agreement.

(h) Without limiting Borrower's rights as set forth in Section 3.2(g), the

obligation of the Borrower to immediately reimburse the Issuing Bank for drawings made under Letters of Credit and the Issuing Bank's right to receive such payment shall be absolute, unconditional and irrevocable, and such obligations of the Borrower shall be performed strictly in accordance with the terms of this Agreement and such Letters of Credit and the related Applications and Agreement for any Letter of Credit, under all circumstances whatsoever, including the following circumstances:

(i) any lack of validity or enforceability of the Letter of Credit, the obligation supported by the Letter of Credit or any other agreement or instrument relating thereto (collectively, the "Related LC Documents");

(ii) any amendment or waiver of or any consent to or departure from all or any of the Related LC Documents;

(iii) the existence of any claim, setoff, defense (other than the defense of payment in accordance with the terms of this Agreement) or other rights which the Borrower may have at any time against any beneficiary or any transferee of a Letter of Credit (or any persons or entities for whom any such beneficiary or any such transferee may be acting), the Agent, the Lenders or any other Person, whether in connection with the Loan Documents, the Related LC Documents or any unrelated transaction;

(iv) any breach of contract or other dispute between the Borrower and any beneficiary or any transferee of a Letter of Credit (or any persons or entities for whom such beneficiary or any such transferee may be acting), the Agent, the Lenders or any other Person;

(v) any draft, statement or any other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(vi) any delay, extension of time, renewal, compromise or other indulgence or modification granted or agreed to by the Agent, with or without notice to or approval by the Borrower in respect of any of Borrower's Obligations under this Agreement; or

(vii) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing.

3.3. Letter of Credit Facility Fees. The Borrower shall pay to the

Agent, (i) for the pro rata benefit of the Lenders based on their Applicable Commitment Percentages, (A) a fee on the aggregate amount available to be drawn on each outstanding Standby Letter of Credit at a rate equal to the Applicable Margin for Eurodollar Rate Loans, and (B) fees for such period at those rates established from time to time by the Issuing Bank for Commercial Letters of Credit and (ii) for the Issuing Bank, 0.125% based on the aggregate amount available to be drawn on each outstanding Letter of Credit. Such fees shall be due with respect to each Letter of Credit quarterly in arrears on the last day of each January, April, July and October, the first such payment to be made on the first such date following the issuance of a Letter of Credit. The fees described in this Section 3.3 shall be calculated on the basis of a year of 360

days for the actual number of days elapsed.

3.4. Administrative Fees. The Borrower shall pay to the Issuing Bank

such administrative fee and other fees, if any, in connection with the Letters of Credit in such amounts and at such times as the Issuing Bank and the Borrower shall agree from time to time.

ARTICLE IV

Change in Circumstances

4.1. Increased Cost and Reduced Return. (a) If, after the date

hereof, the adoption of any applicable law, rule, or regulation, or any change in any applicable law, rule, or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such governmental authority, central bank, or comparable agency:

(i) shall subject such Lender (or its Applicable Lending Office) to any tax, duty, or other charge with respect to any Eurodollar Rate Loans, its Note, or its obligation to make Eurodollar Rate Loans, or change the basis of taxation of any amounts payable to such Lender (or its Applicable Lending Office) under this Agreement or its Note in respect of any Eurodollar Rate Loans (other than taxes imposed on the overall net income of such Lender by the jurisdiction in which such Lender has its principal office or such Applicable Lending Office);

(ii) shall impose, modify, or deem applicable any reserve, special deposit, assessment, or similar requirement (other than the Reserve Requirement utilized in the determination of the Eurodollar Rate) relating to any extensions of credit or other assets of, or any deposits with or other liabilities or commitments of, such Lender (or its Applicable Lending Office), including the Revolving Credit Commitment of such Lender hereunder; or

(iii) shall impose on such Lender (or its Applicable Lending Office) or on the United States market for certificates of deposit or the London interbank market any other condition affecting this Agreement or its Note or any of such extensions of credit or liabilities or commitments;

and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office) of making, Converting into, Continuing, or maintaining any Eurodollar Rate Loans or to reduce any sum received or receivable by such Lender (or its Applicable Lending Office) under this Agreement or its Note with respect to any Eurodollar Rate Loans, then the Borrower shall pay to such Lender on demand such amount or amounts as will compensate such Lender for such increased cost or reduction. If any Lender requests compensation by the Borrower under this Section 4.1(a), the Borrower

may, by notice to such Lender (with a copy to the Agent), suspend the obligation of such Lender to make or Continue Loans of the Type with respect to which such compensation is requested, or to Convert Loans of any other Type into Loans of such Type, until the event or condition giving rise to such request ceases to be in effect (in which case the provisions of Section 4.4 shall be applicable);

provided that such suspension shall not affect the right of such Lender to

receive the compensation so requested.

(b) If, after the date hereof, any Lender shall have determined that the adoption of any applicable law, rule, or regulation regarding capital adequacy or any change therein or in the

interpretation or administration thereof by any governmental authority, central bank, or comparable agency charged with the interpretation or administration thereof, or any request or directive regarding capital adequacy (whether or not having the force of law) of any such governmental authority, central bank, or comparable agency, has or would have the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change, request, or directive (taking into consideration its policies with respect to capital adequacy), then from time to time upon demand the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender for such reduction.

(c) Each Lender shall notify the Borrower and the Agent within 3 months after the occurrence of any event of which it has knowledge, occurring after the date hereof, which will entitle such Lender to compensation pursuant to this Section and will designate a different Applicable Lending Office if such designation will avoid the need for, or reduce the amount of, such compensation and will not, in the judgment of such Lender, be otherwise disadvantageous to it. Any Lender claiming compensation under this Section shall furnish to the Borrower and the Agent a statement setting forth the additional amount or amounts to be paid to it hereunder which shall be conclusive in the absence of manifest error. In determining such amount, such Lender may use any reasonable averaging and attribution methods.

4.2. Limitation on Types of Loans. If on or prior to the first day of any

Interest Period for any Eurodollar Rate Loan:

(a) the Agent determines (which determination shall be conclusive) that by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period; or

(b) the Required Lenders determine (which determination shall be conclusive) and notify the Agent that the Eurodollar Rate will not adequately and fairly reflect the cost to the Lenders of funding Eurodollar Rate Loans for such Interest Period;

then the Agent shall give the Borrower prompt notice thereof specifying the relevant Type of Loans and the relevant amounts or periods, and so long as such condition remains in effect, the Lenders shall be under no obligation to make additional Loans of such Type, Continue Loans of such Type, or to Convert Loans of any other Type into Loans of such Type and the Borrower shall, on the last day(s) of the then current Interest Period(s) for the outstanding Loans of the affected Type, either prepay such Loans or Convert such Loans into another Type of Loan in accordance with the terms of this Agreement.

4.3. Illegality. Notwithstanding any other provision of this

Agreement, in the event that it becomes unlawful for any Lender or its Applicable Lending Office to make, maintain, or fund Eurodollar Rate Loans hereunder, then such Lender shall promptly notify the Borrower thereof and such Lender's obligation to make or Continue Eurodollar Rate Loans and to Convert other Types of Loans into Eurodollar Rate Loans shall be suspended until such time as such Lender may again make,

maintain, and fund Eurodollar Rate Loans (in which case the provisions of Section 4.4 shall be applicable).

4.4. Treatment of Affected Loans. If the obligation of any Lender to

make a particular Type of Eurodollar Rate Loan or to Continue, or to Convert Loans of any other Type into, Loans of a particular Type shall be suspended pursuant to Section 4.1 or 4.3 hereof (Loans of such Type being herein called

"Affected Loans" and such Type being herein called the "Affected Type"), such

Lender's Affected Loans shall be automatically Converted into Base Rate Loans on the last day(s) of the then current Interest Period(s) for Affected Loans (or, in the case of a Conversion required by Section 4.3 hereof, on such earlier date

as such Lender may specify to the Borrower with a copy to the Agent) and, unless and until such Lender gives notice as provided below that the circumstances specified in Section 4.1 or 4.3 hereof that gave rise to such Conversion no

longer exist:

(a) to the extent that such Lender's Affected Loans have been so Converted, all payments and prepayments of principal that would otherwise be applied to such Lender's Affected Loans shall be applied instead to its Base Rate Loans; and

(b) all Loans that would otherwise be made or Continued by such Lender as Loans of the Affected Type shall be made or Continued instead as Base Rate Loans, and all Loans of such Lender that would otherwise be Converted into Loans of the Affected Type shall be Converted instead into (or shall remain as) Base Rate Loans.

If such Lender gives notice to the Borrower (with a copy to the Agent) that the circumstances specified in Section 4.1 or 4.3 hereof that gave rise to the

Conversion of such Lender's Affected Loans pursuant to this Section 4.4 no

longer exist (which such Lender agrees to do promptly upon such circumstances ceasing to exist) at a time when Loans of the Affected Type made by other Lenders are outstanding, such Lender's Base Rate Loans shall be automatically Converted, on the first day(s) of the next succeeding Interest Period(s) for such outstanding Loans of the Affected Type, to the extent necessary so that, after giving effect thereto, all Loans held by the Lenders holding Loans of the Affected Type and by such Lender are held pro rata (as to principal amounts, Types, and Interest Periods) in accordance with their respective Revolving Credit Commitments.

4.5. Compensation. Upon the request of any Lender, the Borrower shall

pay to such Lender such amount or amounts as shall be sufficient (in the reasonable opinion of such Lender) to compensate it for any loss, cost, or expense (including loss of anticipated profits) incurred by it as a result of:

(a) any payment, prepayment, or Conversion of a Eurodollar Rate Loan for any reason (including, without limitation, the acceleration of the Loans pursuant to Section 9.1) on a date other than the last day of the

Interest Period for such Loan; or

(b) any failure by the Borrower for any reason (including, without limitation, the failure of any condition precedent specified in Article VI

to be satisfied) to borrow, Convert, Continue, or prepay a Eurodollar Rate Loan on the date for such borrowing, Conversion,

Continuation, or prepayment specified in the relevant notice of borrowing, prepayment, Continuation, or Conversion under this Agreement.

4.6. Taxes. (a) Any and all payments by the Borrower to or for the

account of any Lender or the Agent hereunder or under any other Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, charges or withholdings, and all liabilities with respect thereto, excluding, in the case of each Lender and

the Agent, taxes imposed on its income, and franchise taxes imposed on it, by the jurisdiction under the laws of which such Lender (or its Applicable Lending Office) or the Agent (as the case may be) is organized or any political subdivision thereof (all such non-excluded taxes, duties, levies, imposts, deductions, charges, withholdings, and liabilities being hereinafter referred to as "Taxes"). If the Borrower shall be required by law to deduct any Taxes from

or in respect of any sum payable under this Agreement or any other Loan Document to any Lender or the Agent, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 4.6) such Lender or the Agent

receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions, (iii) the Borrower shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law, and (iv) the Borrower shall furnish to the Agent, at its address referred to in Section 12.2, the

original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under this Agreement or any other Loan Document or from the execution or delivery of, or otherwise with respect to, this Agreement or any other Loan Document (hereinafter referred to as "Other Taxes").

(c) The Borrower agrees to indemnify each Lender and the Agent for the full amount of Taxes and Other Taxes (including, without limitation, any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section 4.6) paid by such Lender or the Agent (as the case may be) and any

liability (including penalties, interest, and expenses) arising therefrom or with respect thereto.

(d) Each Lender organized under the laws of a jurisdiction outside the United States, on or prior to the date of its execution and delivery of this Agreement in the case of each Lender listed on the signature pages hereof and on or prior to the date on which it becomes a Lender in the case of each other Lender, and from time to time thereafter if requested in writing by the Borrower or the Agent (but only so long as such Lender remains lawfully able to do so), shall provide the Borrower and the Agent with (i) Internal Revenue Service Form 1001 or 4224, as appropriate, or any successor form prescribed by the Internal Revenue Service, certifying that such Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest or certifying that the income receivable pursuant to this Agreement is effectively connected with the conduct of a trade or business in the United States, (ii) Internal Revenue Service Form W-8 or W-9, as appropriate, or any successor form prescribed by the Internal Revenue Service, and (iii) any other form or certificate required by any taxing authority (including

any certificate required by Sections 871(h) and 881(c) of the Internal Revenue Code), certifying that such Lender is entitled to an exemption from or a reduced rate of tax on payments pursuant to this Agreement or any of the other Loan Documents.

(e) For any period with respect to which a Lender has failed to provide the Borrower and the Agent with the appropriate form pursuant to Section 4.6(d)

(unless such failure is due to a change in treaty, law, or regulation occurring subsequent to the date on which a form originally was required to be provided), such Lender shall not be entitled to indemnification under Section 4.6(a) or

4.6(b) with respect to Taxes imposed by the United States; provided, however,

that should a Lender, which is otherwise exempt from or subject to a reduced rate of withholding tax, become subject to Taxes because of its failure to deliver a form required hereunder, the Borrower shall take such steps as such Lender shall reasonably request to assist such Lender to recover such Taxes.

(f) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 4.6, then such Lender will agree

to use reasonable efforts to change the jurisdiction of its Applicable Lending Office so as to eliminate or reduce any such additional payment which may thereafter accrue if such change, in the judgment of such Lender, is not otherwise disadvantageous to such Lender.

(g) Within thirty (30) days after the date of any payment of Taxes, the Borrower shall furnish to the Agent the original or a certified copy of a receipt evidencing such payment.

(h) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 4.6 shall survive the termination of the Revolving Credit

Commitments and the payment in full of the Notes.

4.7. Replacement Banks. The Borrower may, in its sole discretion, on ten

(10) Business Days' prior written notice to the Agent and a Lender, cause a Lender who has incurred increased costs or is unable to make Eurodollar Rate Loans to (and such Lender shall) assign, pursuant to Section 12.1, all of its

rights and obligations under this Agreement to an Eligible Assignee designated by the Borrower which is willing to become a Lender for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender plus any accrued but unpaid interest on such Loans, any accrued but unpaid fees with respect to such Lender's Revolving Credit Commitment and any other amount payable to such Lender under this Agreement; provided, however, that any

expenses or other amounts which would be owing to such Lender pursuant to any indemnification provision hereof (including, if applicable, Section 4.5) shall

be payable by the Borrower as if the Borrower had prepaid the Loans of such Lender rather than such Lender having assigned its interest hereunder. The Borrower or the assignee shall pay the applicable processing fee under Section

12.1.

ARTICLE V

Security

5.1. Stock Pledge. As security for the full and timely payment and

performance of (i) all Obligations now existing or hereafter arising, and (ii) certain Guarantor's obligations under the Facility Guaranty, the Borrower and each Guarantor owning any capital stock of any domestic Subsidiary or Material Foreign Subsidiary (direct or indirect) of the Borrower shall on or before the Closing Date deliver to the Agent, in form and substance reasonably acceptable to the Agent, the Stock Pledge Agreement together with certificates representing such Pledged Stock and such stock powers duly executed in blank as may be required by the Agent in accordance with the terms hereof and thereof. In addition to any Stock Pledge Agreement required to be delivered pursuant to Section 8.19 hereof, the Borrower and each Subsidiary hereby agree to pledge to

the Agent for the benefit of the Lenders all of the capital stock, with respect to any domestic Subsidiary, and 65% of all of the capital stock, with respect to any Material Foreign Subsidiary, of any hereafter acquired or created Subsidiary owned by the Borrower or such Subsidiary, as the case may be, and deliver to the Agent a Stock Pledge Agreement substantially in the form of Exhibit K hereto

within thirty (30) days of the acquisition or creation of such Subsidiary.

5.2. Guaranty. To guarantee the full and timely payment and

performance of all Obligations now existing or hereafter arising, the Borrower shall cause the Facility Guaranty to be delivered by each Subsidiary of the Borrower which is organized under the laws of the United States, a state or territory thereof, in form and substance reasonably acceptable to the Agent, on or before the Closing Date.

5.3. Further Assurances. At the request of the Agent, the Borrower

will or will cause its Subsidiaries, as the case may be, to execute, by its duly authorized officers, alone or with the Agent, any certificates, instrument, statement or document, or to procure any such certificates, instrument, statement or document, or to take such other action (and pay all connected costs) which the Agent reasonably deems necessary from time to time to create, continue or preserve the liens and security interests in the Pledged Stock (and the perfection and priority thereof) of the Agent contemplated hereby and by the other Loan Documents.

ARTICLE VI

Conditions to Making Loans and Issuing Letters of Credit

6.1. Conditions of Initial Advance. The obligation of the Lenders to

make the initial Advance under the Revolving Credit Facility, and of the Issuing Bank to issue any Letter of Credit, and of NationsBank to make any Swing Line Loan, is subject to the conditions precedent that:

(a) the Agent shall have received on the Closing Date, in form and substance satisfactory to the Agent and Lenders, the following:

(i) executed originals of each of this Agreement, the Notes, the initial Facility Guaranties, the LC Account Agreement and the other Loan Documents, together with all schedules and exhibits thereto;

(ii) the favorable written opinion or opinions with respect to the Loan Documents and the transactions contemplated thereby of [special] counsel to the Loan Parties dated the Closing Date, addressed to the Agent and the Lenders and satisfactory to Smith Helms Mulliss & Moore, L.L.P., special counsel to the Agent, substantially in the form of Exhibit G;

(iii) resolutions of the boards of directors or other appropriate governing body (or of the appropriate committee thereof) of each of the Loan Parties certified by its secretary or assistant secretary as of the Closing Date, approving and adopting the Loan Documents to be executed by such Person, and authorizing the execution and delivery thereof;

(iv) specimen signatures of officers of each of the Loan Parties executing the Loan Documents on behalf of such Person, certified by the secretary or assistant secretary of such Person;

(v) the charter documents of each of the Loan Parties certified as of a recent date by the Secretary of State of its state of organization;

(vi) the bylaws of each of the Loan Parties certified as of the Closing Date as true and correct by its secretary or assistant secretary;

(vii) certificates issued as of a recent date by the Secretaries of State of the respective jurisdictions of formation of each of the Loan Parties as to the due existence and good standing of such Person;

(viii) appropriate certificates of qualification to do business, good standing and, where appropriate, authority to conduct business under assumed name, issued in respect of each of the Loan Parties as of a recent date by the Secretary of State or

comparable official of each jurisdiction in which the failure to be qualified to do business or authorized so to conduct business could have a Material Adverse Effect;

(ix) notice of appointment of the initial Authorized Representative(s);

(x) certificate of an Authorized Representative dated the Closing Date demonstrating compliance with the financial covenants contained in Sections 9.1(a) through 9.1(c) and Section 9.3 as of the most recent fiscal quarter ended, substantially in the form of Exhibit H;

(xi) evidence of all insurance required by the Loan Documents;

(xii) an initial Borrowing Notice, if any;

(xiii) evidence that all fees payable by the Borrower on the Closing Date to the Agent, NCMi and the Lenders have been paid in full;

(xiv) Uniform Commercial Code and other search results showing that no Liens are in effect on any assets of the Borrower or any of its Subsidiaries except for Permitted Liens;

(xv) audited consolidated balance sheets of the Borrower and its Subsidiaries as at October 31, 1994, 1995 and 1996 and the notes thereto and the related consolidated statements of earnings, stockholders' equity and cash flows for the Fiscal Year then ended as examined and certified by KPMG Peat Marwick, L.L.P.;

(xvi) unaudited consolidated and interim financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet and related consolidated statements of earnings, stockholders' equity and cash flows, in each case without notes, for and as of the three (3) month period ended January 31, 1997;

[(xvii) financial projections prepared by the Borrower demonstrating compliance with the financial covenants set forth in Sections 9.1(a) through 9.1(c) and 9.3 through the Stated Termination Date;] and

such other documents, instruments, certificates and opinions as the Agent or any Lender may reasonably request on or prior to the Closing Date in connection with the consummation of the transactions contemplated hereby; and

(b) In the good faith judgment of the Agent and the Lenders:

(i) there shall not have occurred or become known to the Agent or the Lenders any event, condition, situation or status since October 31, 1996 concerning the business, assets, operations, condition (financial or otherwise) or

prospects of the Borrower and its Subsidiaries or in the financial and business projections, budgets, proforma data and other information regarding such entities as represented prior to the Closing Date that has had or could reasonably be expected to result in a Material Adverse Effect;

(ii) no litigation, action, suit, investigation or other arbitral, administrative or judicial proceeding shall be pending or threatened in any court or before any arbitrator or governmental authority which could reasonably be expected to result in a Material Adverse Effect; and

(iii) the Loan Parties shall have received all approvals, consents and waivers, and shall have made or given all necessary filings and notices as shall be required to consummate the transactions contemplated hereby without the occurrence of any default under, conflict with or violation of (A) any applicable law, rule, regulation, order or decree of any Governmental Authority or arbitral authority or (B) any agreement, document or instrument to which any of the Loan Parties is a party or by which any of them or their properties is bound;

6.2. Conditions of Revolving Loans and Letters of Credit. The

obligations of the Lenders to make any Revolving Loans, and the Issuing Bank to issue Letters of Credit and NationsBank to make Swing Line Loans, hereunder on or subsequent to the Closing Date are subject to the satisfaction of the following conditions:

(a) the Agent or, in the case of Swing Line Loans, NationsBank shall have received a Borrowing Notice if required by Article II;

(b) the representations and warranties of the Loan Parties set forth in Article VII and in each of the other Loan Documents shall be true and

correct in all material respects on and as of the date of such Advance, Swing Line Loan or Letter of Credit issuance or renewal, with the same effect as though such representations and warranties had been made on and as of such date, except to the extent that such representations and warranties expressly relate to an earlier date and except that the financial statements referred to in Section 7.6(a)(i) shall be deemed to be

those financial statements most recently delivered to the Agent and the Lenders pursuant to Section 8.1 from the date financial statements are

delivered to the Agent and the Lenders in accordance with such Section;

(c) in the case of the issuance of a Letter of Credit, the Borrower shall have executed and delivered to the Issuing Bank an Application and Agreement for Letter of Credit in form and content acceptable to the Issuing Bank together with such other instruments and documents as it shall request;

(d) at the time of (and after giving effect to) each Advance, Swing Line Loan or the issuance of a Letter of Credit, no Default or Event of Default specified in Article X shall have occurred and be continuing; and

(e) immediately after giving effect to:

(i) a Revolving Loan, the aggregate principal balance of all outstanding Revolving Loans for each Lender shall not exceed such Lender's Revolving Credit Commitment;

(ii) a Letter of Credit or renewal thereof, the aggregate principal balance of all outstanding Participations in Letters of Credit and Reimbursement Obligations (or in the case of the Issuing Bank, its remaining interest after deduction of all Participations in Letters of Credit and Reimbursement Obligations of other Lenders) for each Lender and in the aggregate shall not exceed, respectively, (X) such Lender's Letter of Credit Commitment or (Y) the Total Letter of Credit Commitment;

(iii) a Swing Line Loan, the Swing Line Outstandings shall not exceed \$10,000,000; and

(iv) a Revolving Loan, Swing Line Loan or a Letter of Credit or renewal thereof, the Outstandings shall not exceed the Total Revolving Credit Commitment.

ARTICLE VII

Representations and Warranties

The Borrower represents and warrants with respect to itself and to its Subsidiaries (which representations and warranties shall survive the delivery of the documents mentioned herein and the making of Loans), that:

7.1. Organization and Authority.

(a) The Borrower and each Subsidiary is a corporation or partnership duly organized and validly existing under the laws of the jurisdiction of its formation;

(b) The Borrower and each Subsidiary (x) has the requisite power and authority to own its properties and assets and to carry on its business as now being conducted and as contemplated in the Loan Documents, and (y) is qualified to do business in every jurisdiction in which failure so to qualify would have a Material Adverse Effect;

(c) The Borrower has the power and authority to execute, deliver and perform this Agreement and the Notes, and to borrow hereunder, and to execute, deliver and perform each of the other Loan Documents to which it is a party;

(d) Each of the Guarantors has the power and authority to execute, deliver and perform the Facility Guaranty and each of the other Loan Documents to which it is a party; and

(e) When executed and delivered, each of the Loan Documents to which any Loan Party is a party will be the legal, valid and binding obligation or agreement of such Loan Party, enforceable against such Loan Party in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity);

7.2. Loan Documents. The execution, delivery and performance by the

each Loan Party of each of the Loan Documents to which it is a party:

(a) have been duly authorized by all requisite corporate action (including any required shareholder or partner approval) of such Loan Party required for the lawful execution, delivery and performance thereof;

(b) do not violate any provisions of (i) applicable law, rule or regulation, (ii) any judgment, writ, order, determination, decree or arbitral award of any Governmental Authority or arbitral authority binding on such Loan Party or its properties, or (iii) the charter documents, partnership agreement or bylaws of such Loan Party;

(c) does not and will not be in conflict with, result in a breach of or constitute an event of default, or an event which, with notice or lapse of time or both, would constitute an event of default, under any contract, indenture, agreement or other instrument or document to which such Loan Party is a party, or by which the properties or assets of such Loan Party are bound; and

(d) does not and will not result in the creation or imposition of any Lien upon any of the properties or assets of such Loan Party or any Subsidiary;

7.3. Solvency. Each Loan Party is Solvent after giving effect to the

transactions contemplated by the Loan Documents;

7.4. Subsidiaries and Stockholders. The Borrower has no Subsidiaries

other than those Persons listed as Subsidiaries in Schedule 7.4 and additional

Subsidiaries created or acquired after the Closing Date in compliance with
Section 8.19; Schedule 7.4 states as of the date hereof the organizational form

of each entity, the authorized and issued capitalization of each Subsidiary
listed thereon, the number of shares or other equity interests of each class of
capital stock or interest issued and outstanding of each such Subsidiary and the
number and/or percentage of outstanding shares or other equity interest
(including options, warrants and other rights to acquire any interest) of each
such class of capital stock or other equity interest owned by Borrower or by any
such Subsidiary; the outstanding shares or other equity interests of each such
Subsidiary have been duly authorized and validly issued and are fully paid and
nonassessable; and Borrower and each such Subsidiary owns beneficially and of
record all the shares and other interests it is listed as owning in Schedule

7.4, free and clear of any Lien;

7.5. Ownership Interests. Borrower owns no interest in any Person

other than the Persons listed in Schedule 7.4, equity investments in Persons not

constituting Subsidiaries permitted under Section 9.7 and additional

Subsidiaries created or acquired after the Closing Date in compliance with
Section 8.19;

7.6. Financial Condition.

(a) The Borrower has heretofore furnished to each Lender audited consolidated balance sheets of the Borrower and its Subsidiaries as at October 31, 1994, 1995, and 1996 and the notes thereto and the related consolidated statements of earnings, stockholders' equity and cash flows for the Fiscal Years then ended as examined and certified by KPMG Peat Marwick, L.L.P. and unaudited consolidated interim financial statements of the Borrower and its Subsidiaries consisting of a consolidated balance sheet and related consolidated statements of earnings, stockholders' equity and cash flows, in each case without notes, for and as of the end of the three month period ending January 31, 1997. Except as set forth therein, such financial statements (including the notes thereto) present fairly the financial condition of the Borrower and its Subsidiaries as of the end of such Fiscal Years and three month period and results of their operations and the changes in its stockholders' equity for the Fiscal Years and interim period then ended, all in conformity with GAAP applied on a Consistent Basis, subject however, in the case of unaudited interim statements to year end audit adjustments;

(b) since January 31, 1997 there has been no material adverse change in the condition, financial or otherwise, of the Borrower or any of its Subsidiaries or in the businesses, properties, performance, prospects or operations of the Borrower or its Subsidiaries, nor have such businesses or properties been materially adversely affected as a result of any fire, explosion, earthquake, accident, strike, lockout, combination of workers, flood, embargo or act of God; and

(c) except as set forth in the financial statements referred to in Section 7.6(a) or in Schedule 7.6 or permitted by Section 9.5, neither

Borrower nor any Subsidiary has incurred, other than in the ordinary course of business, any material Indebtedness, Contingent Obligation or other commitment or liability which remains outstanding or unsatisfied;

7.7. Title to Properties. The Borrower and each of its Subsidiaries

has good and marketable title to all its real and personal properties, subject to no transfer restrictions or Liens of any kind, except for Permitted Liens;

7.8. Taxes. The Borrower and each of its Subsidiaries has filed or

caused to be filed all federal, state and local tax returns which are required to be filed by it and, except for taxes and assessments being contested in good faith by appropriate proceedings diligently conducted and against which reserves reflected in the financial statements described in Section 6.6(a) and

satisfactory to the Borrower's independent certified public accountants have been established, have paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due;

7.9. Other Agreements. No Loan Party nor any Subsidiary is

(a) a party to or subject to any judgment, order, decree, agreement, lease or instrument, or subject to other restrictions, which individually or in the aggregate could reasonably be expected to have a Material Adverse Effect; or

(b) in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which the Borrower or any Subsidiary is a party, which default has, or if not remedied within any applicable grace period could reasonably be likely to have, a Material Adverse Effect;

7.10. Litigation. Except as set forth in Schedule 7.10, there is no

action, suit, investigation or proceeding at law or in equity or by or before any governmental instrumentality or agency or arbitral body pending which could reasonably be likely to have a Material Adverse Effect, or, to the knowledge of the Borrower, threatened by or against the Borrower or any Subsidiary or affecting the Borrower or any Subsidiary or any properties or rights of the Borrower or any Subsidiary, which could reasonably be likely to have a Material Adverse Effect;

7.11. Margin Stock. The proceeds of the borrowings made hereunder will

be used by the Borrower only for the purposes expressly authorized herein. None of such proceeds will be used, directly or indirectly, for the purpose of purchasing or carrying any margin stock or for the purpose

of reducing or retiring any Indebtedness which was originally incurred to purchase or carry margin stock or for any other purpose which might constitute any of the Loans under this Agreement a "purpose credit" within the meaning of said Regulation U or Regulation X (12 C.F.R. Part 224) of the Board. Neither the Borrower nor any agent acting in its behalf has taken or will take any action which might cause this Agreement or any of the documents or instruments delivered pursuant hereto to violate any regulation of the Board or to violate the Securities Exchange Act of 1934, as amended, or the Securities Act of 1933, as amended, or any state securities laws, in each case as in effect on the date hereof;

7.12. Investment Company. No Loan Party is an "investment company," or

an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company", as such terms are defined in the Investment Company Act of 1940, as amended (15 U.S.C. (S) 80a-1, et seq.). The application of the proceeds of the Loans and repayment thereof by the Borrower and the performance by the Loan Parties of the transactions contemplated by the Loan Documents will not violate any provision of said Act, or any rule, regulation or order issued by the Securities and Exchange Commission thereunder, in each case as in effect on the date hereof;

7.13. Patents, Etc. The Borrower and each Subsidiary owns or has the

right to use, under valid license agreements or otherwise, all material patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights, trade secrets and copyrights necessary to or used in the conduct of its businesses as now conducted and as contemplated by the Loan Documents, without known conflict with any patent, license, franchise, trademark, trade secret, trade name, copyright, other proprietary right of any other Person;

7.14. No Untrue Statement. Neither (a) this Agreement nor any other

Loan Document or certificate or document executed and delivered by or on behalf of the Borrower or any Subsidiary in accordance with or pursuant to any Loan Document nor (b) any statement, representation, or warranty provided to the Agent in connection with the negotiation or preparation of the Loan Documents contains any misrepresentation or untrue statement of material fact or omits to state a material fact necessary, in light of the circumstance under which it was made, in order to make any such warranty, representation or statement contained therein not misleading;

7.15. No Consents, Etc. Neither the respective businesses or

properties of the Loan Parties or any Subsidiary, nor any relationship among the Loan Parties or any Subsidiary and any other Person, nor any circumstance in connection with the execution, delivery and performance of the Loan Documents and the transactions contemplated thereby, is such as to require a consent, approval or authorization of, or filing, registration or qualification with, any Governmental Authority or any other Person on the part of any Loan Party or any Subsidiary as a condition to the execution, delivery and performance of, or consummation of the transactions contemplated by the Loan Documents, which, if not obtained or effected, would be reasonably likely to have a Material Adverse Effect, or if so, such consent, approval, authorization, filing, registration or qualification has been duly obtained or effected, as the case may be;

7.16. Employee Benefit Plans.

(a) The Borrower and each ERISA Affiliate is in material compliance in form and operation with all applicable provisions of ERISA and the regulations and published interpretations thereunder and in compliance with all Foreign Benefit Laws with respect to all Employee Benefit Plans except for any required amendments for which the remedial amendment period as defined in Section 401(b) of the Code has not yet expired. Each Employee Benefit Plan that is intended to be qualified under Section 401(a) of the Code has been determined by the Internal Revenue Service to be so qualified, and each trust related to such plan has been determined to be exempt under Section 501(a) of the Code. No material liability has been incurred by the Borrower or any ERISA Affiliate which remains unsatisfied for any taxes or penalties with respect to any Employee Benefit Plan or any Multiemployer Plan;

(b) Neither the Borrower nor any ERISA Affiliate has (i) to the best of the Borrower's knowledge, after due inquiry, engaged in a nonexempt prohibited transaction described in Section 4975 of the Code or Section 406 of ERISA affecting any of the Employee Benefit Plans or the trusts created thereunder which could subject any such Employee Benefit Plan or trust to a material tax or penalty on prohibited transactions imposed under Internal Revenue Code Section 4975 or ERISA, (ii) incurred any accumulated funding deficiency with respect to any Employee Benefit Plan, whether or not waived, or any other liability to the PBGC which remains outstanding other than the payment of premiums and there are no premium payments which are due and unpaid, (iii) failed to make a required contribution or payment to a Multiemployer Plan, or (iv) failed to make a required installment or other required payment under Section 412 of the Code, Section 302 of ERISA or the terms of such Employee Benefit Plan;

(c) No Termination Event has occurred or is reasonably expected to occur with respect to any Pension Plan or Multiemployer Plan, and neither the Borrower nor any ERISA Affiliate has incurred any unpaid withdrawal liability with respect to any Multiemployer Plan;

(d) The present value of all vested accrued benefits under each Employee Benefit Plan which is subject to Title IV of ERISA, did not, as of the most recent valuation date for each such plan, exceed the then current value of the assets of such Employee Benefit Plan allocable to such benefits;

(e) The consummation of the Loans and the issuance of the Letters of Credit provided for herein will not involve any prohibited transaction under ERISA which is not subject to a statutory or administrative exemption; and

(f) No material proceeding, claim, lawsuit and/or investigation exists or, to the best knowledge of the Borrower after due inquiry, is threatened concerning or involving any Employee Benefit Plan;

7.17. No Default. As of the date hereof, there does not exist any

Default or Event of Default hereunder;

7.18. Hazardous Materials. The Borrower and each Subsidiary is in

compliance with all applicable Environmental Laws in all material respects. Neither the Borrower nor any Subsidiary has been notified of any action, suit, proceeding or investigation which, and neither the Borrower nor any Subsidiary is aware of any facts which, (i) calls into question, or could reasonably be expected to call into question, compliance by the Borrower or any Subsidiary with any Environmental Laws, (ii) which seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval necessary for the generation, handling, storage, treatment or disposal of any Hazardous Material, or (iii) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any property of the Borrower or any Subsidiary to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law;

7.19. Employment Matters. (a) Except as set forth in Schedule 7.19,

none of the employees of the Borrower or any Subsidiary is subject to any collective bargaining agreement and there are no strikes, work stoppages, election or decertification petitions or proceedings, unfair labor charges, equal opportunity proceedings, or other material labor/employee related controversies or proceedings pending or, to the best knowledge of the Borrower, threatened against the Borrower or any Subsidiary or between the Borrower or any Subsidiary and any of its employees, other than employee grievances arising in the ordinary course of business which could not reasonably be expected, individually or in the aggregate, to have a Material Adverse Effect; and

(b) Except to the extent a failure to maintain compliance would not have a Material Adverse Effect, the Borrower and each Subsidiary is in compliance in all respects with all applicable laws, rules and regulations pertaining to labor or employment matters, including without limitation those pertaining to wages, hours, occupational safety and taxation and there is neither pending or threatened any litigation, administrative proceeding nor, to the knowledge of the Borrower, any investigation, in respect of such matters which, if decided adversely, could reasonably be likely, individually or in the aggregate, to have a Material Adverse Effect; and

7.20. RICO. Neither the Borrower nor any Subsidiary is engaged in or

has engaged in any course of conduct that could subject any of their respective properties to any Lien, seizure or other forfeiture under any criminal law, racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws.

ARTICLE VIII

Affirmative Covenants

Until the Facility Termination Date, unless the Required Lenders shall otherwise consent in writing, the Borrower will, and where applicable will cause each Subsidiary to:

8.1. Financial Reports, Etc. (a) As soon as practical and in any

event within 90 days after the end of each Fiscal Year of the Borrower, deliver or cause to be delivered to the Agent and each Lender (i) the consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such Fiscal Year, and the notes thereto, and the related consolidated statements of earnings, stockholders' equity and cash flows, and the respective notes thereto, for such Fiscal Year, setting forth comparative financial statements for the preceding Fiscal Year, all prepared in accordance with GAAP applied on a Consistent Basis and containing, with respect to the consolidated financial statements, opinions of KPMG Peat Marwick, L.L.P. or other such independent certified public accountants selected by the Borrower and approved by the Agent, which are unqualified as to the scope of the audit performed and as to the "going concern" status of the Borrower and its Subsidiaries and without any exception not acceptable to the Lenders, and (ii) a certificate of an Authorized Representative demonstrating compliance with Sections 9.1(a) through 9.1(c) and

9.3, which certificate shall be in the form of Exhibit H;

(b) as soon as practical and in any event within 45 days after the end of each fiscal quarter (except the last fiscal quarter of the Fiscal Year), deliver to the Agent and each Lender (i) consolidated balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of earnings, stockholders' equity and cash flows for such fiscal quarter and for the period from the beginning of the then current Fiscal Year through the end of such reporting period, and accompanied by a certificate of an Authorized Representative to the effect that such financial statements present fairly the financial position of the Borrower and its Subsidiaries as of the end of such fiscal period and the results of their operations and the changes in their financial position for such fiscal period, in conformity with the standards set forth in Section 7.6(a) with respect to

interim financial statements, and (ii) a certificate of an Authorized Representative containing computations for such quarter comparable to that required pursuant to Section 8.1(a)(ii);

(c) together with each delivery of the financial statements required by Section 8.1(a)(i), deliver to the Agent and each Lender a letter from the

Borrower's accountants specified in Section 8.1(a)(i) stating that in performing

the audit necessary to render an opinion on the financial statements delivered under Section 8.1(a)(i), they obtained no knowledge of any Default or Event of

Default by the Borrower in the fulfillment of the terms and provisions of this Agreement insofar as they relate to financial matters (which at the date of such statement remains uncured); or if the accountants have obtained knowledge of such Default or Event of Default, a statement specifying the nature and period of existence thereof;

(d) promptly upon their becoming available to the Borrower, the Borrower shall deliver to the Agent and each Lender a copy of (i) all regular or special reports or effective registration

statements which Borrower or any Subsidiary shall file with the Securities and Exchange Commission (or any successor thereto) or any securities exchange, (ii) any proxy statement distributed by the Borrower or any Subsidiary to its shareholders, bondholders or the financial community in general, and (iii) any management letter or other report submitted to the Borrower or any Subsidiary by independent accountants in connection with any annual, interim or special audit of the Borrower or any Subsidiary; and

(e) promptly, from time to time, deliver or cause to be delivered to the Agent and each Lender such other information regarding Borrower's and any Subsidiary's operations, business affairs and financial condition as the Agent or such Lender may reasonably request;

The Agent and the Lenders are hereby authorized to deliver a copy of any such financial or other information delivered hereunder to the Lenders (or any affiliate of any Lender) or to the Agent, to any Governmental Authority having jurisdiction over the Agent or any of the Lenders pursuant to any written request therefor or in the ordinary course of examination of loan files, or to any other Person who shall acquire or consider the assignment of, or acquisition of any participation interest in, any Obligation permitted by this Agreement;

8.2. Maintain Properties. Maintain all properties necessary to its

operations in good working order and condition, make all needed repairs, replacements and renewals to such properties, and maintain free from Liens all trademarks, trade names, patents, copyrights, trade secrets, know-how, and other intellectual property and proprietary information (or adequate licenses thereto), in each case as are reasonably necessary to conduct its business as currently conducted or as contemplated hereby, all in accordance with customary and prudent business practices;

8.3. Existence, Qualification, Etc. Except as otherwise expressly

permitted under Section 9.8, do or cause to be done all things necessary to

preserve and keep in full force and effect its existence and all material rights and franchises, and maintain its license or qualification to do business as a foreign corporation and good standing in each jurisdiction in which its ownership or lease of property or the nature of its business makes such license or qualification necessary except where the failure to do so would not have a Material Adverse Effect;

8.4. Regulations and Taxes. Comply in all material respects with or

contest in good faith all statutes and governmental regulations and pay all taxes, assessments, governmental charges, claims for labor, supplies, rent and any other obligation which, if unpaid, would become a Lien against any of its properties except liabilities being contested in good faith by appropriate proceedings diligently conducted and against which adequate reserves acceptable to the Borrower's independent certified public accountants have been established unless and until any Lien resulting therefrom attaches to any of its property and becomes enforceable against its creditors;

8.5. Insurance. (a) Keep all of its insurable properties adequately

insured at all times with responsible insurance carriers against loss or damage by fire and other hazards to the extent and in the manner as are customarily insured against by similar businesses owning such properties similarly situated, (b) maintain general public liability insurance at all times with responsible insurance carriers against liability on account of damage to persons and property and (c) maintain insurance under all

applicable workers' compensation laws (or in the alternative, maintain required reserves if self-insured for workers' compensation purposes) and against loss by reason by business interruption such policies of insurance to have such limits, deductibles, exclusions, co-insurance and other provisions providing no less coverages than those customarily insured against by similar businesses owning similar properties;

8.6. True Books. Keep true books of record and account in which full,

true and correct entries will be made of all of its dealings and transactions, and set up on its books such reserves as may be required by GAAP with respect to doubtful accounts and all taxes, assessments, charges, levies and claims and with respect to its business in general, and include such reserves in interim as well as year-end financial statements;

8.7. Right of Inspection. Permit any Person designated by any Lender

or the Agent to visit and inspect any of the properties, corporate books and financial reports of the Borrower or any Subsidiary and to discuss its affairs, finances and accounts with its principal officers and independent certified public accountants, all at reasonable times, at reasonable intervals and with reasonable prior notice;

8.8. Observe all Laws. Conform to and duly observe in all material

respects all laws, rules and regulations and all other valid requirements of any Governmental Authority with respect to the conduct of its business;

8.9. Governmental Licenses. Obtain and maintain all licenses,

permits, certifications and approvals of all applicable Governmental Authorities as are required for the conduct of its business as currently conducted and as contemplated by the Loan Documents;

8.10. Covenants Extending to Other Persons. Cause each of its

Subsidiaries to do with respect to itself, its business and its assets, each of the things required of the Borrower in Sections 8.2 through 8.9, and 8.18

inclusive;

8.11. Officer's Knowledge of Default. Upon any officer of the Borrower

obtaining knowledge of any Default or Event of Default hereunder or under any other obligation of the Borrower or any Subsidiary to any Lender, or any event, development or occurrence which could reasonably be expected to have a Material Adverse Effect, cause such officer or an Authorized Representative to promptly notify the Agent of the nature thereof, the period of existence thereof, and what action the Borrower or such Subsidiary proposes to take with respect thereto;

8.12. Suits or Other Proceedings. Upon any officer of the Borrower

obtaining knowledge of any litigation or other proceedings being instituted against the Borrower or any Subsidiary or any attachment, levy, execution or other process being instituted against any assets of the Borrower or any Subsidiary making a claim or claims in an aggregate amount greater than \$[1,000,000] not otherwise covered by insurance, promptly deliver to the Agent written notice thereof stating the nature and status of such litigation, dispute, proceeding, levy, execution or other process;

8.13. Notice of Discharge of Hazardous Material or Environmental

Complaint. Promptly provide to the Agent true, accurate and complete copies of

any and all notices, complaints, orders, directives, claims, or citations received by the Borrower or any Subsidiary relating to any (a) violation or alleged violation by the Borrower or any Subsidiary of any applicable Environmental Law; (b) release or threatened release by the Borrower or any Subsidiary, or at any facility or property owned or leased or operated by the Borrower or any Subsidiary, of any Hazardous Material, except where occurring legally; or (c) liability or alleged liability of the Borrower or any Subsidiary for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials;

8.14. Environmental Compliance. If the Borrower or any Subsidiary

shall receive any letter, notice, complaint, order, directive, claim or citation alleging that the Borrower or and Subsidiary has violated any Environmental Law or is liable for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials, the Borrower shall, within the time period permitted by the applicable Environmental Law or the Governmental Authority responsible for enforcing such Environmental Law, remove or remedy, or cause the applicable Subsidiary to remove or remedy, such violation or release or satisfy such liability;

8.15. Indemnification. Without limiting the generality of Section

12.9, the Borrower hereby agrees to indemnify and hold the Agent, the Lenders and NCMI, and their respective officers, directors, employees and agents, harmless from and against any and all claims, losses, penalties, liabilities, damages and expenses (including assessment and cleanup costs and reasonable attorneys' fees and disbursements) arising directly or indirectly from, out of or by reason of (a) the violation of any Environmental Law by the Borrower or any Subsidiary or with respect to any property owned, operated or leased by the Borrower or any Subsidiary or (b) the handling, storage, treatment, emission or disposal of any Hazardous Materials by or on behalf of the Borrower or any Subsidiary or on or with respect to property owned or leased or operated by the Borrower or any Subsidiary. The provisions of this Section 8.15 shall survive

the Facility Termination Date and expiration or termination of this Agreement;

8.16. Further Assurances. At the Borrower's cost and expense, upon

request of the Agent, duly execute and deliver or cause to be duly executed and delivered, to the Agent such further instruments, documents, certificates, financing and continuation statements, and do and cause to be done such further acts that may be reasonably necessary or advisable in the reasonable opinion of the Agent to carry out more effectively the provisions and purposes of this Agreement and the other Loan Documents;

8.17. Employee Benefit Plans.

(a) With reasonable promptness, and in any event within thirty (30) days thereof, give notice to the Agent of (a) the establishment of any new Pension Plan (which notice shall include a copy of such plan), (b) the commencement of material contributions to any Employee Benefit Plan to which the Borrower or any of its ERISA Affiliates was not previously contributing, (c) any material increase in the benefits of any existing Employee Benefit Plan, (d) each funding waiver request filed with respect to any Employee Benefit Plan and all communications received or sent by the Borrower or any ERISA Affiliate with respect to such request and (e) the failure of the Borrower

or any ERISA Affiliate to make a required installment or payment under Section 302 of ERISA or Section 412 of the Code by the due date;

(b) Promptly and in any event within fifteen (15) days of becoming aware of the occurrence or forthcoming occurrence of any (a) Termination Event or (b) nonexempt "prohibited transaction," as such term is defined in Section 406 of ERISA or Section 4975 of the Code, in connection with any Pension Plan or any trust created thereunder, deliver to the Agent a notice specifying the nature thereof, what action the Borrower or any ERISA Affiliate has taken, is taking or proposes to take with respect thereto and, when known, any action taken or threatened by the Internal Revenue Service, the Department of Labor or the PBGC with respect thereto; and

(c) With reasonable promptness but in any event within fifteen (15) days for purposes of clauses (a), (b) and (c), deliver to the Agent copies of (a) any unfavorable determination letter from the Internal Revenue Service regarding the qualification of an Employee Benefit Plan under Section 401(a) of the Code, (b) all notices received by the Borrower or any ERISA Affiliate of the PBGC's intent to terminate any Pension Plan or to have a trustee appointed to administer any Pension Plan, (c) each Schedule B (Actuarial Information) to the annual report (Form 5500 Series) filed by the Borrower or any ERISA Affiliate with the Internal Revenue Service with respect to each Pension Plan and (d) all notices received by the Borrower or any ERISA Affiliate from a Multiemployer Plan sponsor concerning the imposition or amount of withdrawal liability pursuant to Section 4202 of ERISA. The Borrower will notify the Agent in writing within five (5) Business Days of the Borrower or any ERISA Affiliate obtaining knowledge or reason to know that the Borrower or any ERISA Affiliate has filed or intends to file a notice of intent to terminate any Pension Plan under a distress termination within the meaning of Section 4041(c) of ERISA;

8.18. Continued Operations. Continue at all times to conduct its

business and engage principally in the same line or lines of business substantially as heretofore conducted;

8.19. New Subsidiaries. Not later than thirty (30) days following the

acquisition or creation of any domestic Subsidiary or Material Foreign Subsidiary, or upon any previously existing foreign Subsidiary becoming a Material Foreign Subsidiary, cause to be delivered to the Agent for the benefit of the Lenders each of the following:

(a) a Facility Guaranty executed by such domestic Subsidiary substantially in the form of Exhibit I;

(b) an opinion of counsel to the Subsidiary dated as of the date of delivery of the Facility Guaranty provided for in this Section 8.19 and

addressed to the Agent and the Lenders, in form and substance reasonably acceptable to the Agent (which opinion may include assumptions and qualifications of similar effect to those contained in the opinions of counsel delivered pursuant to Section 6.1(a)), to the effect that:

(i) such Subsidiary is duly organized, validly existing and in good standing in the jurisdiction of its formation, has the requisite power and authority to own its properties and conduct its business as then owned and then conducted and proposed

to be conducted, and is duly qualified to transact business and is in good standing as a foreign corporation or partnership in each other jurisdiction in which the character of the properties owned or leased, or the business carried on by it, requires such qualification and the failure to be so qualified would reasonably be likely to result in a Material Adverse Effect;

(ii) the execution, delivery and performance of the Facility Guaranty described in this Section 8.19 to which such Subsidiary is a

signatory have been duly authorized by all requisite corporate or partnership action (including any required shareholder or partner approval), such agreement has been duly executed and delivered and constitutes the valid and binding agreement of such Subsidiary, enforceable against such Subsidiary in accordance with its terms, subject to the effect of any applicable bankruptcy, moratorium, insolvency, reorganization or other similar law affecting the enforceability of creditors' rights generally and to the effect of general principles of equity (whether considered in a proceeding at law or in equity);

(c) current copies of the charter documents, including partnership agreements and certificate of limited partnership, if applicable, and bylaws of such Subsidiary, minutes of duly called and conducted meetings (or duly effected consent actions) of the Board of Directors, partners, or appropriate committees thereof (and, if required by such charter documents, bylaws or by applicable law, of the shareholders) of such Subsidiary authorizing the actions and the execution and delivery of documents described in this Section 8.19;

(d) (i) a Stock Pledge Agreement substantially similar in form and content to that executed and delivered by the Borrower on the Closing Date, with appropriate revisions as to the identity of the pledgor and securing the Obligations of such pledgor under its Facility Guaranty, (ii) in the case of a domestic Subsidiary all of the issued and outstanding capital stock, and in the case of a Material Foreign Subsidiary 65% of the issued and outstanding capital stock, together with duly executed stock powers or powers of assignment in blank affixed thereto, and in the case of a Material Foreign Subsidiary, 65% of the issued and outstanding capital stock (iii) if such Subsidiary is a partnership that has not issued certificates evidencing ownership of such partnership, the certificate of the Registrar of such partnership with respect to the registration of the Lien on Partnership Interests, which certificate shall be in the form of Exhibit L.

8.20. Delivery of Share Charges. Cause to be delivered to the Agent

for the benefit of the Lenders not later than June 30, 1997 (i) Stock Pledge Agreements covering 65% of the capital stock of Amot Investments Limited and ISL Holdings, S.A. and the remaining unpledged interest in Molecular Imaging Corporation, (ii) appropriate stock transfer forms executed in blank, (iii) a certified copy of the Memorandum and Articles of Association of Amot Investments Limited and ISL Holdings, S.A. and (iv) director and shareholder resolutions, if required, approving the pledge of such shares.

ARTICLE IX

Negative Covenants

Until the Obligations have been paid and satisfied in full, no Letters of Credit remain outstanding and this Agreement has been terminated in accordance with the terms hereof, unless the Required Lenders shall otherwise consent in writing, the Borrower will not, nor will it permit any Subsidiary to:

9.1. Financial Covenants.

(a) Consolidated Net Worth. Permit Consolidated Net Worth to be less than (i) \$127,300,000 at the Closing Date and (ii) as at the last day of each succeeding fiscal quarter of the Borrower and until (but excluding) the last day of the next following fiscal quarter of the Borrower, the sum of (A) the amount of Consolidated Net Worth required to be maintained pursuant to this Section 9.1(a) as at the end of the immediately preceding fiscal quarter, plus (B) 50% of Consolidated Net Income (with no reduction for net losses during any period) for the fiscal quarter of the Borrower ending on such day (including within "Consolidated Net Income" certain items otherwise excluded, as provided for in the definition of "Consolidated Net Income"), plus (c) 100% of the aggregate amount of all increases in the stated capital and additional paid-in capital accounts of the Borrower resulting from the issuance of equity securities or other capital investments.

(b) Consolidated Leverage Ratio. Permit at any time during the respective periods set forth below the Consolidated Leverage Ratio to be more than that set forth opposite each such period:

| Four Quarter Period Ending | Consolidated Leverage Ratio Covenant |
|----------------------------|--------------------------------------|
| 7/31/97 | 3.50:1.00 |
| 10/31/97 | 3.50:1.00 |
| 1/31/98 | 3.25:1.00 |
| 4/30/98 | 3.25:1.00 |
| 7/31/98 | 3.25:1.00 |
| 10/31/98 | 3.25:1.00 |
| 1/31/99 and thereafter | 3.00:1.00 |

(c) Consolidated Interest Coverage Ratio. Permit the Consolidated Interest Coverage Ratio as of the end of any Four-Quarter Period to be less than 3.00 to 1.00.

9.2. Acquisitions. Consummate any Acquisition, or take any action to

solicit the tender of securities or proxies in respect thereof in order to effect any Acquisition, unless (i) the Person to be (or whose assets are to be) acquired does not oppose such Acquisition and the line or lines of business of the Person to be acquired are substantially the same as one or more line or lines of business conducted by the Borrower and its Subsidiaries, (ii) no Default or Event of Default shall have occurred and be continuing either immediately prior to or immediately after giving effect to such Acquisition, (iii) in the case of the Acquisition of a foreign Person, the Cost of Acquisition for Persons organized or existing under the laws of a jurisdiction other than the United States or a state or territory thereof shall not exceed \$50,000,000 in the aggregate for any Fiscal Year, (iv) if the Cost of Acquisition exceeds \$25,000,000, the Borrower shall have furnished to the Agent (A) pro forma historical financial statements as of the end of the most recently completed Fiscal Year of the Borrower and most recent interim fiscal quarter, if applicable, giving effect to such Acquisition and (B) a certificate in the form of Exhibit H prepared on a historical pro forma basis giving effect to such Acquisition, which certificate shall demonstrate that no Default or Event of Default would exist immediately after giving effect thereto, and (v) to the extent required under Section 8.19, the Person acquired shall execute a Facility

Guaranty substantially in the form of Exhibit I within the period set forth in

Section 8.19 and comply with the provisions of such Section;

9.3. Capital Expenditures. Make or become committed to make Capital

Expenditures, which exceed \$15,000,000 in the aggregate during the Fiscal Year ending October 31, 1997 and \$20,000,000 in any Fiscal Year of the Borrower thereafter (on a noncumulative basis, with the effect that amounts not expended in any Fiscal Year may not be carried forward to a subsequent period);

9.4. Liens. Incur, create or permit to exist any Lien, charge or

other encumbrance of any nature whatsoever with respect to any property or assets now owned or hereafter acquired by the Borrower or any Subsidiary, other than the following (collectively, the "Permitted Liens"):

(a) Liens existing as of the date hereof and as set forth in Schedule

7.7;

(b) Liens imposed by law for taxes, assessments or charges of any Governmental Authority for claims not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP and which Liens are not yet enforceable against other creditors;

(c) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and other Liens imposed by law or created in the ordinary course of business and in existence less than 90 days from the date of creation thereof for amounts not yet due or which are being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves or other appropriate provisions are being maintained in accordance with GAAP and which Liens are not yet enforceable against other creditors;

(d) Liens incurred or deposits made in the ordinary course of business (including, without limitation, surety bonds and appeal bonds) in connection with workers' compensation,

unemployment insurance and other types of social security benefits or to secure the performance of tenders, bids, leases, contracts (other than for the repayment of Indebtedness), statutory obligations and other similar obligations or arising as a result of progress payments under government contracts; and

(e) easements (including reciprocal easement agreements and utility agreements), rights-of-way, covenants, consents, reservations, encroachments, variations and zoning and other restrictions, charges or encumbrances (whether or not recorded), which do not interfere materially with the ordinary conduct of the business of the Borrower or any Subsidiary and which do not materially detract from the value of the property to which they attach or materially impair the use thereof to the Borrower or any Subsidiary;

9.5. Indebtedness. Incur, create, assume or permit to exist any

Indebtedness of the Borrower, howsoever evidenced, except:

(a) Indebtedness existing as of the Closing Date as set forth in Schedule 7.6; provided, none of the instruments and agreements evidencing

or governing such Indebtedness shall be amended, modified or supplemented after the Closing Date to change any terms of subordination, repayment or rights of conversion, put, exchange or other rights from such terms and rights as in effect on the Closing Date;

(b) Indebtedness owing to the Agent or any Lender in connection with this Agreement, any Note or other Loan Document;

(c) the endorsement of negotiable instruments for depositor collection or similar transactions in the ordinary course of business;

(d) Indebtedness arising from Rate Hedging Obligations permitted under Section 9.15;

(e) unsecured intercompany Indebtedness for loans and advances made by any Loan Party to any other Loan Party, provided that such intercompany Indebtedness is evidenced by a promissory note or similar written instrument acceptable to the Agent which provides that such Indebtedness is subordinated to obligations, liabilities and undertakings of the holder or owner thereof under the Loan Documents on terms acceptable to the Agent;

(f) additional Indebtedness for Money Borrowed not otherwise covered by clauses (a) through (e) above, provided that the aggregate outstanding principal amount of all such other Indebtedness permitted under this clause (f) shall in no event exceed (i) in the case of domestic Subsidiaries, \$1,000,000 which Indebtedness shall be unsecured, and (ii) in the case of foreign Subsidiaries, \$10,000,000 (or the Dollar equivalent amount thereof) at any time;

9.6. Transfer of Assets. Sell, lease, transfer or otherwise dispose

of any assets of Borrower or any Subsidiary other than (a) dispositions of inventory in the ordinary course of business,

(b) dispositions of property that is substantially worn, damaged, obsolete or, in the judgment of the Borrower, no longer best used or useful in its business or that of any Subsidiary, (c) transfers of assets necessary to give effect to merger or consolidation transactions permitted by Section 9.8, (d) the

disposition of Eligible Securities in the ordinary course of management of the investment portfolio of the Borrower and its Subsidiaries, and (e) other dispositions of assets not to exceed \$1,500,000 in any Fiscal Year;

9.7. Investments. Purchase, own, invest in or otherwise acquire,

directly or indirectly, any stock or other securities, or make or permit to exist any interest whatsoever in any other Person or permit to exist any loans or advances to any Person, except that Borrower may maintain investments or invest in:

(a) any Person acquired in an Acquisition permitted hereunder;

(b) Eligible Securities;

(c) investments existing as of the date hereof and as set forth in Schedule 7.4;

(d) accounts receivable arising and trade credit granted in the ordinary course of business and any securities received in satisfaction or partial satisfaction thereof in connection with accounts of financially troubled Persons to the extent reasonably necessary in order to prevent or limit loss; and

(e) investments in Subsidiaries which are Guarantors;

(f) other investments not to exceed \$5,000,000 in the aggregate;

(g) loans between Loan Parties described in Section 9.5(e);

9.8. Merger or Consolidation. (a) Consolidate with or merge into any

other Person, or (b) permit any other Person to merge into it, or (c) liquidate, wind-up or dissolve or sell, transfer or lease or otherwise dispose of all or a substantial part of its assets (other than sales permitted under Section 9.6);

provided, however, (i) any Subsidiary of the Borrower may merge or transfer all

or substantially all of its assets into or consolidate with the Borrower or any Guarantor, and (ii) any other Person may merge into or consolidate with the Borrower or any wholly-owned Subsidiary and any Subsidiary may merge into or consolidate with any other Person in order to consummate an Acquisition permitted by Section 9.2, provided further, that any resulting or surviving

entity shall execute and deliver such agreements and other documents, including a Facility Guaranty and a Stock Pledge Agreement, if applicable, and take such other action as the Agent may require to evidence or confirm its express assumption of the obligations and liabilities of its predecessor entities under the Loan Documents;

9.9. Restricted Payments. Make any Restricted Payment or apply or set

apart any of their assets therefor or agree to do any of the foregoing; except that (i) the Borrower may make Restricted Payments for any Fiscal Year of up to 50% of Consolidated Net Income for such Fiscal Year and (ii) Subsidiaries may pay dividends to the Borrower or a Guarantor.

9.10. Transactions with Affiliates. Other than transactions permitted

under Sections 9.7 and 9.8, enter into any transaction after the Closing Date,

including, without limitation, the purchase, sale, lease or exchange of
property, real or personal, or the rendering of any service, with any Affiliate
of the Borrower, except (a) that such Affiliate may render services to the
Borrower or its Subsidiaries for compensation at the same rates generally paid
by Persons engaged in the same or similar businesses for the same or similar
services, (b) that the Borrower or any Subsidiary may render services to such
Affiliate for compensation at the same rates generally charged by the Borrower
or such Subsidiary and (c) in either case in the ordinary course of business and
pursuant to the reasonable requirements of the Borrower's (or any Subsidiary's)
business consistent with past practice of the Borrower and its Subsidiaries and
upon fair and reasonable terms no less favorable to the Borrower (or any
Subsidiary) than would be obtained in a comparable arm's-length transaction with
a Person not an Affiliate;

9.11. Compliance with ERISA. With respect to any Pension Plan,

Employee Benefit Plan or Multiemployer Plan:

(a) permit the occurrence of any Termination Event which would result
in a material liability on the part of the Borrower or any ERISA Affiliate
to the PBGC; or

(b) permit the present value of all benefit liabilities under all
Pension Plans to exceed by a material amount the current value of the
assets of such Pension Plans allocable to such benefit liabilities; or

(c) permit an accumulated funding deficiency (as defined in Section
302 of ERISA and Section 412 of the Code) that is material with respect to
any Pension Plan, whether or not waived; or

(d) fail to make any contribution or payment, or a series of
contributions or payments, to any Multiemployer Plan which individually or
aggregated is a material amount and that the Borrower or any ERISA
Affiliate may be required to make under any agreement relating to such
Multiemployer Plan, or any law pertaining thereto; or

(e) engage, or permit the Borrower or any ERISA Affiliate to engage,
in any prohibited transaction under Section 406 of ERISA or Sections 4975
of the Code for which a material civil penalty pursuant to Section 502(I)
of ERISA or a material tax pursuant to Section 4975 of the Code may be
imposed; or

(f) permit the establishment of any Employee Benefit Plan providing
post-retirement welfare benefits or establish or amend any Employee Benefit
Plan which establishment or amendment could result in a material liability
to the Borrower or any ERISA Affiliate or a material increase the
obligation of the Borrower or any ERISA Affiliate to a Multiemployer Plan;
or

(g) fail, or permit the Borrower or any ERISA Affiliate to fail, to
establish, maintain and operate each Employee Benefit Plan in compliance in
all material respects with

the provisions of ERISA, the Code, all applicable Foreign Benefit Laws and all other applicable laws and the regulations and interpretations thereof;

For purposes of this Section 9.11 only, an event, occurrence or action is

"material" if it results in a Material Adverse Effect.

9.12. Fiscal Year. Change its Fiscal Year;

9.13. Dissolution, etc. Wind up, liquidate or dissolve (voluntarily or involuntarily) or commence or suffer any proceedings seeking any such winding up, liquidation or dissolution, except in connection with a merger or consolidation permitted pursuant to Section 9.8;

9.14. Change in Control. Cause, suffer or permit to exist or occur any Change of Control;

9.15. Rate Hedging Obligations. Incur any Rate Hedging Obligations or enter into any agreements, arrangements, devices or instruments relating to Rate Hedging Obligations, except (i) pursuant to Swap Agreements, or (ii) Rate Hedging Obligations which are for the purpose of providing the Borrower or its Subsidiaries with protection against fluctuations in interest rates or foreign currencies and are of a non-speculative nature;

9.16. Negative Pledge Clauses. Enter into or cause, suffer or permit to exist any agreement with any Person other than the Agent and the Lenders pursuant to this Agreement or any other Loan Documents which prohibits or limits the ability of any of the Borrower or any Subsidiary to create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired; provided, however, that nothing herein shall limit the right of the Borrower and its Subsidiaries to agree not to assign their rights under any contract or agreement to which they are a party.

9.17. Restrictions on Ability of Subsidiaries to Pay Dividends.. Except to the extent required by applicable law, the Borrower shall not permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Subsidiary to (i) pay any dividends or make any other distributions on its capital stock or any other interest or (ii) make or repay any loans or advances to the Borrower or the parent of such Subsidiary.

ARTICLE X

Events of Default and Acceleration

10.1. Events of Default. If any one or more of the following events

(herein called "Events of Default") shall occur for any reason whatsoever (and whether such occurrence shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), that is to say:

(a) if default shall be made in the due and punctual payment of the principal of any Loan, Reimbursement Obligation or other Obligation, when and as the same shall be due and payable whether pursuant to any provision of Article II or Article III, at maturity, by acceleration or otherwise and

; or

(b) if default shall be made in the due and punctual payment of any amount of interest on any Loan, Reimbursement Obligation or other Obligation or of any fees or other amounts payable to any of the Lenders or the Agent on the date on which the same shall be due and payable and such default shall continue for three (3) or more days; or

(c) if default shall be made in the performance or observance of any covenant set forth in Section 8.7, 8.11, 8.12, 8.19 or Article IX;

(d) if a default shall be made in the performance or observance of, or shall occur under any covenant, agreement or provision contained in this Agreement or the Notes (other than as described in clauses (a), (b) or (c) above) and such default shall continue for thirty (30) or more days after the earlier of receipt of notice of such default by the Authorized Representative from the Agent or an officer of the Borrower becomes aware of such default, or if a default shall be made in the performance or observance of, or shall occur under, any covenant, agreement or provision contained in any of the other Loan Documents (beyond any applicable grace period, if any, contained therein) or in any instrument or document evidencing or creating any obligation, guaranty, or Lien in favor of the Agent or any of the Lenders or delivered to the Agent or any of the Lenders in connection with or pursuant to this Agreement or any of the Obligations, or if any Loan Document ceases to be in full force and effect (other than by reason of any action by the Agent), or if without the written consent of the Lenders, this Agreement or any other Loan Document shall be disaffirmed or shall terminate, be terminable or be terminated or become void or unenforceable for any reason whatsoever (other than in accordance with its terms in the absence of default or by reason of any action by the Lenders or the Agent); or

(e) if there shall occur (i) a default, which is not waived, in the payment of any principal, interest, premium or other amount with respect to any Indebtedness or Rate Hedging Obligation (other than the Loans and other Obligations) of the Borrower or any Subsidiary in an amount not less than \$1,000,000 in the aggregate outstanding, or (ii) a

default, which is not waived, in the performance, observance or fulfillment of any term or covenant contained in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation may have been issued, created, assumed, guaranteed or secured by the Borrower or any Subsidiary, or (iii) any other event of default as specified in any agreement or instrument under or pursuant to which any such Indebtedness or Rate Hedging Obligation may have been issued, created, assumed, guaranteed or secured by the Borrower or any Subsidiary, and such default or event of default shall continue for more than the period of grace, if any, therein specified, or such default or event of default shall permit the holder of any such Indebtedness (or any agent or trustee acting on behalf of one or more holders) to accelerate the maturity thereof; or

(f) if any representation, warranty or other statement of fact contained in any Loan Document or in any writing, certificate, report or statement at any time furnished to the Agent or any Lender by or on behalf of the Borrower pursuant to or in connection with any Loan Document, or otherwise, shall be false or misleading in any material respect when given; or

(g) if the Borrower or any Subsidiary shall be unable to pay its debts generally as they become due; file a petition to take advantage of any insolvency statute; make an assignment for the benefit of its creditors; commence a proceeding for the appointment of a receiver, trustee, liquidator or conservator of itself or of the whole or any substantial part of its property; file a petition or answer seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute; or

(h) if a court of competent jurisdiction shall enter an order, judgment or decree appointing a custodian, receiver, trustee, liquidator or conservator of the Borrower or any Subsidiary or of the whole or any substantial part of its properties and such order, judgment or decree continues unstayed and in effect for a period of sixty (60) days, or approve a petition filed against the Borrower or any Subsidiary seeking liquidation, reorganization or arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state, which petition is not dismissed within sixty (60) days; or if, under the provisions of any other law for the relief or aid of debtors, a court of competent jurisdiction shall assume custody or control of the Borrower or any Subsidiary or of the whole or any substantial part of its properties, which control is not relinquished within sixty (60) days; or if there is commenced against the Borrower or any Subsidiary any proceeding or petition seeking reorganization, arrangement or similar relief under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state which proceeding or petition remains undismissed for a period of sixty (60) days; or if the Borrower or any Subsidiary takes any action to indicate its consent to or approval of any such proceeding or petition; or

(i) if (i) one or more judgments or orders where the amount not covered by insurance (or the amount as to which the insurer denies liability) is in excess of \$5,000,000 is rendered against the Borrower or any Subsidiary, or (ii) there is any attachment, injunction or execution against any of the Borrower's or Subsidiaries' properties for any amount in

excess of \$5,000,000 in the aggregate; and such judgment, attachment, injunction or execution remains unpaid, unstayed, undischarged, unbonded or undismissed for a period of thirty (30) days; or

(j) if the Borrower or any Subsidiary shall, other than in the ordinary course of business (as determined by past practices), suspend all or any part of its operations material to the conduct of the business of the Borrower or such Subsidiary for a period of more than sixty (60) days; or

(k) if the Borrower or any Subsidiary shall breach any of the material terms or conditions of any agreement under which any Rate Hedging Obligations permitted hereby is created and such breach shall continue beyond any grace period, if any, relating thereto pursuant to the terms of such agreement, or if the Borrower or any Subsidiary shall disaffirm or seek to disaffirm any such agreement or any of its obligations thereunder; or

(l) if there shall occur and not be waived an Event of Default as defined in any of the other Loan Documents;

(m) any actual or asserted invalidity (other than by the Agent and Lenders) of any of the Loan Documents; and

(n) if there shall occur a Change in Control;

then, and in any such event and at any time thereafter, if such Event of Default or any other Event of Default shall have not been waived,

(A) either or both of the following actions may be taken: (i) the Agent, with the consent of the Required Lenders, may, and at the direction of the Required Lenders shall, declare any obligation of the Lenders and the Issuing Bank to make further Revolving Loans and Swing Line Loans or to issue additional Letters of Credit terminated, whereupon the obligation of each Lender to make further Revolving Loans, of NationsBank to make further Swing Line Loans, and of the Issuing Bank to issue additional Letters of Credit, hereunder shall terminate immediately, and (ii) the Agent shall at the direction of the Required Lenders, at their option, declare by notice to the Borrower any or all of the Obligations to be immediately due and payable, and the same, including all interest accrued thereon and all other obligations of the Borrower to the Agent and the Lenders, shall forthwith become immediately due and payable without presentment, demand, protest, notice or other formality of any kind, all of which are hereby expressly waived, anything contained herein or in any instrument evidencing the Obligations to the contrary notwithstanding; provided, however, that notwithstanding the above, if there shall

occur an Event of Default under clause (g) or (h) above, then the obligation of the Lenders to make Revolving Loans, of NationsBank to make Swing Line Loans, and of the Issuing Bank to issue Letters of Credit hereunder shall automatically terminate and any and all of the

Obligations shall be immediately due and payable without the necessity of any action by the Agent or the Required Lenders or notice to the Agent or the Lenders;

(B) The Borrower shall, upon demand of the Agent or the Required Lenders, deposit cash with the Agent in an amount equal to the amount of any Letter of Credit Outstandings, as collateral security for the repayment of any future drawings or payments under such Letters of Credit, and such amounts shall be held by the Agent pursuant to the terms of the LC Account Agreement; and

(C) the Agent and each of the Lenders shall have all of the rights and remedies available under the Loan Documents or under any applicable law.

10.2. Agent to Act. In case any one or more Events of Default shall

occur and not have been waived, the Agent may, and at the direction of the Required Lenders shall, proceed to protect and enforce their rights or remedies either by suit in equity or by action at law, or both, whether for the specific performance of any covenant, agreement or other provision contained herein or in any other Loan Document, or to enforce the payment of the Obligations or any other legal or equitable right or remedy.

10.3. Cumulative Rights. No right or remedy herein conferred upon the

Lenders or the Agent is intended to be exclusive of any other rights or remedies contained herein or in any other Loan Document, and every such right or remedy shall be cumulative and shall be in addition to every other such right or remedy contained herein and therein or now or hereafter existing at law or in equity or by statute, or otherwise.

10.4. No Waiver. No course of dealing between the Borrower and any

Lender or the Agent or any failure or delay on the part of any Lender or the Agent in exercising any rights or remedies under any Loan Document or otherwise available to it shall operate as a waiver of any rights or remedies and no single or partial exercise of any rights or remedies shall operate as a waiver or preclude the exercise of any other rights or remedies hereunder or of the same right or remedy on a future occasion.

10.5. Allocation of Proceeds. If an Event of Default has occurred and

not been waived, and the maturity of the Notes has been accelerated pursuant to Article X hereof, all payments received by the Agent hereunder, in respect of

any principal of or interest on the Obligations or any other amounts payable by the Borrower hereunder, shall be applied by the Agent in the following order:

- (a) amounts due to the Lenders pursuant to Sections 2.10, 3.3, 3.4 and

12.5;

- (b) amounts due to the Agent pursuant to Section 11.9;

(c) payments of interest on Loans, Swing Line Loans and Reimbursement Obligations, to be applied for the ratable benefit of the Lenders (with amounts payable in

respect of Swing Line Outstandings being included in such calculation and paid to NationsBank);

(d) payments of principal of Loans, Swing Line Loans and Reimbursement Obligations, to be applied for the ratable benefit of the Lenders (with amounts payable in respect of Swing Line Outstandings being included in such calculation and paid to NationsBank);

(e) payments of cash amounts to the Agent in respect of outstanding Letters of Credit pursuant to Section 10.1(b);

(f) amounts due to the Lenders pursuant to Sections 3.2(g), 8.15 and

12.9;

(g) payments of all other amounts due under any of the Loan Documents, if any, to be applied for the ratable benefit of the Lenders;

(h) amounts due to any of the Lenders in respect of Obligations consisting of liabilities under any Swap Agreement with any of the Lenders on a pro rata basis according to the amounts owed; and

(i) any surplus remaining after application as provided for herein, to the Borrower or otherwise as may be required by applicable law.

ARTICLE XI

The Agent

11.1. Appointment, Powers, and Immunities. Each Lender hereby

irrevocably appoints and authorizes the Agent to act as its agent under this Agreement and the other Loan Documents with such powers and discretion as are specifically delegated to the Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent (which term as used in this sentence and in Section 11.5 and

the first sentence of Section 11.6 hereof shall include its affiliates and its

own and its affiliates' officers, directors, employees, and agents): (a) shall not have any duties or responsibilities except those expressly set forth in this Agreement and shall not be a trustee or fiduciary for any Lender; (b) shall not be responsible to the Lenders for any recital, statement, representation, or warranty (whether written or oral) made in or in connection with any Loan Document or any certificate or other document referred to or provided for in, or received by any of them under, any Loan Document, or for the value, validity, effectiveness, genuineness, enforceability, or sufficiency of any Loan Document, or any other document referred to or provided for therein or for any failure by any Loan Party or any other Person to perform any of its obligations thereunder; (c) shall not be responsible for or have any duty to ascertain, inquire into, or verify the performance or observance of any covenants or agreements by any Loan Party or the satisfaction of any condition or to inspect the property (including the books and records) of any Loan Party or any of its Subsidiaries or affiliates; (d) shall not be required to initiate or conduct any litigation or collection proceedings under any Loan Document; and (e) shall not be responsible for any action taken or omitted to be taken by it under or in connection with any Loan Document, except for its own gross negligence or willful misconduct. The Agent may employ agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such agents or attorneys-in-fact selected by it with reasonable care. Each Lender hereby irrevocably designates and appoints NationsBank as the Agent for the Lenders under this Agreement, and each of the Lenders hereby irrevocably authorizes NationsBank as the Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers as are expressly delegated to the Agent by the terms of this Agreement and such other Loan Documents, together with such other powers as are reasonably incidental thereto. The Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any of the Lenders, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

11.2. Reliance by Agent. The Agent shall be entitled to rely upon any

certification, notice, instrument, writing, or other communication (including, without limitation, any thereof by telephone or telefacsimile) believed by it to be genuine and correct and to have been signed, sent or made by or on behalf of the proper Person or Persons, and upon advice and statements of legal counsel (including counsel for any Loan Party), independent accountants, and other experts selected by the Agent. The Agent may deem and treat the payee of any Note as the holder thereof for all purposes hereof unless and until the Agent receives and accepts an Assignment and Acceptance executed in accordance with Section 12.1 hereof. As to any matters not expressly provided for by this

Agreement, the Agent shall not be required to exercise any discretion or take any action, but shall be

required to act or to refrain from acting (and shall be fully protected in so acting or refraining from acting) upon the instructions of the Required Lenders, and such instructions shall be binding on all of the Lenders; provided,

however, that the Agent shall not be required to take any action that exposes

the Agent to personal liability or that is contrary to any Loan Document or applicable law or unless it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking any such action.

11.3. Defaults. The Agent shall not be deemed to have knowledge or

notice of the occurrence of a Default or Event of Default unless the Agent has received written notice from a Lender or the Borrower specifying such Default or Event of Default and stating that such notice is a "Notice of Default". In the event that the Agent receives such a notice of the occurrence of a Default or Event of Default, the Agent shall give prompt notice thereof to the Lenders. The Agent shall (subject to Section 11.2 hereof) take such action with respect

to such Default or Event of Default as shall reasonably be directed by the Required Lenders, provided that, unless and until the Agent shall have received

such directions, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interest of the Lenders.

11.4. Rights as Lender. With respect to its Revolving Credit

Commitment and the Loans made by it, NationsBank (and any successor acting as Agent) in its capacity as a Lender hereunder shall have the same rights and powers hereunder as any other Lender and may exercise the same as though it were not acting as the Agent, and the term "Lender" or "Lenders" shall, unless the context otherwise indicates, include the Agent in its individual capacity. NationsBank (and any successor acting as Agent) and its affiliates may (without having to account therefor to any Lender) accept deposits from, lend money to, make investments in, provide services to, and generally engage in any kind of lending, trust, or other business with any Loan Party or any of its Subsidiaries or affiliates as if it were not acting as Agent, and NationsBank (and any successor acting as Agent) and its affiliates may accept fees and other consideration from any Loan Party or any of its Subsidiaries or affiliates for services in connection with this Agreement or otherwise without having to account for the same to the Lenders.

11.5. Indemnification. The Lenders agree to indemnify the Agent (to

the extent not reimbursed under Section 12.9 hereof, but without limiting the

obligations of the Borrower under such Section) ratably in accordance with their respective Revolving Credit Commitments, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses (including attorneys' fees), or disbursements of any kind and nature whatsoever that may be imposed on, incurred by or asserted against the Agent (including by any Lender) in any way relating to or arising out of any Loan Document or the transactions contemplated thereby or any action taken or omitted by the Agent under any Loan Document; provided that no Lender shall be liable

for any of the foregoing to the extent they arise from the gross negligence or willful misconduct of the Person to be indemnified. Without limitation of the foregoing, each Lender agrees to reimburse the Agent promptly upon demand for its ratable share of any costs or expenses payable by the Borrower under Section

12.5, to the extent that the Agent is not promptly reimbursed for such costs and

expenses by

the Borrower. The agreements contained in this Section shall survive payment in full of the Loans and all other amounts payable under this Agreement.

11.6. Non-Reliance on Agent and Other Lenders. Each Lender agrees that

it has, independently and without reliance on the Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own credit analysis of the Loan Parties and their Subsidiaries and decision to enter into this Agreement and that it will, independently and without reliance upon the Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own analysis and decisions in taking or not taking action under the Loan Documents. Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Agent hereunder, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the affairs, financial condition, or business of any Loan Party or any of its Subsidiaries or affiliates that may come into the possession of the Agent or any of its affiliates.

11.7. Resignation of Agent. The Agent may resign at any time by giving

notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Agent. If no successor Agent shall have been so appointed by the Required Lenders and shall have accepted such appointment within thirty (30) days after the retiring Agent's giving of notice of resignation, then the retiring Agent may, on behalf of the Lenders, appoint a successor Agent which shall be a commercial bank organized under the laws of the United States of America having combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor, such successor shall thereupon succeed to and become vested with all the rights, powers, discretion, privileges, and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations hereunder. After any retiring Agent's resignation hereunder as Agent, the provisions of this Article XI 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 Agent.

11.8. Sharing of Payments, etc. Each Lender agrees that if it shall,

through the exercise of a right of banker's lien, set-off, counterclaim or otherwise, obtain payment with respect to its Obligations (other than pursuant to Article IV) which results in its receiving more than its pro rata share of

the aggregate payments with respect to all of the Obligations (other than any payment expressly provided hereunder to be distributed on other than a pro rata basis and payments pursuant to Article IV), then (a) such Lender shall be deemed

to have simultaneously purchased from the other Lenders a share in their Obligations so that the amount of the Obligations held by each of the Lenders shall be pro rata and (b) such other adjustments shall be made from time to time as shall be equitable to insure that the Lenders share such payments ratably; provided, however, that for purposes of this Section 11.8 the term "pro rata"

shall be determined with respect to the Revolving Credit Commitment of each Lender and to the Total Revolving Credit Commitments after subtraction in each case of amounts, if any, by which any such Lender has not funded its share of the outstanding Loans and Obligations. If all or any portion of any such excess payment is thereafter recovered from the Lender which received the same, the purchase provided in this Section 11.8 shall be rescinded to the extent of such

recovery, without interest. The Borrower expressly consents to the foregoing arrangements and agrees that each Lender so purchasing a portion of the other Lenders' Obligations may exercise all rights of payment (including, without limitation, all rights of set-off, banker's lien or

counterclaim) with respect to such portion as fully as if such Lender were the direct holder of such portion.

11.9. Fees. The Borrower agrees to pay to the Agent, for its

individual account, an annual administrative fee as from time to time agreed to by the Borrower and Agent in writing.

11.10 Security Trustee. The Agent shall be the "Security Trustee"

under any of those Stock Pledge Agreements which are expressed to be governed by English law (the "English Pledge Agreements") and shall accept without investigation, requisition or objection such title as any person may have to the assets which are subject to the English Pledge Agreements and shall not (a) be bound or concerned to examine or inquire into the title of any person; (b) be liable for any defect or failure in the title of any person, whether such defect or failure was known to it or might have been discovered upon examination or inquiry and whether capable of remedy or not; (c) be liable for any failure on its part to give notice of such English Pledge Agreement to any third party or otherwise perfect or register the security created by such English Pledge Agreement.

The Security Trustee shall hold the benefit of the English Pledge Agreements upon trust for itself, the Lenders and the Agent. Upon the appointment of any successor Security Trustee, the resigning Security Trustee shall execute and deliver such documents and do such other acts and things as may be necessary to vest in the successor Security Trustee all the rights, title and interests vested in the resigning Security Trustee.

ARTICLE XII

Miscellaneous

12.1. Assignments and Participations. (a) Each Lender may assign to

one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement (including, without limitation, all or a portion of its Loans, its Note, and its Revolving Credit Commitment); provided, however, that

(i) each such assignment shall be to an Eligible Assignee;

(ii) except in the case of an assignment to another Lender or an assignment of all of a Lender's rights and obligations under this Agreement, any such partial assignment shall be in an amount at least equal to \$5,000,000 or an integral multiple of \$1,000,000 in excess thereof;

(iii) each such assignment by a Lender shall be of a constant, and not varying, percentage of all of its rights and obligations under this Agreement and the Note; and

(iv) the parties to such assignment shall execute and deliver to the Agent for its acceptance an Assignment and Acceptance in the form of Exhibit B hereto, together with any Note subject to such assignment and a processing fee of \$3,500.

Upon execution, delivery, and acceptance of such Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of such assignment, have the obligations, rights, and benefits of a Lender hereunder and the assigning Lender shall, to the extent of such assignment, relinquish its rights and be released from its obligations under this Agreement. Upon the consummation of any assignment pursuant to this Section, the assignor, the Agent and the Borrower shall make appropriate arrangements so that, if required, new Notes are issued to the assignor and the assignee. If the assignee is not incorporated under the laws of the United States of America or a state thereof, it shall deliver to the Borrower and the Agent certification as to exemption from deduction or withholding of Taxes in accordance with Section 4.6.

(b) The Agent shall maintain at its address referred to in Section 12.2 a

copy of each Assignment and Acceptance delivered to and accepted by it and a register for the recordation of the names and addresses of the Lenders and the Revolving Credit Commitment of, and principal amount of the Loans owing to, each Lender from time to time (the "Register"). The entries in the Register shall be

conclusive and binding for all purposes, absent manifest error, and the Borrower, the 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 the Borrower or any Lender at any reasonable time and from time to time upon reasonable prior notice.

(c) Upon its receipt of an Assignment and Acceptance executed by the parties thereto, together with any Note subject to such assignment and payment of the processing fee, the Agent shall, if such Assignment and Acceptance has been completed and is in substantially the form of Exhibit B

hereto, (i) accept such Assignment and Acceptance, (ii) record the information contained therein in the Register and (iii) give prompt notice thereof to the parties thereto.

(d) Each Lender may sell participations to one or more Persons in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Revolving Credit Commitment and its Loans); provided, however,

that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participant shall be entitled to the benefit of the yield protection provisions contained in Article IV and the

right of set-off contained in Section 12.3, and (iv) the Borrower shall continue

to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to its Loans and its Note and to approve any amendment, modification, or waiver of any provision of this Agreement (other than amendments, modifications, or waivers decreasing the amount of principal of or the rate at which interest is payable on such Loans or Note, extending any scheduled principal payment date or date fixed for the payment of interest on such Loans or Note, extending its Revolving Credit Commitment or releasing any Collateral or any Guarantor).

(e) Notwithstanding any other provision set forth in this Agreement, any Lender may at any time assign and pledge all or any portion of its Loans and its Note to any Federal Reserve Bank as collateral security pursuant to Regulation A and any Operating Circular issued by such Federal Reserve Bank. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) Any Lender may furnish any information concerning the Borrower or any of its Subsidiaries in the possession of such Lender from time to time to assignees and participants (including prospective assignees and participants).

(g) The Borrower may not assign, nor shall it cause, suffer or permit any Guarantor to assign any rights, powers, duties or obligations under this Agreement of the other Loan Documents without the prior written consent of all the Lenders.

12.2. Notices. Any notice shall be conclusively deemed to have been

received by any party hereto and be effective (i) on the day on which delivered (including hand delivery by commercial courier service) to such party (against receipt therefor), (ii) on the date of receipt at such address, telefacsimile number or telex number as may from time to time be specified by such party in written notice to the other parties hereto or otherwise received), in the case of notice by telegram, telefacsimile or telex, respectively (where the receipt of such message is verified by return), or (iii) on the fifth Business Day after the day on which mailed, if sent prepaid by certified or registered mail, return receipt requested, in each case delivered, transmitted or mailed, as the case may be, to the address, telex number or telefacsimile number, as appropriate, set forth below or such other address or number as such party shall specify by notice hereunder:

(a) if to the Borrower:

Roper Industries, Inc.
160 Ben Burton Road
Bogart, Georgia 30622
Attn: Shanler D. Cronk, Vice President and General Counsel
Telephone: (706) 369-7170
Telefacsimile: (706) 353-6496

(b) if to the Agent:

NationsBank, National Association
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Angela Berry, Agency Services
Telephone: (704) 386-8958
Telefacsimile: (704) 386-9923

(c) if to the Lenders:

At the addresses set forth on the signature pages hereof and on the signature page of each Assignment and Acceptance;

(d) if to any Guarantor, at the address set forth on the signature page of the Facility Guaranty or Stock Pledge Agreement executed by such Guarantor, as the case may be.

12.3. Right of Set-off; Adjustments. (a) Upon the occurrence and

during the continuance of any Event of Default, each Lender (and each of its affiliates) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (or any of its affiliates) to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Note held by such Lender, irrespective of whether such Lender shall have made any demand under this Agreement or such Note and although such obligations may be unmatured. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided, however, that the

failure to give such notice shall not affect the validity of such set-off and application. The rights of each Lender under this Section are in addition to other rights and remedies (including, without limitation, other rights of set-off) that such Lender may have.

(b) If any Lender (a "benefitted Lender") shall at any time receive any

payment of all or part of the Loans owing to it, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans owing

to it, or interest thereon, such benefitted Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loans owing to it, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefitted Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that

if all or any portion of such excess payment or benefits is thereafter recovered from such benefitted Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that any Lender so purchasing a participation from a Lender pursuant to this Section 12.3 may, to the fullest extent permitted

by law, exercise all of its rights of payment (including the right of set-off) with respect to such participation as fully as if such Person were the direct creditor of the Borrower in the amount of such participation.

12.4. Survival. All covenants, agreements, representations and

warranties made herein shall survive the making by the Lenders of the Loans and the issuance of the Letters of Credit and the execution and delivery to the Lenders of this Agreement and the Notes and shall continue in full force and effect so long as any of Obligations remain outstanding or any Lender has any commitment hereunder or the Borrower has continuing obligations hereunder unless otherwise provided herein. Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and permitted assigns of such party and all covenants, provisions and agreements by or on behalf of the Borrower which are contained in the Loan Documents shall inure to the benefit of the successors and permitted assigns of the Lenders or any of them.

12.5. Expenses. The Borrower agrees to pay on demand all costs and

expenses of the Agent in connection with the syndication, preparation, execution, delivery, administration, modification, and amendment of this Agreement, the other Loan Documents, and the other documents to be delivered hereunder, including, without limitation, the reasonable fees and expenses of counsel for the Agent (including the cost of internal counsel) with respect thereto and with respect to advising the Agent as to its rights and responsibilities under the Loan Documents. The Borrower further agrees to pay on demand all costs and expenses of the Agent and the Lenders, if any (including, without limitation, reasonable attorneys' fees and expenses and the cost of internal counsel), in connection with the enforcement (whether through negotiations, legal proceedings, or otherwise) of the Loan Documents and the other documents to be delivered hereunder.

12.6. Amendments and Waivers. Any provision of this Agreement or any

other Loan Document may be amended or waived if, but only if, such amendment or waiver is in writing and is signed by the Borrower and the Required Lenders (and, if Article XI or the rights or duties of the Agent are affected thereby,

by the Agent); provided that no such amendment or waiver shall, unless signed by

all the Lenders, (i) increase the Revolving Credit Commitments of any or all of the Lenders, (ii) reduce the principal of or rate of interest on any Loan or any fees or other amounts payable hereunder, (iii) postpone any date fixed for the payment of any scheduled installment of principal of or interest on any Loan or any fees or other amounts payable hereunder or for termination of any Revolving Credit Commitment, (iv) change the definition of Required Lenders or any provision of this Section 12.6 or (v) release any Collateral or any Guarantor;

and provided, further, that no such amendment or waiver which affects the

rights, privileges, or obligations of NationsBank as provider

of the Swing Loans or issuer of Letters of Credit, shall be effective unless signed in writing by NationsBank.

Notwithstanding any provision of the other Loan Documents to the contrary, as between the Agent and the Lenders, execution by the Agent shall not be deemed conclusive evidence that the Agent has obtained the written consent of the Required Lenders. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances, except as otherwise expressly provided herein. No delay or omission on any Lender's or the Agent's part in exercising any right, remedy or option shall operate as a waiver of such or any other right, remedy or option or of any Default or Event of Default.

12.7. Counterparts. This Agreement may be executed in any number of

counterparts, each of which when so executed and delivered shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such fully-executed counterpart.

12.8. Termination. The termination of this Agreement shall not affect

any rights of the Borrower, the Lenders or the Agent or any obligation of the Borrower, the Lenders or the Agent, arising prior to the effective date of such termination, and the provisions hereof shall continue to be fully operative until all transactions entered into or rights created or obligations incurred prior to such termination have been fully disposed of, concluded or liquidated and the Obligations arising prior to or after such termination have been irrevocably paid in full. The rights granted to the Agent for the benefit of the Lenders under the Loan Documents shall continue in full force and effect, notwithstanding the termination of this Agreement, until all of the Obligations have been paid in full after the termination hereof (other than Obligations in the nature of continuing indemnities or expense reimbursement obligations not yet due and payable, which shall continue) or the Borrower has furnished the Lenders and the Agent with an indemnification satisfactory to the Agent and each Lender with respect thereto. All representations, warranties, covenants, waivers and agreements contained herein shall survive termination hereof until payment in full of the Obligations unless otherwise provided herein. Notwithstanding the foregoing, if after receipt of any payment of all or any part of the Obligations, any Lender is for any reason compelled to surrender such payment to any Person because such payment is determined to be void or voidable as a preference, impermissible setoff, a diversion of trust funds or for any other reason, this Agreement shall continue in full force and the Borrower shall be liable to, and shall indemnify and hold the Agent or such Lender harmless for, the amount of such payment surrendered until the Agent or such Lender shall have been finally and irrevocably paid in full. The provisions of the foregoing sentence shall be and remain effective notwithstanding any contrary action which may have been taken by the Agent or the Lenders in reliance upon such payment, and any such contrary action so taken shall be without prejudice to the Agent or the Lenders' rights under this Agreement and shall be deemed to have been conditioned upon such payment having become final and irrevocable.

12.9. Indemnification. (a) The Borrower agrees to indemnify and hold

harmless the Agent and each Lender and each of their affiliates and their respective officers, directors, employees, agents, and advisors (each, an "Indemnified Party") from and against any and all claims, damages, losses,

liabilities, costs, and expenses (including, without limitation, reasonable attorneys' fees) that may be

incurred by or asserted or awarded against any Indemnified Party, in each case arising out of or in connection with or by reason of (including, without limitation, in connection with any investigation, litigation, or proceeding or preparation of defense in connection therewith) the Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Loans, except to the extent such claim, damage, loss, liability, cost, or expense is found in a final, non-appealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party's gross negligence or willful misconduct. In the case of an investigation, litigation or other proceeding to which the indemnity in this Section 12.9(a) applies, such

indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, its directors, shareholders or creditors or an Indemnified Party or any other Person or any Indemnified Party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The Borrower agrees not to assert any claim against the Agent, any Lender, any of their affiliates, or any of their respective directors, officers, employees, attorneys, agents, and advisers, on any theory of liability, for special, indirect, consequential, or punitive damages arising out of or otherwise relating to the Loan Documents, any of the transactions contemplated herein or the actual or proposed use of the proceeds of the Loans.

(b) Without prejudice to the survival of any other agreement of the Borrower hereunder, the agreements and obligations of the Borrower contained in this Section 12.9 shall survive the payment in full of the Loans and all other

amounts payable under this Agreement.

12.10 Severability. If any provision of this Agreement or the other Loan

Documents shall be determined to be illegal or invalid as to one or more of the parties hereto, then such provision shall remain in effect with respect to all parties, if any, as to whom such provision is neither illegal nor invalid, and in any event all other provisions hereof shall remain effective and binding on the parties hereto.

12.11 Entire Agreement. This Agreement, together with the other Loan

Documents, constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all Prior Agreements, previous proposals, negotiations, representations, commitments and other communications between or among the parties, both oral and written, with respect thereto.

12.12 Agreement Controls. In the event that any term of any of the Loan

Documents other than this Agreement conflicts with any express term of this Agreement, the terms and provisions of this Agreement shall control to the extent of such conflict.

12.13 Usury Savings Clause. Notwithstanding any other provision herein,

the aggregate interest rate charged under any of the Notes, including all charges or fees in connection therewith deemed in the nature of interest under applicable law shall not exceed the Highest Lawful Rate (as such term is defined below). If the rate of interest (determined without regard to the preceding sentence) under this Agreement at any time exceeds the Highest Lawful Rate (as defined below), the outstanding amount of the Loans made hereunder shall bear interest at the Highest Lawful Rate until the total amount of interest due hereunder equals the amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect. In

addition, if when the Loans made hereunder are repaid in full the total interest due hereunder (taking into account the increase provided for above) is less than the total amount of interest which would have been due hereunder if the stated rates of interest set forth in this Agreement had at all times been in effect, then to the extent permitted by law, the Borrower shall pay to the Agent an amount equal to the difference between the amount of interest paid and the amount of interest which would have been paid if the Highest Lawful Rate had at all times been in effect. Notwithstanding the foregoing, it is the intention of the Lenders and the Borrower to conform strictly to any applicable usury laws. Accordingly, if any Lender contracts for, charges, or receives any consideration which constitutes interest in excess of the Highest Lawful Rate, then any such excess shall be cancelled automatically and, if previously paid, shall at such Lender's option be applied to the outstanding amount of the Loans made hereunder or be refunded to the Borrower. As used in this paragraph, the term "Highest Lawful Rate" means the maximum lawful interest rate, if any, that at any time or from time to time may be contracted for, charged, or received under the laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws now allow.

12.14 Confidentiality. The Agent and each Lender (each, a "Lending

Party") agrees to keep confidential any information furnished or made available to it by the Borrower pursuant to this Agreement that is marked confidential; provided that nothing herein shall prevent any Lending Party from disclosing such information (a) to any other Lending Party or any affiliate of any Lending Party, or any officer, director, employee, agent, or advisor of any Lending Party or affiliate of any Lending Party, (b) to any other Person if reasonably incidental to the administration of the credit facility provided herein, (c) as required by any law, rule, or regulation, (d) upon the order of any court or administrative agency, (e) upon the request or demand of any regulatory agency or authority, (f) that is or becomes available to the public or that is or becomes available to any Lending Party other than as a result of a disclosure by any Lending Party prohibited by this Agreement, (g) in connection with any litigation to which such Lending Party or any of its affiliates may be a party, (h) to the extent necessary in connection with the exercise of any remedy under this Agreement or any other Loan Document, and (i) subject to provisions substantially similar to those contained in this Section 12.14, to any actual or proposed participant or assignee.

12.15 Governing Law; Waiver of Jury Trial.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN THOSE SECURITY INSTRUMENTS WHICH EXPRESSLY PROVIDE THAT THEY SHALL BE GOVERNED BY THE LAWS OF ANOTHER JURISDICTION) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA APPLICABLE TO CONTRACTS EXECUTED, AND TO BE FULLY PERFORMED, IN SUCH STATE.

(b) THE BORROWER HEREBY EXPRESSLY AND IRREVOCABLY AGREES AND CONSENTS THAT ANY SUIT, ACTION OR PROCEEDING

ARISING OUT OF OR RELATING TO THIS AGREEMENT AND THE TRANSACTIONS CONTEMPLATED HEREIN MAY BE INSTITUTED IN ANY STATE OR FEDERAL COURT SITTING IN THE COUNTY OF FULTON, STATE OF GEORGIA, UNITED STATES OF AMERICA AND, BY THE EXECUTION AND DELIVERY OF THIS AGREEMENT, THE BORROWER EXPRESSLY WAIVES ANY OBJECTION THAT IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE IN, OR TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY, ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING, AND THE BORROWER HEREBY IRREVOCABLY SUBMITS GENERALLY AND UNCONDITIONALLY TO THE JURISDICTION OF ANY SUCH COURT IN ANY SUCH SUIT, ACTION OR PROCEEDING.

(c) THE BORROWER AGREES THAT SERVICE OF PROCESS MAY BE MADE BY PERSONAL SERVICE OF A COPY OF THE SUMMONS AND COMPLAINT OR OTHER LEGAL PROCESS IN ANY SUCH SUIT, ACTION OR PROCEEDING, OR BY REGISTERED OR CERTIFIED MAIL (POSTAGE PREPAID) TO THE ADDRESS OF THE BORROWER PROVIDED IN SECTION 12.2, OR BY ANY OTHER METHOD OF SERVICE PROVIDED FOR UNDER THE -----
APPLICABLE LAWS IN EFFECT IN THE STATE OF GEORGIA.

(d) NOTHING CONTAINED IN SUBSECTIONS (a) OR (b) HEREOF SHALL -----
PRECLUDE THE AGENT OR ANY LENDER FROM BRINGING ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT IN THE COURTS OF ANY JURISDICTION WHERE THE BORROWER OR ANY OF THE BORROWER'S PROPERTY OR ASSETS MAY BE FOUND OR LOCATED. TO THE EXTENT PERMITTED BY THE APPLICABLE LAWS OF ANY SUCH JURISDICTION, THE BORROWER HEREBY IRREVOCABLY SUBMITS TO THE JURISDICTION OF ANY SUCH COURT AND EXPRESSLY WAIVES, IN RESPECT OF ANY SUCH SUIT, ACTION OR PROCEEDING, OBJECTION TO THE EXERCISE OF JURISDICTION OVER IT AND ITS PROPERTY BY ANY SUCH OTHER COURT OR COURTS WHICH NOW OR HEREAFTER MAY BE AVAILABLE UNDER APPLICABLE LAW.

(e) IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER OR RELATED TO ANY LOAN DOCUMENT OR ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR THAT MAY IN THE FUTURE BE DELIVERED IN CONNECTION THEREWITH, THE BORROWER, THE AGENT AND THE LENDERS HEREBY AGREE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY AND HEREBY IRREVOCABLY WAIVE,

TO THE EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT SUCH PERSON MAY HAVE
TO TRIAL BY JURY IN ANY SUCH ACTION OR PROCEEDING.

[Signatures on following pages]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be made, executed and delivered by their duly authorized officers as of the day and year first above written.

ROPER INDUSTRIES, INC.

By: /s/ Martin Headley

Name: Martin Headley

Title: Vice President and Chief Financial Officer

NATIONSBANK, NATIONAL ASSOCIATION
(SOUTH), as Agent for the Lenders

By: /s/ W. Brad Davis

Name: W. Brad Davis
Title: Senior Vice President

NATIONSBANK, NATIONAL ASSOCIATION
(SOUTH)

By: /s/ W. Brad Davis

Name: W. Brad Davis
Title: Senior Vice President

Lending Office:
NationsBank, National Association
Independence Center, 15th Floor
NC1-001-15-04
Charlotte, North Carolina 28255
Attention: Angela Berry
Telephone:(704) 386-8958
Telefacsimile:(704) 386-9923

Wire Transfer Instructions:
NationsBank, National Association (South)
Atlanta, Georgia
ABA# 0614000052
Account No.: 1366210101997
Reference: Roper Industries, Inc.
Attention: Corporate Credit Support

THE FIRST NATIONAL BANK OF CHICAGO

By: /s/ David T. McNella

Name: David T. McNeela
Title: Authorized Agent

Lending Office:
One First National Plaza
Chicago, Illinois 60670

Wire Transfer Instructions:
The First National Bank of Chicago
Chicago, Illinois 60670
ABA #071000013
Account: DCS Incoming Clearing Account
#7521-7653
Attention: Lorenzi
Reference: Roper Industries, Inc.

SUNTRUST BANK, ATLANTA

By: /s/ C. Wes Burton, Jr.

Name: C. Wes Burton Jr.
Title: Vice President

By: /s/ Thomas R. Banks

Name: Thomas R. Banks
Title: Assistant Vice President

Lending Office:
25 Park Place, 23rd Floor
Atlanta, Georgia 30302

Wire Transfer Instructions:
SunTrust Bank, Atlanta
Atlanta, Georgia
ABA #061000104
Account #9088000112 - Wire Clearing
Attention: Corporate Banking Operations Support
Reference: Roper Industries, Inc.

ABN AMRO BANK NV

By: /s/ Steven L. Hipsman

By: /s/ Larry K. Kelley

Name: Steven L. Hipsman
Title: Vice President

Name: Larry K. Kelley
Title: Group Vice President

Lending Office:
One Ravinia Drive
Suite 1200
Atlanta, Georgia 30346

Wire Transfer Instructions:
Federal Reserve Bank
New York, New York
Favor of: ABN AMRO Bank NV
New York, New York
ABA #0260-09580
Further Credit to: ABN AMRO Bank NV,
Atlanta Agency
Account #651001019741
Attention: Dorie Coward
Reference: Roper Industries, Inc.

SCOTIABANC INC.

By: /s/ P. M. Brown

Name: P.M. Brown
Title: Relationship Manager

Lending Office:
600 Peachtree Street, N.E.
Suite 2700
Atlanta, Georgia 30308

Wire Transfer Instructions:
The Bank of Nova Scotia, New York Agency
1 Liberty Plaza
New York, New York 10006
ABA #026002532
Account # _____
Attention: Atlanta Agency
Reference: Roper Industries, Inc.

CREDIT LYONNAIS ATLANTA AGENCY

By: /s/ David M. Cawrse

Name: David M. Cawrse
Title: First Vice President & Manager

Lending Office:
303 Peachtree Street, N.E.
Suite 4400
Atlanta, Georgia 30308

Wire Transfer Instructions:
Credit Lyonnais New York Branch
New York, New York 10019
ABA #0260-0807-3
Account #01.24173.0001.00
Credit: CL Atlanta Agency
Attention: Loan Servicing
Reference: Roper Industries, Inc.

WACHOVIA BANK OF GEORGIA, N.A.

By: /s/ W. Tompkins Rison, Jr.

Name: W. Tompkins Rison, Jr.
Title: Vice President

Lending Office:
191 Peachtree Street, N.E., 30th Floor
Atlanta, Georgia 30303-1757

Wire Transfer Instructions:
Wachovia Bank of Georgia, N.A.
Atlanta, Georgia
ABA #061000010
Account #18-800-621
Attention: Ms. Bertie Eaton
Reference: Roper Industries, Inc.

ROBERT FLEMING & CO. LIMITED

By: /s/ A. L. Burke

Name: A.L. Burke
Title: Director

Lending Office:
25 Cophall Avenue
London EC2R 7DR
United Kingdom

Wire Transfer Instructions:
Citibank
New York, New York
ABA # _____
For account of: Robert Fleming, London
Account #3612 0995
Attention: _____
Reference: Roper Industries, Inc.

THE SUMITOMO BANK, LIMITED

By: /s/ Sybil H. Weldon

Name: Sybil H. Weldon
Title: Vice President & Mgr.

By: /s/ Roger N. Arsham

Name: Roger N. Arsham
Title: Vice President

Lending Office:
233 S. Wacker Drive
Suite 5400
Chicago, Illinois 60606

Wire Transfer Instructions:
The Sumitomo Bank, Ltd., Chicago Branch
Chicago, Illinois
ABA #071001850
Account # _____
Attention: _____
Reference: Roper Industries, Inc.

THE BANK OF TOKYO-MITSUBISHI, LTD.

By: /s/ Gary L. England

Name: G. England
Title: V.P. & Manager

Lending Office:
133 Peachtree Street, N.E.
Suite 4970
Atlanta, Georgia 30303-1808

Wire Transfer Instructions:
The Bank of Tokyo-Mitsubishi, Ltd.
Atlanta, Georgia 30303-1808
ABA #026 009 632
Account #30001680
Attention: BTM Atlanta Agency
Reference: Roper Industries, Inc.

THE SANWA BANK, LIMITED, ATLANTA
AGENCY

By: /s/ Dennis S. Losin

Name: Dennis S. Losin
Title: Vice President

Lending Office:
133 Peachtree Street, N.E.
Suite 4950
Atlanta, Georgia 30303

Wire Transfer Instructions:
The Sanwa Bank-New York Branch
New York, New York
ABA #026009823
Account: F/A: Sanwa Atlanta
Account #999669
Reference: Roper Industries, Inc.