

PATENT ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY AGREEMENT
CONVEYING PARTY DATA	
Name	Execution Date
Huestis Machine Corporation	12/01/2006
RECEIVING PARTY DATA	
Name:	Wachovia Bank, National Association
Street Address:	1753 Pinnacle Drive
Internal Address:	Third Floor
City:	McLean
State/Country:	VIRGINIA
Postal Code:	22102
PROPERTY NUMBERS Total: 2	
Property Type	Number
Patent Number:	5181824
Patent Number:	5396534
CORRESPONDENCE DATA	
Fax Number:	(703)712-5240
Phone:	2125487034
Email:	scotugno@mcguirewoods.com
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent via US Mail.</i>	
Correspondent Name:	Safet Metjahic
Address Line 1:	1750 Tysons Blvd
Address Line 2:	Suite 1800
Address Line 4:	Tysons Corner, VIRGINIA 22102
NAME OF SUBMITTER:	Safet Metjahic
Total Attachments: 62 source=Huestis#page1.tif source=Huestis#page2.tif	

OP \$80.00 5181824

source=Huestis#page3.tif
source=Huestis#page4.tif
source=Huestis#page5.tif
source=Huestis#page6.tif
source=Huestis#page7.tif
source=Huestis#page8.tif
source=Huestis#page9.tif
source=Huestis#page10.tif
source=Huestis#page11.tif
source=Huestis#page12.tif
source=Huestis#page13.tif
source=Huestis#page14.tif
source=Huestis#page15.tif
source=Huestis#page16.tif
source=Huestis#page17.tif
source=Huestis#page18.tif
source=Huestis#page19.tif
source=Huestis#page20.tif
source=Huestis#page21.tif
source=Huestis#page22.tif
source=Huestis#page23.tif
source=Huestis#page24.tif
source=Huestis#page25.tif
source=Huestis#page26.tif
source=Huestis#page27.tif
source=Huestis#page28.tif
source=Huestis#page29.tif
source=Huestis#page30.tif
source=Huestis#page31.tif
source=Huestis#page32.tif
source=Huestis#page33.tif
source=Huestis#page34.tif
source=Huestis#page35.tif
source=Huestis#page36.tif
source=Huestis#page37.tif
source=Huestis#page38.tif
source=Huestis#page39.tif
source=Huestis#page40.tif
source=Huestis#page41.tif
source=Huestis#page42.tif
source=Huestis#page43.tif
source=Huestis#page44.tif
source=Huestis#page45.tif
source=Huestis#page46.tif
source=Huestis#page47.tif
source=Huestis#page48.tif
source=Huestis#page49.tif
source=Huestis#page50.tif
source=Huestis#page51.tif
source=Huestis#page52.tif
source=Huestis#page53.tif
source=Huestis#page54.tif
source=Huestis#page55.tif
source=Huestis#page56.tif
source=Huestis#page57.tif

source=Huestis#page58.tif
source=Huestis#page59.tif
source=Huestis#page60.tif
source=Huestis#page61.tif
source=Huestis#page62.tif

FINANCING AND SECURITY AGREEMENT

THIS FINANCING AND SECURITY AGREEMENT (this "Agreement") is made this 1st day of December, 2006, by and among HUESTIS MACHINE CORPORATION, a corporation organized under the laws of the State of Rhode Island ("Huestis" and a "Borrower"), and ARI HOLDING CORPORATION, a corporation organized under the laws of the State of Rhode Island, ("ARI", and each a "Borrower", and together with Huestis, collectively, the "Borrowers"), and WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, its successors and assigns ("Lender").

RECITALS

A. Borrowers have applied to Lender for (i) a term loan facility in the maximum principal amount of Five Million Dollars (\$5,000,000) and (ii) a supplemental term loan facility in the maximum principal amount of Two Million Dollars (\$2,000,000), to be used by Borrowers for the Permitted Uses described in this Agreement.

B. Lender is willing to make the credit facilities available jointly and severally to Borrowers upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Certain Defined Terms.

As used in this Agreement, the terms defined in the Preamble and Recitals hereto shall have the respective meanings specified therein, and the following terms shall have the following meanings:

"Account" individually and "Accounts" collectively mean all presently existing or hereafter acquired or created accounts, accounts receivable, health-care insurance receivables, contract rights, notes, drafts, instruments, acceptances, chattel paper, leases and writings evidencing a monetary obligation or a security interest in, or a lease of, goods, all rights to payment of a monetary obligation or other consideration under present or future contracts (including, without limitation, all rights (whether or not earned by performance) to receive payments under presently existing or hereafter acquired or created letters of credit), or by virtue of property that has been sold, leased, licensed, assigned or otherwise disposed of, services rendered or to be rendered, loans and advances made or other considerations given, by or set forth in or arising out of any present or future chattel paper, note, draft, lease, acceptance, writing, bond, insurance policy, instrument, document or general intangible, and all extensions and renewals of any thereof, all rights under or arising out of present or future contracts,

agreements or general interest in goods which gave rise to any or all of the foregoing, including all commercial tort claims, other claims or causes of action now existing or hereafter arising in connection with or under any agreement or document or by operation of law or otherwise, all collateral security of any kind (including, without limitation, real property mortgages and deeds of trust) Supporting Obligations, letter-of-credit rights and letters of credit given by any Person with respect to any of the foregoing, all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to any or all of the foregoing and all equipment and general intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records, and all Proceeds of the foregoing.

"Account Debtor" means any Person who is obligated on a Receivable and "Account Debtors" mean all Persons who are obligated on the Receivables.

"ACH Transactions" means any cash management or related services including the automatic clearing house transfer of funds by Lender for the account of any of Borrowers pursuant to agreement or overdrafts.

"Adjustment Date" has the meaning described in Section 8.5 (Assignments by Lender).

"Affiliate" means, with respect to any designated Person, any other Person, (a) directly or indirectly controlling, directly or indirectly controlled by, or under direct or indirect common control with the Person designated, (b) directly or indirectly owning or holding five percent (5%) or more of any equity interest in such designated Person, or (c) five percent (5%) or more of whose stock or other equity interest is directly or indirectly owned or held by such designated Person. For purposes of this definition, the term "control" (including with correlative meanings, the terms "controlling", "controlled by" and "under common control with") 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 securities or other equity interests or by contract or otherwise.

"Agreement" means this Financing and Security Agreement, as amended, restated, supplemented or otherwise modified in writing in accordance with the provisions of Section 8.2 (Amendments; Waivers).

"Assets" means at any date all assets that, in accordance with GAAP consistently applied, should be classified as assets on a consolidated balance sheet of Borrowers and their respective Subsidiaries.

"Assignee" means any Person to which Lender assigns all or any portion of its interests under this Agreement, any Commitment, and any Loan, in accordance with the provisions of Section 8.5 (Assignments by Lender), together with any and all successors and assigns of such Person; "Assignees" means the collective reference to all Assignees.

"Bankruptcy Code" means Title 11 of the United States Code, as amended from time to time, and any successor Laws.

"Borrower" means each Person defined as a "Borrower" in the preamble of this Agreement; "Borrowers" means the collective reference to all Persons defined as "Borrowers" in the preamble to this Agreement.

"Business Day" means any day other than a Saturday, Sunday or other day on which commercial banks in the State are authorized or required to close.

"Capital Adequacy Regulation" means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any bank or of any corporation controlling a bank.

"Capital Expenditure" means an expenditure (whether payable in cash or other property or accrued as a liability) for Fixed or Capital Assets, including, without limitation, the entering into of a Capital Lease.

"Capital Lease" means with respect to any Person any lease of real or personal property, for which the related Lease Obligations have been or should be, in accordance with GAAP consistently applied, capitalized on the balance sheet of that Person.

"Cash Equivalents" means (a) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed or insured by the United States Government or any agency thereof, (b) certificates of deposit with maturities of one (1) year or less from the date of acquisition of, or money market accounts maintained with, Lender, any Affiliate of Lender, or any other domestic commercial bank having capital and surplus in excess of One Hundred Million Dollars (\$100,000,000.00) or such other domestic financial institutions or domestic brokerage houses to the extent disclosed to, and approved by, Lender and (c) commercial paper of a domestic issuer rated at least either A-1 by Standard & Poor's Corporation (or its successor) or P-1 by Moody's Investors Service, Inc. (or its successor) with maturities of six (6) months or less from the date of acquisition.

"Chattel Paper" means a record or records (including, without limitation, electronic chattel paper) that evidence both a monetary obligation and a security interest in specific goods, a security interest in specific goods and software used in the goods, or a lease of specific goods; all Supporting Obligations with respect thereto; any returned, rejected or repossessed goods and software covered by any such record or records and all proceeds (in any form including, without limitation, accounts, contract rights, documents, chattel paper, instruments and general intangibles) of such returned, rejected or repossessed goods; and all Proceeds of the foregoing.

"Closing Date" means the Business Day, in any event not later than December 1, 2006, on which Lender shall be satisfied that the conditions precedent set forth in Section 5.1 (Conditions to Initial Advance) have been fulfilled or otherwise waived by Lender.

"Collateral" means all property of any Borrower subject from time to time to the Liens of this Agreement, any of the Security Documents and/or any of the other Financing Documents, together with any and all Proceeds thereof.

"Collateral Disclosure List" has the meaning described in Section 3.3 (Collateral Disclosure List).

"Commitment" means the Term Loan Commitment or the Supplemental Term Loan Commitment, as the case may be, and "Commitments" means the collective reference to the Term Loan Commitment, the Supplemental Term Loan Commitment and the commitment for any loan, letter of credit, interest rate protection, foreign exchange risk, cash management, and other Credit Facility now or hereafter provided to any of Borrowers by Lender whether under this Agreement or otherwise.

"Committed Amount" means the Term Loan Committed Amount.

"Compliance Certificate" means a periodic Compliance Certificate described in Section 6.1.1 (Financial Statements).

"Commonly Controlled Entity" means an entity, whether or not incorporated, which is under common control with any Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code.

"Copyrights" means and includes, in each case whether now existing or hereafter arising, all of each Borrower's rights, title and interest in and to (a) all copyrights, rights and interests in copyrights, works protectable by copyright, copyright registrations, copyright applications, and all renewals of any of the foregoing, (b) all income, royalties, damages and payments now or hereafter due and/or payable under any of the foregoing, including, without limitation, damages or payments for past, current or future infringements of any of the foregoing, (c) the right to sue for past, present and future infringements of any of the foregoing, and (d) all rights corresponding to any of the foregoing throughout the world.

"Credit Facility" means the Term Loan Facility or the Supplemental Term Loan Facility, as the case may be, and "Credit Facilities" means collectively the Term Loan Facility, the Supplemental Term Loan Facility and any and all other credit facilities now or hereafter extended under or secured by this Agreement.

"Debt Service" means for any period of determination thereof an amount equal to the total of the aggregate amount of all payments of principal and interest with respect to Indebtedness for Borrowed Money of Borrowers and their respective Subsidiaries scheduled to be due and payable during such period.

"Debt Service Coverage Ratio" means as to Borrowers for the period of any determination the ratio of (a) EBITDA to (b) Debt Service.

"Debt to Worth Ratio" means for the date of any determination thereof the ratio of (a) Liabilities, less all sums due to the Personal Guarantor to (b) Tangible Net Worth.

"Default" means an event which, with the giving of notice or lapse of time, or both, could or would constitute an Event of Default under the provisions of this Agreement.

"Documents" means all documents of title or receipts, whether now existing or hereafter acquired or created, and all Proceeds of the foregoing.

"EBITDA" means as to Borrowers for any period of determination thereof, the sum of (a) the net profit (or loss) determined in accordance with GAAP consistently applied, plus (b) interest expense and income tax provisions for such period, plus (c) depreciation and amortization of assets for such period.

"Enforcement Costs" means all reasonable expenses, charges, costs and fees whatsoever (including, without limitation, reasonable outside a counsel attorney's fees and expenses) of any nature whatsoever paid or incurred by or on behalf of Lender in connection with (a) any or all of the Obligations, this Agreement and/or any of the other Financing Documents, (b) the creation, perfection, collection, maintenance, preservation, defense, protection, realization upon, disposition, sale or enforcement of all or any part of the Collateral, this Agreement or any of the other Financing Documents, including, without limitation, those costs and expenses more specifically enumerated in Section 3.6 (Costs) and/or Section 8.10 (Enforcement Costs), and further including, without limitation, amounts paid to lessors, processors, bailees, warehousemen, sureties, judgment creditors and others in possession of or with a Lien against or claimed against the Collateral, and (c) the monitoring, administration, processing and/or servicing of any or all of the Obligations, the Financing Documents, and/or the Collateral.

"Equipment" means all equipment, machinery, computers, chattels, tools, parts, machine tools, furniture, furnishings, fixtures and supplies of every nature, presently existing or hereafter acquired or created and wherever located, whether or not the same shall be deemed to be affixed to real property, and all of such types of property leased by any of Borrowers and all of Borrowers' rights and interests with respect thereto under such leases (including, without limitation, options to purchase), together with all accessions, additions, fittings, accessories, special tools, and improvements thereto and substitutions therefor and all parts and equipment which may be attached to, or which are necessary or beneficial for the operation, use and/or disposition of such personal property, all licenses, warranties, franchises and General Intangibles related thereto or necessary or beneficial for the operation, use and/or disposition of the same, together with all Accounts, Chattel Paper, Instruments and other consideration received by Borrower on account of the sale, lease or other disposition of all or any part of the foregoing, and together with all rights under or arising out of present or future Documents and contracts relating to the foregoing and all Proceeds of the foregoing.

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

"Event of Default" has the meaning described in ARTICLE VII (Default and Rights and Remedies).

"Facilities" means the collective reference to the loan, letter of credit, interest rate protection, foreign exchange risk, cash management, and other credit facilities now or hereafter provided to any one or more of Borrowers by Lender.

"Fees" means the collective reference to each fee payable to Lender under the terms of this Agreement or under the terms of any of the other Financing Documents.

"Financing Documents" means at any time collectively this Agreement, the Notes, the Mortgage, the Security Documents and any other instrument, agreement or document previously, simultaneously or hereafter executed and delivered by any Borrower, the Personal Guarantor and/or any other Person, singly or jointly with another Person or Persons, evidencing, securing, guarantying or in connection with this Agreement, any Note, any of the Security Documents, any of the Facilities, and/or any of the Obligations but does not include Swap Contracts.

"Fixed or Capital Assets" of a Person at any date means all assets which would, in accordance with GAAP consistently applied, be classified on the balance sheet of such Person as property, plant or equipment at such date.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"General Intangibles" means all general intangibles of every nature, whether presently existing or hereafter acquired or created, and without implying any limitation of the foregoing, further means all books and records, commercial tort claims, other claims (including without limitation all claims for income tax and other refunds), payment intangibles, Supporting Obligations, choses in action, claims, causes of action in tort or equity, contract rights, judgments, customer lists, software, patents, trademarks, licensing agreements, rights in intellectual property, goodwill (including goodwill of Borrower's business symbolized by and associated with any and all trademarks, trademark licenses, copyrights and/or service marks), royalty payments, licenses, letter-of-credit rights, letters of credit, contractual rights, the right to receive refunds of unearned insurance premiums, rights as lessee under any lease of real or personal property, literary rights, copyrights, service names, service marks, logos, trade secrets, amounts received as an award in or settlement of a suit in damages, deposit accounts, interests in joint ventures, general or limited partnerships, or limited liability companies or partnerships, rights in applications for any of the foregoing, books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to any or all of the foregoing, all Supporting Obligations with respect to any of the foregoing, and all Equipment and General Intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records, and all Proceeds of the foregoing.

"Governmental Authority" means any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any department, agency or instrumentality thereof.

"Indebtedness" of a Person means at any date the total liabilities of such Person at such time determined in accordance with GAAP consistently applied.

"Indebtedness for Borrowed Money" of a Person means at any time the sum at such time of (a) Indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (b) any obligations of such Person in respect of letters of credit, banker's or

other acceptances or similar obligations issued or created for the account of such Person; (c) Lease Obligations of such Person with respect to Capital Leases; (d) all liabilities secured by any Lien on any property owned by such Person, to the extent attached to such Person's interest in such property, even though such Person has not assumed or become personally liable for the payment thereof; (e) obligations of third parties which are being guarantied or indemnified against by such Person or which are secured by the property of such Person; (f) any obligation of such Person under an employee stock ownership plan or other similar employee benefit plan; and (g) any obligation of such Person or a Commonly Controlled Entity to a Multi-employer Plan; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue (as determined in accordance with customary trade practices) or which are being disputed in good faith by such Person and for which adequate reserves are being provided on the books of such Person in accordance with GAAP.

"Indemnified Parties" has the meaning set forth in Section 8.19 (Indemnification).

"Instrument" means a negotiable instrument or any other writing which evidences a right to payment of a monetary obligation and is not itself a security agreement or lease and is of a type that in the ordinary course of business is transferred by delivery with any necessary endorsement or assignment, and all Supporting Obligations with respect to any of the foregoing and all Proceeds with respect to any of the foregoing.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended from time to time, and the Income Tax Regulations issued and proposed to be issued thereunder.

"Inventory" means all goods of each Borrower and all right, title and interest of each Borrower in and to all of its now owned and hereafter acquired goods and other personal property furnished under any contract of service or intended for sale or lease, including, without limitation, all raw materials, work-in-process, finished goods and materials and supplies of any kind, nature or description which are used or consumed in any Borrower's business or are or might be used in connection with the manufacture, packing, shipping, advertising, selling or finishing of such goods and other personal property and all licenses, warranties, franchises, General Intangibles, personal property and all documents of title or documents relating to the same, together with all Accounts, Chattel Paper, Instruments and other consideration received by any Borrower on account of the sale, lease or other disposition of all or any part of the foregoing, and together with all rights under or arising out of present or future Documents and contracts relating to the foregoing and all Proceeds of the foregoing.

"Investment Property" means a security, whether certificated or uncertificated, security entitlement, securities account, commodity contract or commodity account and all Proceeds of, and Supporting Obligations with respect to, the foregoing.

"Item of Payment" means each check, draft, cash, money, instrument, item, and other remittance in payment or on account of payment of the Receivables or otherwise with respect to any Collateral, including, without limitation, cash proceeds of any returned, rejected or repossessed goods, the sale or lease of which gave rise to a Receivable, and other proceeds of Collateral; and "Items of Payment" means the collective reference to all of the foregoing.

"Laws" means all ordinances, statutes, rules, regulations, orders, injunctions, writs, or decrees of any Governmental Authority.

"Lease Obligations" of a Person means for any period the rental commitments of such Person for such period under leases for real and/or personal property (net of rent from subleases thereof, but including taxes, insurance, maintenance and similar expenses which such Person, as the lessee, is obligated to pay under the terms of said leases, except to the extent that such taxes, insurance, maintenance and similar expenses are payable by sublessees), including rental commitments under Capital Leases.

"Liabilities" means at any date all liabilities that in accordance with GAAP consistently applied should be classified as liabilities on a consolidated balance sheet of Borrowers and their respective Subsidiaries.

"Lien" means any mortgage, deed of trust, deed to secure debt, grant, pledge, security interest, assignment, encumbrance, judgment, lien, financing statement, hypothecation, provision in any instrument or other document for confession of judgment, cognovit or other similar right or other remedy, claim, charge, control over or interest of any kind in real or personal property securing any indebtedness, duties, obligations, and liabilities owed to, or claimed to be owed to, a Person, all whether perfected or unperfected, avoidable or unavoidable, based on the common law, statute or contract or otherwise, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and the filing of or agreement to give any financing statement under the Uniform Commercial Code of any jurisdiction, excluding the precautionary filing of any financing statement by any lessor in a true lease transaction, by any bailor in a true bailment transaction or by any consignor in a true consignment transaction under the Uniform Commercial Code of any jurisdiction or the agreement to give any financing statement by any lessee in a true lease transaction, by any bailee in a true bailment transaction or by any consignee in a true consignment transaction.

"Loan" means the Term Loan or the Supplemental Term Loan, as the case may be, and "Loans" means collectively the Term Loan or the Supplemental Term Loan.

* "Maximum Rate" has the meaning described in Section 2.3.5 (Maximum Interest Rate).

"Mortgage" means that certain Mortgage, Assignment, Security Agreement and Fixture Filing dated the date hereof from Huestis to Lender, as the same may from time to time be amended, restated, supplemented or modified.

"Multi-employer Plan" means a Plan that is a Multi-employer plan as defined in Section 4001(a)(3) of ERISA.

"Net Worth" means the consolidated shareholders' equity, defined in accordance with GAAP, of Borrowers.

"Note" means the Term Note or the Supplemental Term Note, as the case may be, and "Notes" means collectively the Term Note, the Supplemental Term Note, and any other promissory note which may from time to time evidence all or any portion of the Obligations.

"Obligations" means all present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of any one or more of Borrowers to Lender under, arising pursuant to, in connection with and/or on account of the provisions of this Agreement, each Note, each Security Document, and/or any of the other Financing Documents, the Loans, any Swap Contract and/or any of the Facilities including, without limitation, the principal of, and interest on, each Note, late charges, the Fees, Enforcement Costs, and prepayment fees (if any), letter of credit reimbursement obligations, letter of credit fees or fees charged with respect to any guaranty of any letter of credit; also means all other present and future indebtedness, duties, obligations, and liabilities, whether now existing or contemplated or hereafter arising, of any one or more of Borrowers to Lender or its Affiliates of any nature whatsoever, regardless of whether such indebtedness, duties, obligations, and liabilities be direct, indirect, primary, secondary, joint, several, joint and several, fixed or contingent; and also means any and all renewals, extensions, substitutions, amendments, restatements and rearrangements of any such indebtedness, duties, obligations, and liabilities.

"OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control.

"Origination Fee" has the meaning described in Section 2.3.3. (Origination Fee).

"Patents" means and includes, in each case whether now existing or hereafter arising, all of Borrower's rights, title and interest in and to (a) any and all patents and patent applications, (b) any and all inventions and improvements described and claimed in such patents and patent applications, (c) reissues, divisions, continuations, renewals, extensions and continuations-in-part of any patents and patent applications, (d) income, royalties, damages, claims and payments now or hereafter due and/or payable under and with respect to any patents or patent applications, including, without limitation, damages and payments for past and future infringements, (e) rights to sue for past, present and future infringements of patents, and (f) all rights corresponding to any of the foregoing throughout the world.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Liens" means: (a) Liens for Taxes which are not delinquent or which Lender has determined in the exercise of its sole and absolute discretion (i) are being diligently contested in good faith and by appropriate proceedings, and such contest operates to suspend collection of the contested Taxes and enforcement of a Lien, (ii) the respective Borrower has the financial ability to pay, with all penalties and interest, at all times without materially and adversely affecting such Borrower, and (iii) are not, and will not be with appropriate filing, the giving of notice and/or the passage of time, entitled to priority over any Lien of Lender; (b) deposits or pledges to secure obligations under workers' compensation, social security or similar laws, or under unemployment insurance in the ordinary course of business; (c) Liens securing the Obligations; (d) judgment Liens to the extent the entry of such judgment does not constitute a Default or an Event of Default under the terms of this Agreement or result in the sale or levy of, or execution on, any of the Collateral; and (e) such other Liens, if any, as are set forth on Schedule 4.1.16 attached hereto and made a part hereof.

"Permitted Uses" means for business purposes of a Borrower and not for personal, family, household or agricultural purposes.

"Person" means and includes an individual, a corporation, a partnership, a joint venture, a limited liability company or partnership, a trust, an unincorporated association, a Governmental Authority, or any other organization or entity.

"Personal Guarantor" means Krishnan Suthanthiran, and his heirs and personal representatives.

"Personal Guaranty" means that certain guaranty of payment agreement for the benefit of Lender dated the date hereof to Lender from the Personal Guarantor, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"Plan" means any pension plan that is covered by Title IV of ERISA and in respect of which any Borrower or a Commonly Controlled Entity is an "employer" as defined in Section 3 of ERISA.

"Post-Default Rate" has the meaning set forth in the Term Note.

"Prepayment" means a Term Loan Optional Prepayment, as the case may be, and "Prepayments" mean collectively all Term Loan Optional Prepayments.

"Proceeds" has the meaning described in the Uniform Commercial Code as in effect from time to time.

"Property" means the land and improvements at _____, Rhode Island, as more fully described in the Mortgage.

"Receivable" means one of any Borrower's now owned and hereafter owned, acquired or created Accounts, Chattel Paper, General Intangibles and Instruments; and "Receivables" means all of each Borrower's now or hereafter owned, acquired or created Accounts, Chattel Paper, General Intangibles and Instruments, and all Proceeds thereof.

"Registered Organization" means an organization organized solely under the law of a single state or the United States and as to which the state or the United States must maintain a public record showing the organization to have been organized.

"Reportable Event" means any of the events set forth in Section 4043(c) of ERISA or the regulations thereunder.

"Responsible Officer" means for each Borrower, the chief executive officer of Borrower or the president of Borrower or, with respect to financial matters, the chief financial officer of Borrower.

"Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/>, or as otherwise published from time to time.

"Sanctioned Person" means (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at

<http://www.treas.gov/offices/enforcement/ofac/sdn/>. or as otherwise published from time to time, or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country to the extent subject to a sanctions program administered by OFAC.

"Security Documents" means collectively any assignment, pledge agreement, security agreement, mortgage, deed of trust, deed to secure debt, financing statement and any similar instrument, document or agreement under or pursuant to which a Lien is now or hereafter granted to, or for the benefit of, Lender on any real or personal property of any Person to secure all or any portion of the Obligations, all as the same may from time to time be amended, restated, supplemented or otherwise modified, including without limitation, the Mortgage.

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

- (a) the assets of such Person, at a fair valuation, are in excess of the total amount of its debts (including, without limitation, contingent liabilities); and
- (b) the present fair saleable value of its assets is greater than its probable liability on its existing debts as such debts become absolute and matured; and
- (c) it is then able and expects to be able to pay its debts (including, without limitation, contingent debts and other commitments) as they mature; and
- (d) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

For purposes of determining whether a Person is Solvent, the amount of any contingent liability shall be computed as the amount that, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

"State" means the Commonwealth of Virginia.

"Subordinated Indebtedness" means all Indebtedness, incurred at any time by any one or more of Borrowers, which is in amounts, subject to repayment terms, and subordinated to the Obligations, as set forth in one or more written agreements, all in form and substance satisfactory to Lender in its sole and absolute discretion.

"Subsidiary" means any corporation the majority of the voting shares of which at the time are owned directly by any Borrower and/or by one or more Subsidiaries of any Borrower.

"Supplemental Term Loan" has the meaning described in Section 2.2 (Supplemental Term Loan Commitment).

"Supplemental Term Loan Commitment" has the meaning described in Section 2.2 (Supplemental Term Loan Commitment).

"Supplemental Term Loan Committed Amount" has the meaning described in Section 2.2 (Supplemental Term Loan Commitment).

"Supplemental Term Loan Facility" means the facility established by Lender pursuant to Section 2.2 (Supplemental Term Loan Facility).

"Supplemental Term Note" has the meaning described in Section 2.2.2 (The Supplemental Term Note).

"Swap Contract" means any document, instrument or agreement between Borrower and Lender or any affiliate of Lender, in connection with the Credit Facility, including, without limitation, any swap (as defined in 11 U.S.C. § 101), now existing or entered into in the future, relating to an interest rate swap transaction, forward rate transaction, interest rate cap, floor or collar transaction, any similar transaction, any option to enter into any of the foregoing, and any combination of the foregoing, which agreement may be oral or in writing, including, without limitation, any master agreement relating to or governing any or all of the foregoing and any related schedule or confirmation, each as amended from time to time.

"Term Loan Optional Prepayment" and "Supplemental Term Loan Optional Prepayments" have the meanings described in Section 2.2.3 (Optional Prepayments of Supplemental Term Loan).

"Supporting Obligation" means a letter-of-credit right, secondary obligation or obligation of a secondary obligor or that supports the payment or performance of an account, chattel paper, a document, a general intangible, an instrument or investment property.

"Tangible Net Worth" means as to Borrowers at any date of determination thereof, the sum at such time of: Net Worth less the total of (a) all Assets which would be classified as intangible assets under GAAP consistently applied, (b) leasehold improvements, (c) applicable reserves, allowances and other similar properly deductible items to the extent such reserves, allowances and other similar properly deductible items have not been previously deducted by Lender in the calculation of Net Worth, and (d) any revaluation or other write-up in book value of assets subsequent to the date of the most recent financial statements delivered to Lender, and plus all sums due to the Personal Guarantor.

"Taxes" means all taxes and assessments whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character (including all penalties or interest thereon), which at any time may be assessed, levied, confirmed or imposed by any Governmental Authority on any of Borrowers or any of their properties or assets or any part thereof or in respect of any of their franchises, businesses, income or profits.

"Term Loan" has the meaning described in Section 2.1.1 (Term Loan Commitment).

"Term Loan Commitment" has the meaning described in Section 2.1.1 (Term Loan Commitment).

"Term Loan Committed Amount" has the meaning described in Section 2.1.1 (Term Loan Commitment).

"Term Loan Facility" means the facility established by Lender pursuant to Section 2.1 (Term Loan Facility).

"Term Loan Optional Prepayment" and "Term Loan Optional Prepayments" have the meanings described in Section 2.1.3 (Optional Prepayments of Term Loan).

"Term Note" has the meaning described in Section 2.1.2 (The Term Note).

"Uniform Commercial Code" means, unless otherwise provided in this Agreement, the Uniform Commercial Code as adopted by and in effect from time to time in the State or in any other jurisdiction, as applicable.

"Wholly Owned Subsidiary" means any domestic United States corporation, all the shares of stock of all classes of which (other than directors' qualifying shares) at the time are owned directly or indirectly by Borrower and/or by one or more Wholly Owned Subsidiaries of Borrower.

Section 1.2 Accounting Terms and Other Definitional Provisions.

Unless otherwise defined herein, as used in this Agreement and in any certificate, report or other document made or delivered pursuant hereto, accounting terms not otherwise defined herein, and accounting terms only partly defined herein, to the extent not defined, shall have the respective meanings given to them under GAAP, as consistently applied to the applicable Person. All terms used herein which are defined by the Uniform Commercial Code shall have the same meanings as assigned to them by the Uniform Commercial Code unless and to the extent varied by this Agreement. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references are references to articles, sections or subsections of, or schedules or exhibits to, as the case may be, this Agreement unless otherwise specified. As used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. Reference to any one or more of the Financing Documents shall mean the same as the foregoing may from time to time be amended, restated, substituted, extended, renewed, supplemented or otherwise modified. Reference in this Agreement and the other Financing Documents to the "Borrower", the "Borrowers", "each Borrower" or otherwise with respect to any one or more of Borrowers shall mean each and every Borrower and any one or more of Borrowers, jointly and severally, unless a specific Borrower is expressly identified.

ARTICLE II
THE CREDIT FACILITIES

Section 2.1 The Term Loan Facility.

2.1.1 Term Loan Commitment.

Subject to and upon the provisions of this Agreement, Lender agrees to make a loan (the "Term Loan") to Borrowers after the Closing Date and prior to December 31, 2006 in the principal amount of up to Five Million Dollars (\$5,000,000) (herein called the "Term Loan Committed Amount"). The obligation of Lender to make the Term Loan is herein called its "Term Loan Commitment". Sums advanced under the Term Loan Commitment, when repaid, may not be readvanced.

2.1.2 The Term Note.

The joint and several obligation of Borrowers to pay the Term Loan with interest shall be evidenced by a promissory note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "Term Note") substantially in the form of EXHIBIT A attached hereto and made a part hereof with appropriate insertions.

2.1.3 Optional Prepayments of Term Loan.

Borrowers shall have the option, at any time and from time to time, to prepay (each a "Term Loan Optional Prepayment" and collectively the "Term Loan Optional Prepayments") the Term Loan, in whole or in part, only in accordance with the Term Note.

Section 2.2 Supplemental Term Loan Facility

2.2.1 Supplemental Term Loan Commitment.

Subject to and upon the provisions of this Agreement, Lender agrees to make an additional term loan (the "Supplemental Term Loan") to Borrowers on the Closing Date in the principal amount of up to Two Million Dollars (\$2,000,000) (herein called the "Supplemental Term Loan Committed Amount"). The obligation of Lender to make the Term Loan is herein called its "Supplemental Term Loan Commitment". Sums advanced under the Supplemental Term Loan Commitment, when repaid, may not be readvanced.

2.2.2 The Supplemental Term Note.

The joint and several obligation of Borrowers to pay the Supplemental Term Loan with interest shall be evidenced by a promissory note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "Supplemental Term Note") substantially in the form of EXHIBIT B attached hereto and made a part hereof with appropriate insertions.

2.2.3 Optional Prepayments of Supplemental Term Loan.

Borrowers shall have the option, at any time and from time to time, to prepay (each a "Supplemental Term Loan Optional Prepayment" and collectively the "Supplemental Term Loan Optional Prepayments") the Supplemental Term Loan, in whole or in

part, only in accordance with the Supplemental Term Note and without penalty to the extent provided therein.

Section 2.3 General Financing Provisions.

2.3.1 Borrowers' Representatives.

Lender is hereby irrevocably authorized by Borrowers to make advances under the Loans to any Borrower pursuant to the provisions of this Agreement upon the written, oral or telephone request of any one or more of the Persons who is from time to time a Responsible Officer of Borrower under the provisions of the most recent certificate of corporate resolutions and/or incumbency of any Borrower on file with Lender.

Lender assumes no responsibility or liability for any errors, mistakes, and/or discrepancies in the oral, telephonic, written or other transmissions of any instructions, orders, requests and confirmations between Lender and Borrowers in connection with the Credit Facilities, any Loan or any other transaction in connection with the provisions of this Agreement.

Without implying any limitation on the joint and several nature of the Obligations, Lender agrees that, notwithstanding any other provision of this Agreement, Borrowers may create reasonable inter-company indebtedness between or among Borrowers with respect to the allocation of the benefits and proceeds of the advances and Credit Facilities under this Agreement. Borrowers agree among themselves, and Lender consents to that agreement, that each Borrower shall have rights of contribution from all of the other Borrowers to the extent such Borrower incurs Obligations in excess of the proceeds of the Loans received by, or allocated to purposes for the direct benefit of, such Borrower. All such indebtedness and rights shall be, and are hereby agreed by Borrowers to be, subordinate in priority and payment to the indefeasible repayment in full in cash of the Obligations, and, unless Lender agrees in writing otherwise, shall not be exercised or repaid in whole or in part until all of the Obligations have been indefeasibly paid in full in cash. Borrowers agree that all of such inter-company indebtedness and rights of contribution are part of the Collateral and secure the Obligations. Each Borrower hereby waives all rights of counterclaim, recoupment and offset between or among themselves arising on account of that indebtedness and otherwise. Each Borrower shall not evidence the inter-company indebtedness or rights of contribution by note or other instrument, and shall not secure such indebtedness or rights of contribution with any Lien or security. Notwithstanding anything contained in this Agreement to the contrary, the amount covered by each Borrower under the Obligations shall be limited to an aggregate amount (after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Borrower in respect of the Obligations) which, together with other amounts owing by such Borrowers to Lender under the Obligations, is equal to the largest amount that would not be subject to avoidance under the Bankruptcy Code or any applicable provisions of any applicable, comparable state or other Laws.

2.3.2 Use of Proceeds of the Loans.

The proceeds of each advance under the Loans shall be used by Borrowers for Permitted Uses, and for no other purposes except as may otherwise be agreed by Lender in writing.

2.3.3 Origination Fee.

Borrowers shall pay to Lender on or before the Closing Date a loan origination fee (the "Origination Fee") in the amount of Seven Thousand Dollars (\$7,000), which fee has been fully earned and is non-refundable.

2.3.4 Computation of Interest and Fees.

All applicable Fees and interest shall be calculated on the basis of a year of 360 days for the actual number of days elapsed.

2.3.5 Maximum Interest Rate.

In no event shall any interest rate provided for hereunder exceed the maximum rate permissible for corporate borrowers under applicable law for loans of the type provided for hereunder (the "Maximum Rate"). If, in any month, any interest rate, absent such limitation, would have exceeded the Maximum Rate, then the interest rate for that month shall be the Maximum Rate, and, if in future months, that interest rate would otherwise be less than the Maximum Rate, then that interest rate shall remain at the Maximum Rate until such time as the amount of interest paid hereunder equals the amount of interest which would have been paid if the same had not been limited by the Maximum Rate. In the event that, upon payment in full of the Obligations, the total amount of interest paid or accrued under the terms of this Agreement is less than the total amount of interest which would, but for this Section, have been paid or accrued if the interest rates otherwise set forth in this Agreement had at all times been in effect, then Borrowers shall, to the extent permitted by applicable law, pay Lender, an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of interest which would have accrued had the interest rates otherwise set forth in this Agreement, at all times, been in effect over (b) the amount of interest actually paid or accrued under this Agreement. In the event that a court determines that Lender has received interest and other charges hereunder in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, the Obligations other than interest, in the inverse order of maturity, and if there are no Obligations outstanding, Lender shall refund to Borrowers such excess.

2.3.6 Payments.

All payments of the Obligations, including, without limitation, principal, interest, and Fees, shall be paid by Borrowers without setoff, recoupment or counterclaim to Lender in immediately available funds not later than 12:00 p.m. (Eastern Time) on the due date of such payment. All payments received by Lender after such time shall be deemed to have been received by Lender for purposes of computing interest and Fees and otherwise as of the next Business Day. Payments shall not be considered received by Lender until such payments are paid to Lender in immediately available funds to Lender's principal office in McLean, Virginia or at such other location as Lender may at any time and from time to time notify Borrowers. Alternatively, at its sole discretion, Lender may charge any deposit account of Borrowers at Lender or any Affiliate of Lender with all or any part of any amount due to Lender under this Agreement or any of the other Financing Documents to the extent that Borrowers shall have not otherwise tendered payment to Lender.

2.3.7 Liens: Setoff.

Borrowers hereby grant to Lender as additional collateral and security for all of the Obligations, a continuing Lien on any and all monies, Investment Property, and other property of Borrowers and any and all proceeds thereof, now or hereafter held or received by or in transit to, Lender, and/or any Affiliate of Lender, from or for the account of, Borrowers, and also upon any and all deposit accounts (general or special) and credits of Borrowers, if any, with Lender or any Affiliate of Lender, at any time existing, excluding any deposit accounts held by Borrowers in their capacity as trustee for Persons who are not Affiliates of Borrowers. Without implying any limitation on any other rights Lender may have under the Financing Documents or applicable Laws, during the continuance of an Event of Default, Lender is hereby authorized by Borrowers at any time and from time to time, without notice to, or consent of, Borrowers, to set off, appropriate, seize, freeze and apply any or all items hereinabove referred to against all Obligations then outstanding (whether or not then due), all in such order and manner as shall be determined by Lender in its sole and absolute discretion.

2.3.8 Requirements of Law.

In the event that Lender shall have determined in good faith that (a) the adoption of any Capital Adequacy Regulation, or (b) any change in any Capital Adequacy Regulation or in the interpretation or application thereof or (c) compliance by Lender or any corporation controlling Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on the capital of Lender or any corporation controlling Lender, as a consequence of the obligations of Lender hereunder to a level below that which Lender or any corporation controlling Lender would have achieved but for such adoption, change or compliance (taking into consideration the policies of Lender and the corporation controlling Lender, with respect to capital adequacy) by an amount deemed by Lender, in its discretion, to be material, then from time to time, after submission by Lender to Borrowers of a written request therefor and a statement of the basis for Lender's determination, Borrowers shall pay to Lender ON DEMAND such additional amount or amounts in order to compensate Lender or its controlling corporation for any such reduction.

2.3.9 ACH Transactions and Swap Contracts.

Borrowers may request and Lender or its Affiliates may, in their sole and absolute discretion, provide ACH Transactions and Swap Contracts. In the event Borrowers request Lender or its Affiliates to procure ACH Transactions or Swap Contracts, then Borrowers agree to indemnify and hold Lender or its Affiliates harmless from any and all obligations now or hereafter owing to Lender or its Affiliates. Borrowers agree to pay Lender or its Affiliates all amounts owing to Lender or its Affiliates pursuant to ACH Transactions and Swap Contracts. In the event Borrowers shall not have paid to Lender or its Affiliates such amounts, Lender may cover such amounts by an advance under the Term Loan, which advance shall be deemed to have been requested by Borrower. Borrowers acknowledge and agree that the obtaining of ACH Transactions and Swap Contracts from Lender or its Affiliates (a) is in the sole and absolute discretion of Lender or its Affiliates and (b) is subject to all rules and regulations of Lender or its Affiliates.

ARTICLE III THE COLLATERAL

Section 3.1 Debt and Obligations Secured.

All property and Liens assigned, pledged or otherwise granted under or in connection with this Agreement (including, without limitation, those under Section 3.2 (Grant of Liens)) or any of the Financing Documents shall secure (a) the payment of all of the Obligations, and (b) the performance, compliance with and observance by Borrowers of the provisions of this Agreement and all of the other Financing Documents or otherwise under the Obligations.

Section 3.2 Grant of Liens.

Each of Borrowers hereby assigns, pledges and grants to Lender, and agrees that Lender shall have a perfected and continuing security interest in, and Lien on, (a) all of Borrowers' Accounts, Inventory, Chattel Paper, Documents, Instruments, Equipment, Investment Property, and General Intangibles and all of Borrowers' deposit accounts with any financial institution with which any of Borrowers maintains deposits, whether now owned or existing or hereafter acquired or arising, (b) all returned, rejected or repossessed goods, the sale or lease of which shall have given or shall give rise to an Account or Chattel Paper, (c) all insurance policies relating to the foregoing and the right to receive refunds of unearned insurance premiums under those policies, (d) all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to the foregoing and all Equipment and General Intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records; and (e) all Proceeds and products of the foregoing. Each of Borrowers further agrees that Lender shall have in respect thereof all of the rights and remedies of a secured party under the Uniform Commercial Code as well as those provided in this Agreement, under each of the other Financing Documents and under applicable Laws.

Section 3.3 Collateral Disclosure List.

On or prior to the Closing Date, each of Borrowers shall deliver to Lender a list (the "Collateral Disclosure List") which shall contain such information with respect to Borrower's business and real and personal property as Lender may require and shall be certified by a Responsible Officer of Borrower, all in the form provided to Borrowers by Lender. Promptly after demand by Lender, Borrowers shall furnish to Lender an update of the information contained in the Collateral Disclosure List at any time and from time to time as may be requested by Lender.

Section 3.4 Personal Property.

Borrowers acknowledge and agree that it is the intention of the parties to this Agreement that Lender shall have a first priority, perfected Lien, in form and substance satisfactory to Lender and its counsel, on all of Borrowers' assets of any kind and nature whatsoever, whether now owned or hereafter acquired, subject only to the Permitted Liens, if any.

Section 3.5 Record Searches.

As of the Closing Date and thereafter at the time any Financing Document is executed and delivered by Borrowers pursuant to this Section, Lender shall have received, in form and

substance satisfactory to Lender, such Lien or record searches with respect to all of Borrowers and/or any other Person, as appropriate, and the property covered by such Financing Document showing that the Lien of such Financing Document will be a perfected first priority Lien on the property covered by such Financing Document subject only to Permitted Liens or to such other matters as Lender may approve.

Section 3.6 Real Property.

Borrowers acknowledge and agree that it is the intention of the parties to this Agreement that Lender shall have a first priority, perfected Lien, in form and substance satisfactory to Lender and its counsel, on the Property, subject only to the Permitted Liens, if any.

With respect to the Property, Borrower shall on the Closing Date cause the Mortgage to be executed and delivered to Lender. The Mortgage shall:

- (a) be in form and substance satisfactory to Lender; and
- (b) create a first priority Lien in the Property in favor of Lender subject only to the Permitted Encumbrances set forth in the Mortgage.

Section 3.7 Costs.

Borrowers agree to pay, as part of the Enforcement Costs and to the fullest extent permitted by applicable Laws, on demand all costs, fees and expenses incurred by Lender in connection with the taking, perfection, preservation, protection and/or release of a Lien on the Collateral, including, without limitation:

- (a) customary fees and expenses incurred in preparing Financing Documents from time to time (including, without limitation, reasonable attorneys' fees incurred in connection with preparing the Financing Documents, including, any amendments and supplements thereto);
- (b) all filing and/or recording taxes or fees;
- (c) all costs of Lien and record searches;
- (d) reasonable attorneys' fees in connection with all legal opinions required; and
- (e) all related costs, fees and expenses.

Section 3.8 Release.

Upon the indefeasible repayment in full in cash of the Obligations and performance of all Obligations of Borrowers and all obligations and liabilities of each other Person, other than Lender, under this Agreement and all other Financing Documents, and the termination and/or expiration of all of the Commitments, upon Borrowers' request and at Borrowers' sole cost and expense, Lender shall release and/or terminate any Financing Document but only if and provided that there is no commitment or obligation (whether or not conditional) of Lender to re-advance amounts which would be secured thereby.

Section 3.9 Inconsistent Provisions.

In the event that the provisions of any Financing Document directly conflict with any provision of this Agreement, the provisions of this Agreement govern.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties.

Borrowers, for themselves and for each other, represent and warrant to Lender, as follows:

4.1.1 Subsidiaries.

Borrowers have the Subsidiaries listed on the Collateral Disclosure List and no others. Each of the Subsidiaries is a Wholly Owned Subsidiary except as shown on the Collateral Disclosure List, which correctly indicates the nature and amount of each Borrower's ownership interests therein.

4.1.2 Existence.

Each Borrower (a) is a Registered Organization under the laws of the jurisdiction stated in the Preamble of this Agreement, (b) is in good standing under the laws of the jurisdiction in which it is organized, (c) has the power to own its property and to carry on its business as now being conducted, and (d) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary. Each Borrower is organized under the laws of only one (1) jurisdiction.

4.1.3 Power and Authority.

Each Borrower has full power and authority to execute and deliver this Agreement, and the other Financing Documents to which it is a party, to make the borrowings under this Agreement, and to incur and perform the Obligations whether under this Agreement, the other Financing Documents or otherwise, all of which have been duly authorized by all proper and necessary action. No consent or approval of owners or any creditors of Borrower, and no consent, approval, filing or registration with or notice to any Governmental Authority on the part of Borrower, is required as a condition to the execution, delivery, validity or enforceability of this Agreement, or any of the other Financing Documents, or the performance by Borrower of the Obligations.

4.1.4 Binding Agreements.

This Agreement and the other Financing Documents executed and delivered by Borrowers have been properly executed and delivered and constitute the valid and legally binding obligations of Borrowers and are fully enforceable against each of Borrowers in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors

and secured parties, and general principles of equity regardless of whether applied in a proceeding in equity or at law.

4.1.5 No Conflicts.

Neither the execution, delivery and performance of the terms of this Agreement or of any of the other Financing Documents executed and delivered by Borrower nor the consummation of the transactions contemplated by this Agreement will conflict with, violate or be prevented by (a) any Borrower's organizational or governing documents, (b) any existing mortgage, indenture, contract or agreement binding on any Borrower or affecting its property, or (c) any Laws.

4.1.6 No Defaults. Violations.

(a) No Default or Event of Default has occurred and is continuing.

(b) None of Borrowers nor any of their respective Subsidiaries is in default under or with respect to any obligation under any existing mortgage, indenture, contract or agreement binding on it or affecting its property in any respect which could be materially adverse to the business, operations, property or financial condition of any Borrower, or which could materially adversely affect the ability of any Borrower to perform its obligations under this Agreement or the other Financing Documents, to which any Borrower is a party.

4.1.7 Compliance with Laws.

None of Borrowers nor any of their respective Subsidiaries is in violation of any applicable Laws (including, without limitation, any Laws relating to employment practices, to environmental, occupational and health standards and controls) or order, writ, injunction, decree or demand of any court, arbitrator, or any Governmental Authority affecting any Borrower or any of their properties, the violation of which, considered in the aggregate, could materially adversely affect the business, operations or properties of Borrowers and/or their respective Subsidiaries. None of Borrowers, or any subsidiary or affiliate of any Borrower or any guarantor is a Sanctioned Person or has any of its assets in a Sanctioned Country or does business in or with, or derives any of its operating income from investments in or transactions with, Sanctioned Persons or Sanctioned Countries in violation of economic sanctions administered by OFAC. The proceeds from the Loans will not be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Country.

4.1.8 Investment Company Act: Margin Stock.

None of Borrowers nor any of their respective Subsidiaries is an investment company within the meaning of the Investment Company Act of 1940, as amended, nor is it, directly or indirectly, controlled by or acting on behalf of any Person which is an investment company within the meaning of said Act. None of Borrowers nor any of their respective is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System.

4.1.9 Litigation.

There are no proceedings, actions or investigations pending or, so far as any Borrower knows, threatened before or by any court, arbitrator or any Governmental Authority which, in any one case or in the aggregate, if determined adversely to the interests of Borrower or any Subsidiary, would have a material adverse effect on the business, properties, condition (financial or otherwise) or operations, present or prospective, of Borrower.

4.1.10 Financial Condition.

The consolidated financial statements of Borrowers dated December 31, 2005, are complete and correct and fairly present the financial position of Borrowers and their respective Subsidiaries and the results of their operations and transactions in their surplus accounts as of the date and for the period referred to and have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved. There are no liabilities, direct or indirect, fixed or contingent, of any Borrower or any Subsidiary as of the date of such financial statements that are not reflected therein or in the notes thereto. There has been no adverse change in the financial condition or operations of any Borrower or any Subsidiary since the date of such financial statements and to Borrowers' knowledge no such adverse change is pending or threatened. Neither Borrower nor any Subsidiary has guaranteed the obligations of, or made any investment in or advances to, any Person, except as disclosed in such financial statements.

4.1.11 Full Disclosure.

The financial statements referred to in Section 4.1.10 (Financial Condition), the Financing Documents (including, without limitation, this Agreement), and the statements, reports or certificates furnished by any Borrower in connection with the Financing Documents (a) do not contain any untrue statement of a material fact and (b) when taken in their entirety, do not omit any material fact necessary to make the statements contained therein not misleading. There is no fact known to any Borrower which such Borrower has not disclosed to Lender in writing prior to the date of this Agreement with respect to the transactions contemplated by the Financing Documents that materially and adversely affects or in the future could, in the reasonable opinion of that Borrower materially adversely affect the condition, financial or otherwise, results of operations, business, or assets of any Borrower or any Subsidiary.

4.1.12 Indebtedness for Borrowed Money.

Except for the Obligations and except as set forth in Schedule 4.1.12 attached hereto and made a part hereof, Borrowers have no Indebtedness for Borrowed Money. Lender has received photocopies of all promissory notes evidencing any Indebtedness for Borrowed Money set forth in Schedule 4.1.12, together with any and all subordination agreements, other agreements, documents, or instruments securing, evidencing, guarantying or otherwise executed and delivered in connection therewith.

4.1.13 Taxes.

Each of Borrowers and its Subsidiaries has filed all returns, reports and forms for Taxes that, to the knowledge of Borrowers, are required to be filed, and has paid all

Taxes as shown on such returns or on any assessment received by it, to the extent that such Taxes have become due, unless and to the extent only that such Taxes, assessments and governmental charges are currently contested in good faith and by appropriate proceedings by a Borrower, such Taxes are not the subject of any Liens other than Permitted Liens, and adequate reserves therefor have been established as required under GAAP. All tax liabilities of Borrowers were as of the date of audited financial statements referred to in Section 4.1.10 (Financial Condition), and are now, adequately provided for on the books of Borrowers or their Subsidiaries, as appropriate. No tax liability has been asserted by the Internal Revenue Service or any state or local authority against Borrower for Taxes in excess of those already paid.

4.1.14 ERISA.

With respect to any Plan that is maintained or contributed to by Borrower and/or by any Commonly Controlled Entity or as to which Borrower retains material liability: (a) no "accumulated funding deficiency" as defined in Code §412 or ERISA §302 has occurred, whether or not that accumulated funding deficiency has been waived; (b) no Reportable Event has occurred other than events for which reporting has been waived; (c) no termination of any plan subject to Title IV of ERISA has occurred; (d) neither Borrower nor any Commonly Controlled Entity has incurred a "complete withdrawal" within the meaning of ERISA §4203 from any Multi-employer Plan; (e) neither Borrower nor any Commonly Controlled Entity has incurred a "partial withdrawal" within the meaning of ERISA §4205 with respect to any Multi-employer Plan; (f) no Multi-employer Plan to which Borrower or any Commonly Controlled Entity has an obligation to contribute is in "reorganization" within the meaning of ERISA §4241 nor has notice been received by Borrower or any Commonly Controlled Entity that such a Multi-employer Plan will be placed in "reorganization".

4.1.15 Title to Properties.

Borrowers have good and marketable title to all of their respective properties, including, without limitation, the Collateral and the properties and assets reflected in the balance sheets described in Section 4.1.10 (Financial Condition). Borrowers have legal, enforceable and uncontested rights to use freely such property and assets. All of such properties, including, without limitation, the Collateral that were purchased, were purchased for fair consideration and reasonably equivalent value in the ordinary course of business of both the seller and Borrowers and not, by way of example only, as part of a bulk sale.

4.1.16 Perfection and Priority of Collateral.

Lender has, or upon execution and recording of this Agreement and the Security Documents will have, and will continue to have as security for the Obligations, a valid and perfected Lien on and security interest in all Collateral, free of all other Liens, claims and rights of third parties whatsoever except Permitted Liens.

4.1.17 Collateral Disclosure List.

The information contained in the Collateral Disclosure List is complete and correct. Each Collateral Disclosure List completely and accurately identifies (a) the type of entity, the state of organization and the chief executive office of the applicable Borrower, (b) each other place of business of the applicable Borrower, (c) the location of all books and records

pertaining to the Collateral, and (d) each location, other than the foregoing, where any of the Collateral is located.

4.1.18 Business Names and Addresses.

In the five (5) years preceding the date hereof, no Borrower has changed its name, identity or corporate structure, has to the best of its knowledge conducted business under any name other than its current name, and has conducted its business in any jurisdiction other than those disclosed on the Collateral Disclosure List.

4.1.19 Equipment.

All Equipment is personalty and is not and will not, other than in the ordinary course of business, be affixed to real estate in such manner as to become a fixture or part of such real estate, unless such real estate is subject to a Lien in favor of the Lender. No Equipment is held by any Borrower on a sale on approval basis.

4.1.20 Inventory.

The Inventory of Borrowers is (a) of good and merchantable quality, free from defects, (b) not stored with a bailee, warehouseman, carrier, or similar party other than in the ordinary course of business, (c) not on consignment, sale on approval, or sale or return other than in the ordinary course of business, and (d) located at the places of business set forth on the Collateral Disclosure List. No goods offered for sale by any Borrower are consigned to or held on sale or return terms by that Borrower.

4.1.21 Accounts.

With respect to all Accounts and to the best of Borrowers' knowledge (a) they are genuine, and in all respects what they purport to be, and are not evidenced by a judgment, an Instrument, or Chattel Paper (unless such judgment has been assigned and such Instrument or Chattel Paper has been endorsed and delivered to Lender); (b) they represent bona fide transactions completed in accordance with the terms and provisions contained in the invoices, purchase orders and other contracts relating thereto, and the underlying transaction therefor is in accordance with all applicable Laws; (c) the amounts shown on the respective Borrower's books and records, with respect thereto are actually and absolutely owing to that Borrower and are not contingent or subject to reduction for any reason other than regular discounts, credits or adjustments allowed by that Borrower in the ordinary course of its business; (d) no payments have been or shall be made thereon except payments turned over to Lender by Borrowers; (e) all Account Debtors thereon have the capacity to contract; and (f) the goods sold, leased or transferred or the services furnished giving rise thereto are not subject to any Liens except the security interest granted to Lender by this Agreement and Permitted Liens.

4.1.22 Solvency

Each of Borrowers is Solvent prior to and after the making of the Loans.

Section 4.2 Survival; Updates of Representations and Warranties.

All representations and warranties contained in or made under or in connection with this Agreement and the other Financing Documents shall survive the Closing Date, the making of

any advance under the Loans and extension of credit made hereunder, and the incurring of any other Obligations and shall be deemed to have been made at the time of each request for, and again at the time of the making of, each advance under the Loans, except that the representations and warranties which relate to the financial statements which are referred to in Section 4.1.10 (Financial Condition), shall also be deemed to cover financial statements furnished from time to time to Lender pursuant to Section 6.1.1 (Financial Statements).

ARTICLE V CONDITIONS PRECEDENT

Section 5.1 Conditions to the Initial Advance.

The initial advance under the Term Loan is subject to the fulfillment on or before the Closing Date of the following conditions precedent in a manner satisfactory in form and substance to Lender and its counsel:

5.1.1 Organizational Documents - Borrowers.

Lender shall have received for each Borrower:

- (a) a certificate of good standing certified by the Secretary of State, or other appropriate Governmental Authority, of the state of formation of Borrower;
- (b) a certified copy from the appropriate Governmental Authority under which Borrower is organized, of Borrower's organizational documents and all recorded amendments thereto;
- (c) a certificate of qualification to do business certified by the Secretary of State or other Governmental Authority of each jurisdiction in which Borrower conducts business; and
- (d) a certificate dated as of the Closing Date by the
* Secretary or an Assistant Secretary of Borrower covering:
 - (i) true and complete copies of Borrower's organizational and governing documents and all amendments thereto;
 - (ii) true and complete copies of the resolutions of its Board of Directors authorizing (A) the execution, delivery and performance of the Financing Documents to which it is a party, (B) the borrowings hereunder, and (C) the granting of the Liens contemplated by this Agreement and the Financing Documents to which Borrower is a party;
 - (iii) the incumbency, authority and signatures of the officers of Borrower authorized to sign this Agreement and the other Financing Documents to which Borrower is a party; and

(iv) the identity of Borrower's current directors, common stock holders and other equity holders, as well as their respective percentage ownership interests.

5.1.2 Opinion of Borrowers' Counsel.

Lender shall have received the favorable opinion of counsel for Borrowers addressed to Lender.

5.1.3 Consents, Licenses, Approvals, Etc.

Lender shall have received copies of all consents, licenses and approvals, required in connection with the execution, delivery, performance, validity and enforceability of the Financing Documents, and such consents, licenses and approvals shall be in full force and effect.

5.1.4 Notes.

Lender shall have received the Term Note and the Supplemental Term Note conforming to the requirements hereof and executed by a Responsible Officer of each Borrower and attested by a duly authorized representative of each Borrower.

5.1.5 Financing Documents and Collateral.

Borrower shall have executed and delivered the Financing Documents to be executed by it, and shall have delivered original Chattel Paper, Instruments, Investment Property, and related Collateral and all opinions, and other documents contemplated by ARTICLE III (The Collateral) with the exception of documents required pursuant to Section 5.2 of this Agreement.

5.1.6 Other Financing Documents.

In addition to the Financing Documents to be delivered by Borrowers, Lender shall have received the Financing Documents duly executed and delivered by Persons other than Borrowers.

5.1.7 Other Documents, Etc.

Lender shall have received such other certificates, opinions, documents and instruments confirmatory of or otherwise relating to the transactions contemplated hereby as may have been reasonably requested by Lender.

5.1.8 Payment of Fees.

Lender shall have received payment of any Fees due on or before the Closing Date.

5.1.9 Collateral Disclosure List.

Borrower shall have delivered the Collateral Disclosure List required under the provisions of Section 3.3 (Collateral Disclosure List) duly executed by a Responsible Officer of each Borrower.

5.1.10 Recordings and Filings.

Each Borrower shall have: (a) executed and delivered all Financing Documents required to be filed, registered or recorded in order to create, in favor of Lender, a perfected Lien in the Collateral (subject only to the Permitted Liens) in form and in sufficient number for filing, registration, and recording in each office in each jurisdiction in which such filings, registrations and recordations are required, and (b) delivered such evidence as Lender deems satisfactory that all necessary filing fees and all recording and other similar fees, and all Taxes and other expenses related to such filings, registrations and recordings will be or have been paid in full.

5.1.11 Insurance Certificate.

Lender shall have received an insurance certificate in accordance with the provisions of Section 6.1.7 (Insurance).

5.1.12 Landlord's Waivers.

Borrowers shall have used their best efforts to deliver to Lender a waiver from each landlord of each and every business premise leased by each Borrower and on which any of the Collateral is or may hereafter be located, which landlords' waivers must be reasonably acceptable to Lender and its counsel in their sole and absolute discretion.

Section 5.2 Conditions to the Supplemental Term Loan.

The Supplemental Term Loan is subject to the fulfillment, within thirty (30) days of the Closing Date, of the following conditions precedent in a manner satisfactory in form and substance to Lender and its counsel:

5.2.1 Financing Documents and Collateral.

Lender shall have received a title commitment issued by a title insurance company ("Title Insurer") acceptable to Lender, together with copies of all documents identified therein, and pursuant to which the Title Insurer agrees to issue to Lender an ALTA form of Loan Policy acceptable to Lender insuring the Mortgage as a valid first lien for the full amount of the Supplemental Term Loan, free and clear of all liens (including mechanics' and materialmen's liens) and encumbrances, and subject only to such exclusions from coverage and such exceptions to title as may be approved by Lender, and containing such endorsements as Lender may require (and, if required by Lender, with co-insurance or reinsurance with direct access agreements issued by such title insurance companies as are acceptable to Bank), and providing affirmative coverage with respect to mechanic's and materialmen's liens. The title commitment shall name Lender, its successors and/or assigns, as the insured under the Loan Policy. Title to the Property shall be good and marketable.

5.2.2 Appraisal.

Lender shall have received a current appraisal of the fair market value of the Property prepared by appraisers satisfactory to Lender.

5.2.3 Environmental Assessment.

Lender shall have received an environmental assessment of the Property, ordered by Lender at Borrowers' expense, assessing the environmental condition of the Property. Lender shall have the right to require additional environmental investigations, which additional work shall constitute a part of the environmental assessment.

5.2.4 Survey.

Lender shall have received a current boundary and location survey of the Property prepared for Lender, certified to Title Insurer and Lender, its successors and assigns, and insurable by Title Insurer, by a land surveyor licensed in the State of Rhode Island and acceptable to Lender. The survey shall comply with Lender's minimum standards for surveys and shall include, without limitation: (i) the boundaries of the Property by courses and distances, together with a metes and bounds description corresponding to such survey; (ii) the location of all improvements; (iii) the location and width of all easements, utility lines, rights-of-way and building set-back lines and notes referencing the book and page numbers for the instruments granting the same; (iv) the location of all encroachments and restrictions, if any, affecting the Property; and (v) the certification of the surveyor as to (A) whether the roads abutting the Property are publicly dedicated, (B) the acreage of the Property, (C) whether the parcels comprising the Property (if applicable) are contiguous without any gores, gaps, overlaps or strips of land separating them, and (D) such other matters as reasonably requested by Lender or its counsel.

5.2.5 Flood Certification.

Lender shall have received satisfactory evidence that the Property is not located within an area that has been identified as a "special flood hazard area" as that term is used in the National Flood Insurance Reform Act of 1994, unless flood insurance will be provided. The flood search shall be ordered by Lender at Borrowers' expense.

5.2.6 Opinion.

Lender shall have received an opinion of Borrowers' counsel, satisfactory to Lender, as to the perfection of Lender's security interest in the Collateral.

5.2.7 Settlement Statement and Recording Fees.

Huestis shall have delivered to Lender a signed settlement statement evidencing Huestis' payment of all fees, costs and expenses to the Lender in connection with the recording and filing of all documents with respect to Lender's perfection of its security interest in the Property, including but not limited to attorneys fees, title insurance premiums and costs; and appraisal and survey costs.

Section 5.3 Conditions to all Extensions of Credit.

The making of all advances under the Loans is subject to the fulfillment of the following conditions precedent in a manner satisfactory in form and substance to Lender and its counsel:

5.3.1 Compliance.

Each Borrower shall have complied and shall then be in compliance with all terms, covenants, conditions and provisions of this Agreement and the other Financing Documents that are binding upon it.

5.3.2 Default.

There shall exist no Event of Default or Default hereunder.

5.3.3 Representations and Warranties.

The representations and warranties of each of Borrowers contained among the provisions of this Agreement shall be true and with the same effect as though such representations and warranties had been made at the time of the making of, and of the request for, each advance under the Loans, except that the representations and warranties which relate to financial statements which are referred to in Section 4.1.10 (Financial Condition), shall also be deemed to cover financial statements furnished from time to time to Lender pursuant to Section 6.1.1 (Financial Statements).

5.3.4 Adverse Change.

No adverse change shall have occurred in the condition (financial or otherwise), operations or business of any Borrower that would, in the good faith judgment of Lender, materially impair the ability of any Borrower to pay or perform any of the Obligations.

5.3.5 Legal Matters.

All legal documents incident to each advance under the Loans and each of the Letters of Credit shall be reasonably satisfactory to counsel for Lender.

5.3.6 Authorization Letter.

A letter satisfactory to Lender in form and substance from People's Bank authorizing Borrowers to terminate any liens in favor of People's Bank on property of each Borrower.

ARTICLE VI
COVENANTS OF BORROWERS

Section 6.1 Affirmative Covenants.

So long as any of the Obligations (or any the Commitments therefor) shall be outstanding hereunder, Borrowers agree jointly and severally with Lender as follows:

6.1.1 Financial Statements.

Borrowers shall furnish to Lender:

(a) Annual Statements and Certificates. Borrowers shall furnish to Lender as soon as available, but in no event more than one hundred twenty (120) days after the close of each fiscal year of each Borrower, (i) a copy of the annual financial statement in reasonable detail satisfactory to Lender relating to each Borrower, prepared in accordance with GAAP and examined and certified by independent certified public accountants satisfactory to Lender, which financial statement shall include a consolidated and consolidating balance sheet of such Borrower as of the end of such fiscal year and consolidated and consolidating statements of income, cash flows and changes in shareholders equity of each Borrower for such fiscal year, (ii) a Compliance Certificate, in substantially the form attached to this Agreement as EXHIBIT C, as may be amended by Lender from time to time, containing a detailed computation of each financial covenant in this Agreement which is applicable for the period reported, and a certification that no change has occurred to the information contained in the Collateral Disclosure List (except as set forth in a schedule attached to the certification), each prepared by a Responsible Officer of such Borrower, in a format acceptable to Lender and (iii) a management letter in the form prepared by such Borrower's independent certified public accountants.

(b) Semi-Annual Statements and Certificates. Borrowers shall furnish to Lender as soon as available, but in no event more than thirty (30) days after the close of the respective Borrower's fiscal second (2nd) quarter, consolidated and consolidating balance sheets of such Borrower as of the close of such period, consolidated and consolidating income, for such period, and a Compliance Certificate, in substantially the form attached to this Agreement as EXHIBIT C, a certification that no change has occurred to the information contained in the Collateral Disclosure List (except as set forth on a schedule attached to the certification), each prepared by a Responsible Officer of such Borrower in a format acceptable to Lender, all as prepared and certified by a Responsible Officer of such Borrower and accompanied by a certificate of that officer stating whether any event has occurred which constitutes a Default or an Event of Default hereunder, and, if so, stating the facts with respect thereto.

(c) not later than thirty (30) days after filing with the Internal Revenue Service, a true and complete copy of the federal tax returns, including all schedules, of Borrowers and the Personal Guarantor.

(d) not later than thirty (30) days after the end of each calendar year, the complete personal financial statements of the Personal Guarantor.

(e) Additional Reports and Information. Borrowers shall furnish to Lender promptly, such additional information, reports or statements as Lender may from time to time reasonably request.

6.1.2 Recordkeeping. Rights of Inspection. Field Examination. Etc.

(a) Borrowers shall maintain (i) a standard system of accounting in accordance with GAAP, and (ii) proper books of record and account in which full, true and correct entries are made of all dealings and transactions in relation to its properties, business and activities.

(b) Borrowers shall permit authorized representatives of Lender to visit and inspect the properties of Borrowers and their respective Subsidiaries, to review, audit, check and inspect the Collateral at any time with or without notice, to review, audit, check and inspect Borrowers' other books of record at any time with or without notice and to make abstracts and photocopies thereof, and to discuss the affairs, finances and accounts of Borrowers and/or their Subsidiaries, with the officers, directors, employees and other representatives of Borrowers and/or their Subsidiaries and their respective accountants, all at such times during normal business hours and other reasonable times and as often as Lender may reasonably request.

(c) Each of Borrowers hereby irrevocably authorizes and directs all accountants and auditors employed by Borrowers and/or any of their respective Subsidiaries at any time prior to the repayment in full of the Obligations to exhibit and deliver to Lender copies of any and all of the financial statements, trial balances, management letters, or other accounting records of any nature of any or all of Borrowers and/or any or all of their respective Subsidiaries in the accountant's or auditor's possession, and to disclose to Lender any information they may have concerning the financial status and business operations of Borrower and its Subsidiaries. Further, each Borrower hereby authorizes all Governmental Authorities to furnish to Lender copies of reports or examinations relating to Borrowers and/or any of their respective Subsidiaries, whether made by Borrowers or otherwise.

(d) Any and all reasonable costs and expenses incurred by, or on behalf of, Lender in connection with the conduct of any of the foregoing, including, without limitation, travel, lodging, meals, and other expenses for each auditor employed by Lender for inspections of the Collateral and Borrowers' operations, shall be part of the Enforcement Costs and shall be payable to Lender upon demand. Borrowers acknowledge and agree that such expenses may include, but shall not be limited to, any and all out-of-pocket costs and expenses of Lender's employees and agents in, and when, traveling to any of Borrowers' facilities.

6.1.3 Existence.

Each of Borrowers shall (a) maintain its existence in good standing in the jurisdiction in which it is organized and in each other jurisdiction where it is required to register or qualify to do business if the failure to do so in such other jurisdiction might have a material adverse effect on the ability of Borrowers to perform the Obligations, on the conduct of Borrower's operations, on Borrower's financial condition, or on the value of, or the ability of

Lender to realize upon, the Collateral and (b) remain a Registered Organization under the laws of the jurisdiction stated in the Preamble of this Agreement.

6.1.4 Compliance with Laws.

Each of Borrowers shall comply with all applicable Laws and observe the valid requirements of Governmental Authorities, the noncompliance with or the nonobservance of which might have a material adverse effect on the ability of any Borrowers to perform the Obligations, on the conduct of Borrowers' operations, on Borrowers' financial condition, or on the value of, or the ability of Lender to realize upon, the Collateral.

6.1.5 Preservation of Properties.

Each of Borrowers will at all times (a) maintain, preserve, protect and keep its properties, whether owned or leased, in good operating condition, working order and repair (ordinary wear and tear excepted), and from time to time will make all proper repairs, maintenance, replacements, additions and improvements thereto needed to maintain such properties in good operating condition, working order and repair, and (b) do or cause to be done all things necessary to preserve and to keep in full force and effect its material franchises, leases of real and personal property, trade names, Patents, Copyrights and permits which are necessary for the orderly continuance of its business.

6.1.6 Line of Business.

Each of Borrowers will continue to engage substantially only in the business of distributing, servicing, manufacturing and remanufacturing medical devices and accessories.

6.1.7 Insurance.

(a) General Provisions. Borrowers shall maintain insurance satisfactory to Lender as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of Borrowers' properties, business interruption insurance, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for Borrowers' business. Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof and name Lender as loss payee or additional insured, as appropriate.

(b) Insurance Covering Collateral. In addition to the insurance requirements stated above, Borrowers shall also maintain all risk property damage insurance policies covering the tangible property comprising the Collateral. Each insurance policy must be for the full replacement cost of the collateral and include a replacement cost endorsement. The insurance must be issued by an insurance company acceptable to Lender, must include a lender's loss payable endorsement in favor of Lender in a form acceptable to Lender and shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof.

(c) Evidence of Insurance. Upon the request of Lender, Borrowers shall deliver to Lender a copy of each insurance policy, or, if permitted by Lender, a certificate of insurance listing all insurance in force.

6.1.8 Taxes.

Except to the extent that the validity or amount thereof is being contested in good faith and by appropriate proceedings, each of Borrowers will pay and discharge all Taxes prior to the date when any interest or penalty would accrue for the nonpayment thereof. Each of Borrowers shall furnish to Lender at such times as Lender may require proof satisfactory to Lender of the making of payments or deposits required by applicable Laws including, without limitation, payments or deposits with respect to amounts withheld by any of Borrowers from wages and salaries of employees and amounts contributed by any of Borrowers on account of federal and other income or wage taxes and amounts due under the Federal Insurance Contributions Act, as amended.

6.1.9 ERISA.

Each Borrower will, and will cause each of its Commonly Controlled Entities to, comply with the funding requirements of ERISA with respect to Plans for its respective employees. Borrowers will not permit with respect to any Plan (a) any prohibited transaction or transactions under ERISA or the Internal Revenue Code, which results, or may result, in any material liability of any Borrower and/or any Subsidiary and/or Affiliate, or (b) any Reportable Event if, upon termination of the Plan or Plans with respect to which one or more such Reportable Events shall have occurred, there is or would be any material liability of Borrower and/or any Subsidiary and/or Affiliate to the PBGC. Upon Lender's request, each Borrower will deliver to Lender a copy of the most recent actuarial report, financial statements and annual report completed with respect to any Plan.

6.1.10 Notification of Events of Default and Adverse Developments.

Each Borrower shall promptly notify Lender upon obtaining knowledge of the occurrence of:

- (a) any Event of Default;
- (b) any Default;
- (c) any litigation instituted or threatened against Borrowers or their respective Subsidiaries and of the entry of any judgment or Lien (other than any Permitted Liens) against any of the assets or properties of any of Borrowers or any of their respective Subsidiary where the claims against any Borrower or any of their Subsidiaries exceed Five Hundred Thousand Dollars (\$500,000) and are not covered by insurance;
- (d) any event, development or circumstance whereby the financial statements furnished hereunder fail in any material respect to present fairly, in accordance with GAAP, the financial condition and operational results of any of Borrowers or any of their respective Subsidiaries;
- (e) any judicial, administrative or arbitral proceeding pending against any of Borrowers or any of their respective Subsidiaries and any judicial or administrative proceeding known by any of Borrowers to be threatened

against it or any of their respective Subsidiaries that, if adversely decided, could materially adversely affect its financial condition or operations (present or prospective);

(f) the receipt by any Borrower or any of its Subsidiaries of any notice, claim or demand from any Governmental Authority which alleges that any of Borrowers or any Subsidiary is in violation of any of the terms of, or has failed to comply with any applicable Laws regulating its operation and business, including, but not limited to, the Occupational Safety and Health Act and the Environmental Protection Act; and

(g) any other development in the business or affairs of any of Borrowers and any of their respective Subsidiaries that may be materially adverse;

in each case describing in detail satisfactory to Lender the nature thereof and the action Borrowers propose to take with respect thereto.

6.1.11 Interest Rate Protection Agreements.

On or prior to the Closing Date, Borrowers will obtain and at all times thereafter maintain in full force and effect one or more Swap Contracts with Lender (and/or with a bank or other financial institution having capital, surplus and undivided profits of at least \$500,000,000), which effectively enables Borrowers (in a manner satisfactory to Lender), as of any date, to protect itself against fluctuations of interest rates as to a notional principal amount at least equal to 100% of the aggregate amount of the Credit Facilities through the maturity date. Borrowers will not enter into or permit to exist or acquire any Swap Contract except in the ordinary course of business to mitigate fluctuations of interest rates in respect of outstanding Indebtedness.

6.1.12 Financial Covenants.

(a) *Debt to Worth Ratio.* Borrowers, on a consolidated basis, will maintain, tested as of the end of each of Borrowers' fiscal quarters, a Debt to Worth Ratio of not more than 2.00 to 1.00.

(b) *Debt Service Coverage Ratio.* Borrowers will maintain, on a consolidated basis and tested as of the last day of each of Borrowers' fiscal quarters for the four (4) quarter period ending on that date, a Debt Service Coverage Ratio of not less than 1.25 to 1.00.

(c) *Capital Expenditures.* Borrowers will not directly or indirectly (by way of the acquisition of the securities of a Person or otherwise), make any Capital Expenditures in the aggregate for Borrowers in any fiscal year exceeding One Million Dollars (\$1,000,000).

6.1.13 Collection of Receivables.

Until such time that Lender shall notify Borrowers of the revocation of such privilege, Borrowers and each of their Subsidiaries shall at their own expense have the privilege for the account of, and in trust for, Lender of collecting their Receivables and receiving

in respect thereto all Items of Payment and shall otherwise completely service all of the Receivables including (a) the billing, posting and maintaining of complete records applicable thereto, (b) the taking of such action with respect to the Receivables as Lender may request or in the absence of such request, as each of Borrowers and each of their respective Subsidiaries may deem advisable; and (c) the granting, in the ordinary course of business, to any Account Debtor, any rebate, refund or adjustment to which the Account Debtor may be lawfully entitled, and may accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to a Receivable and may take such other actions relating to the settling of any Account Debtor's claim as may be commercially reasonable. Lender may, at its option, at any time or from time to time after and during the continuance of an Event of Default hereunder, revoke the collection privilege given in this Agreement to Borrowers and any one or more of their Subsidiaries by either giving notice of its assignment of, and lien on the Collateral to the Account Debtors or giving notice of such revocation to Borrowers. Lender shall not have any duty to, and Borrowers hereby release Lender from all claims of loss or damage caused by the delay or failure to collect or enforce any of the Receivables or to preserve any rights against any other party with an interest in the Collateral. Lender shall be entitled at any time and from time to time to confirm and verify Receivables.

6.1.14 Assignments of Receivables.

Each Borrower will promptly, upon request, execute and deliver to Lender written assignments, in form and content acceptable to Lender, of specific Receivables or groups of Receivables; provided, however, the Lien and/or security interest granted to Lender under this Agreement shall not be limited in any way to or by the inclusion or exclusion of Receivables within such assignments. Receivables so assigned shall secure payment of the Obligations and are not sold to Lender whether or not any assignment thereof, which is separate from this Agreement, is in form absolute. Borrowers agree that neither any assignment to Lender nor any other provision contained in this Agreement or any of the other Financing Documents shall impose on Lender any obligation or liability of any of Borrowers with respect to that which is assigned and Borrowers hereby agree jointly and severally to indemnify Lender and hold Lender harmless from any and all claims, actions, suits, losses, damages, costs, expenses, fees, obligations and liabilities which may be incurred by or imposed upon Lender by virtue of the assignment of and Lien on any Borrower's rights, title and interest in, to, and under the Collateral.

6.1.15 Notice of Returned Goods, etc.

Borrowers will promptly notify, and will cause the Subsidiaries to promptly notify, Lender of the return, rejection or repossession of any goods sold or delivered in respect of any Receivables outside the ordinary course of business.

6.1.16 Maintenance of the Collateral.

Borrowers will maintain the Collateral in good working order, saving and excepting ordinary wear and tear, and will not permit anything to be done to the Collateral that may materially impair the value thereof. Lender, or an agent designated by Lender, shall be permitted to enter the premises of each of Borrowers and their Subsidiaries and examine, audit and inspect the Collateral at any reasonable time and from time to time without notice. Lender shall not have any duty to, and Borrowers hereby release Lender from all claims of loss or

damage caused by the delay or failure to collect or enforce any of the Receivables or to preserve any rights against any other party with an interest in the Collateral.

6.1.17 Equipment

Borrowers shall (a) maintain all Equipment as personalty, (b) not affix any Equipment to any real estate in such manner as to become a fixture or part of such real estate other than in the ordinary course of business, and (c) shall hold no Equipment on a sale on approval basis. Borrowers hereby declare their intent that, notwithstanding the means of attachment, no goods of Borrowers hereafter attached to any realty shall be deemed a fixture, which declaration shall be irrevocable, without Lender's consent, until all of the Obligations have been paid in full and all of the Commitments have been terminated or have expired.

6.1.18 Defense of Title and Further Assurances

At their expense, Borrowers will defend the title to the Collateral (and any part thereof), and will immediately execute, acknowledge and deliver any renewal, affidavit, deed, assignment, security agreement, certificate or other document which Lender may require in order to perfect, preserve, maintain, continue, protect and/or extend the Lien granted to Lender under this Agreement or under any of the other Financing Documents and the first priority of that Lien, subject only to the Permitted Liens. Borrowers hereby authorize the filing of any financing statement or continuation statement required under the Uniform Commercial Code. Borrowers will from time to time do whatever Lender may require by way of obtaining, executing, delivering, and/or filing landlords' or mortgagees' or bailees' waivers, notices of assignment and other notices and amendments and renewals thereof and Borrowers will take any and all steps and observe such formalities as Lender may require, in order to create and maintain a valid Lien upon, pledge of, or paramount security interest in, the Collateral, subject to the Permitted Liens. Borrowers shall pay to Lender on demand all taxes, costs and expenses incurred by Lender in connection with the preparation, execution, recording and filing of any such document or instrument. To the extent that the proceeds of any of the Accounts or Receivables of Borrowers are expected to become subject to the control of, or in the possession of, a party other than Borrowers or Lender, Borrowers shall cause all such parties to execute and deliver on the Closing Date security documents or other documents as requested by Lender and as may be necessary to evidence and/or perfect the security interest of Lender in those proceeds. Each Borrower hereby irrevocably appoints Lender as Borrower's attorney-in-fact, with power of substitution, in the name of Lender or in the name of Borrowers or otherwise, for the use and benefit of Lender, but at the cost and expense of Borrower and without notice to Borrowers, to execute and deliver any and all of the instruments and other documents and take any action which Lender may require pursuant the foregoing provisions of this Section 6.1.18.

6.1.19 Business Names; Locations

Each of Borrowers will notify and cause each of their Subsidiaries to notify Lender not less than thirty (30) days prior to (a) any change in the name under which Borrower or the applicable Subsidiary conducts its business, (b) any change of the location of the chief executive office of the applicable Borrower or the applicable Subsidiary, and (c) the opening of any new place of business or the closing of any existing place of business, and (d) any change in the location of the places where the Collateral, or any part thereof, or the books and records, or any part thereof, are kept.

6.1.20 Use of Premises and Equipment.

Borrowers agree that until the Obligations are fully paid and all of the Commitments have been terminated or have expired, Lender (a) after and during the continuance of an Event of Default, may use any of Borrowers' owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; and (b) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any of Borrowers' owned or leased property.

6.1.21 Protection of Collateral.

Borrowers agree that Lender may at any time following an Event of Default take such steps as Lender deems reasonably necessary to protect the interest of Lender in, and to preserve the Collateral, including, the hiring of such security guards or the placing of other security protection measures as Lender deems appropriate, may employ and maintain at any of Borrowers' premises a custodian who shall have full authority to do all acts necessary to protect the interests of Lender in the Collateral and may lease warehouse facilities to which Lender may move all or any part of the Collateral to the extent commercially reasonable. Borrowers agree to cooperate fully with Lender's efforts to preserve the Collateral and will take such actions to preserve the Collateral as Lender may reasonably direct. All of Lender's expenses of preserving the Collateral, including any reasonable expenses relating to the compensation and bonding of a custodian, shall be part of the Enforcement Costs.

6.1.22 Principal Depository.

At such times as Lender has branches in the states where Borrowers do business, Borrowers shall maintain their primary depository with Lender until the Obligations have been satisfied in full.

Section 6.2 Negative Covenants.

So long as any of the Obligations or the Commitments shall be outstanding hereunder, Borrowers agree with Lender as follows:

6.2.1 Capital Structure, Merger, Acquisition or Sale of Assets.

None of Borrowers will alter or amend its capital structure, authorize any additional class of equity, issue any stock or equity of any class, enter into any merger or consolidation or amalgamation, windup or dissolve itself (or suffer any liquidation or dissolution) or acquire all or substantially all the assets of any Person, or sell, lease or otherwise dispose of any of its assets (except Inventory disposed of in the ordinary course of business prior to an Event of Default). Borrowers may convert to a corporation under Subchapter S of the Internal Revenue Code, if after giving effect to such conversion, Borrowers are not in Default under any Loan Document. Any consent of Lender to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

6.2.2 Subsidiaries.

None of Borrowers will create or acquire any Subsidiaries other than the Subsidiaries identified on the Collateral Disclosure List.

6.2.3 Issuance of Stock.

None of Borrowers will issue, or grant any option or right to purchase, any of its capital stock.

6.2.4 Purchase or Redemption of Securities. Dividend Restrictions.

None of Borrowers will purchase, redeem or otherwise acquire any shares of its capital stock or warrants now or hereafter outstanding, declare or pay any dividends thereon (other than stock dividends), apply any of its property or assets to the purchase, redemption or other retirement of, set apart any sum for the payment of any dividends on, or for the purchase, redemption, or other retirement of, make any distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of any Borrower, or any warrants, permit any Subsidiary to purchase or acquire any shares of any class of capital stock of, or warrants issued by, any Borrower, make any distribution to stockholders or set aside any funds for any such purpose (other than salaries paid to employees in the ordinary course of business), and not prepay, purchase or redeem any Indebtedness for Borrowed Money other than the Obligations. Notwithstanding the foregoing, at any time a Borrower is a Corporation under Subchapter S of the Internal Revenue Code, such Borrower may make advances to each of its shareholders (the "Shareholder Advances") in an amount sufficient to cover that shareholder's actual tax liability due and payable as a result of income of that Borrower attributed to the shareholder, during any period that such Borrower is eligible for taxation as a corporation under Subchapter S of the Internal Revenue Code, provided, however, that in no event may any Shareholder Advances be made if as a result of any such Shareholder Advances, the Borrowers would be in default under this Agreement.

6.2.5 Indebtedness.

None of Borrowers will create, incur, assume or suffer to exist any Indebtedness for Borrowed Money in excess of One Million Dollars (\$1,000,000) in the aggregate except:

- (a) the Obligations;
- (b) current accounts payable arising in the ordinary course;
- (c) Indebtedness secured by Permitted Liens;
- (d) Subordinated Indebtedness; and
- (e) Indebtedness of Borrowers existing on the date hereof and reflected on the financial statements furnished pursuant to Section 4.1.10 (Financial Condition).

6.2.6 Investments, Loans and Other Transactions.

Except as otherwise provided in this Agreement, none of Borrowers will (a) make, assume, acquire or continue to hold any investment in any real property (unless used in connection with its business and treated as a Fixed or Capital Asset of any Borrower or any

Subsidiary) or any Person, whether by stock purchase, capital contribution, acquisition of indebtedness of such Person or otherwise (including, without limitation, investments in any joint venture or partnership), (b) guaranty or otherwise become contingently liable for the Indebtedness or obligations of any Person, or (c) make any loans or advances, or otherwise extend credit to any Person, except:

(a) any advance to an officer or employee of any Borrower or any Subsidiary for travel or other business expenses in the ordinary course of business, provided that the aggregate amount of all such advances by all of Borrowers and their Subsidiaries (taken as a whole) outstanding at any time shall not exceed Five Thousand Dollars (\$5,000);

(b) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;

(c) any investment in Cash Equivalents, which are pledged to Lender as collateral and security for the Obligations; and

(d) trade credit extended to customers in the ordinary course of business.

6.2.7 Stock of Subsidiaries.

None of Borrowers will sell or otherwise dispose of any shares of capital stock of any Subsidiary (except in connection with a merger or consolidation of a Wholly Owned Subsidiary into any of Borrowers or another Wholly Owned Subsidiary or with the dissolution of any Subsidiary) or permit any Subsidiary to issue any additional shares of its capital stock except pro rata to its stockholders.

6.2.8 Subordinated Indebtedness.

None of Borrowers will make:

(a) any payment of principal of, or interest on, any of the Subordinated Indebtedness if a Default or an Event of Default then exists hereunder or would result from such payment;

(b) any payment of the principal or interest due on the Subordinated Indebtedness as a result of acceleration thereunder or a mandatory prepayment thereunder;

(c) any amendment or modification of or supplement to the documents evidencing or securing the Subordinated Indebtedness; or

(d) payment of principal or interest on the Subordinated Indebtedness other than when due (without giving effect to any acceleration of maturity or mandatory prepayment).

6.2.9 Liens: Confessed Judgment.

Borrower agrees that it (a) will not create, incur, assume or suffer to exist any Lien upon any of its properties or assets, whether now owned or hereafter acquired except for Liens securing the Obligations and Permitted Liens, (b) will not agree to, assume or suffer to exist any provision in any instrument or other document for confession of judgment, cognovit or other similar right or remedy, (c) will not allow or suffer to exist any Permitted Liens to be superior to Liens securing the Obligations, (d) will not enter into any contracts for the consignment of goods, will not execute or suffer the filing of any financing statements or the posting of any signs giving notice of consignments, and will not, as a material part of its business, engage in the sale of goods belonging to others, and (e) will not allow or suffer to exist the failure of any Lien described in the Security Documents to attach to, and/or remain at all times perfected on, any of the property described in the Security Documents.

6.2.10 Transactions with Affiliates.

None of Borrowers will enter into or participate in any transaction with any Affiliate or, except in the ordinary course of business, with the officers, directors, employees and other representatives of any Borrower and/or any Subsidiary.

6.2.11 Other Businesses.

None of Borrowers will engage directly or indirectly in any business other than its current line of business described elsewhere in this Agreement.

6.2.12 ERISA Compliance.

None of Borrowers nor any Commonly Controlled Entity shall: (a) engage in or permit any "prohibited transaction" (as defined in ERISA); (b) cause any "accumulated funding deficiency" as defined in ERISA and/or the Internal Revenue Code; (c) terminate any pension plan in a manner which could result in the imposition of a lien on the property of any Borrower pursuant to ERISA; (d) terminate or consent to the termination of any Multi-employer Plan; or (e) incur a complete or partial withdrawal with respect to any Multi-employer Plan.

6.2.13 Method of Accounting: Fiscal Year.

Each Borrower agrees that it will not:

(a) change the method of accounting employed in the preparation of any financial statements furnished to Lender under the provisions of Section 6.1.1 (Financial Statements), unless required to conform to GAAP and on the condition that Borrower's accountants shall furnish such information as Lender may request to reconcile the changes with Borrower's prior financial statements.

(b) change its fiscal year from a year ending on December 31.

6.2.14 Transfer of Collateral.

None of Borrowers and nor any of their respective Subsidiaries will transfer, or permit the transfer, to another location of any of the Collateral or the books and records related to any of the Collateral.

6.2.15 Sale and Leaseback.

None of Borrowers and nor any of their respective Subsidiaries will directly or indirectly enter into any arrangement to sell or transfer all or any substantial part of its fixed assets and thereupon or within one (1) year thereafter rent or lease the assets so sold or transferred.

6.2.16 Disposition of Collateral.

None of Borrowers will sell, discount, allow credits or allowances, transfer, assign, extend the time for payment on, convey, lease, assign, transfer or otherwise dispose of the Collateral, except, prior to an Event of Default, dispositions expressly permitted elsewhere in this Agreement, the sale of Inventory and Equipment in the ordinary course of business.

ARTICLE VII DEFAULT AND RIGHTS AND REMEDIES

Section 7.1 Events of Default.

The occurrence of any one or more of the following events shall constitute an "Event of Default" under the provisions of this Agreement:

7.1.1 Failure to Pay.

The failure of Borrowers to pay any of the Obligations when due, if such failure continues for ten (10) days after notice thereof.

7.1.2 Breach of Representations and Warranties.

Any representation or warranty made in this Agreement or in any report, statement, schedule, certificate, opinion (including any opinion of counsel for Borrowers), financial statement or other document furnished in connection with this Agreement, any of the other Financing Documents, or the Obligations, shall prove to have been false or misleading when made (or, if applicable, when reaffirmed) in any material respect.

7.1.3 Failure to Comply with Covenants.

The failure of Borrowers to perform, observe or comply with any covenant, condition or agreement contained in this Agreement within ten (10) days after written notice thereof is mailed to Borrower by Lender, provided, Borrower shall have the right to cure a default under this section only once during any 12 month period.

7.1.4 Default Under Other Financing Documents or Obligations.

A default shall occur under any of the other Financing Documents or under any other Obligations, and such default is not cured within any applicable grace or cure period provided therein.

7.1.5 Receiver; Bankruptcy.

Any Borrower or any Subsidiary shall (a) apply for or consent to the appointment of a receiver, trustee or liquidator of itself or any of its property, (b) admit in writing its inability to pay its debts as they mature, (c) make a general assignment for the benefit of creditors, (d) be adjudicated a bankrupt or insolvent, (e) file a voluntary petition in bankruptcy or a petition or an answer seeking or consenting to reorganization or an arrangement with creditors or to take advantage of any bankruptcy, reorganization, insolvency, readjustment of debt, dissolution or liquidation law or statute, or an answer admitting the material allegations of a petition filed against it in any proceeding under any such law, or take corporate action for the purposes of effecting any of the foregoing, or (f) by any act indicate its consent to, approval of or acquiescence in any such proceeding or the appointment of any receiver of or trustee for any of its property, or suffer any such receivership, trusteeship or proceeding to continue undischarged for a period of sixty (60) days, or (g) by any act indicate its consent to, approval of or acquiescence in any order, judgment or decree by any court of competent jurisdiction or any Governmental Authority enjoining or otherwise prohibiting the operation of a material portion of any Borrower's or any Subsidiary's business or the use or disposition of a material portion of any Borrower's or any Subsidiary's assets.

7.1.6 Involuntary Bankruptcy, etc.

An order for relief shall be entered in any involuntary case brought against any Borrower or any Subsidiary under the Bankruptcy Code, or (b) any such case shall be commenced against Borrower or any Subsidiary and shall not be dismissed within sixty (60) days after the filing of the petition, or (c) an order, judgment or decree under any other Law is entered by any court of competent jurisdiction or by any other Governmental Authority on the application of a Governmental Authority or of a Person other than Borrower or any Subsidiary (i) adjudicating any Borrower, or any Subsidiary bankrupt or insolvent, or (ii) appointing a receiver, trustee or liquidator of any Borrower or of any Subsidiary, or of a material portion of Borrower's or any Subsidiary's assets, or (iii) enjoining, prohibiting or otherwise limiting the operation of a material portion of any Borrower's or any Subsidiary's business or the use or disposition of a material portion of any Borrower's or any Subsidiary's assets, and such order, judgment or decree continues unstayed and in effect for a period of thirty (30) days from the date entered.

7.1.7 Judgment.

Unless adequately insured in the opinion of Lender, the entry of a final judgment for the payment of money involving more than One Hundred Thousand Dollars (\$100,000) against any Borrower or any Subsidiary, and the failure by such Borrower or such Subsidiary to discharge the same, or cause it to be discharged, within thirty (30) days from the date of the order, decree or process under which or pursuant to which such judgment was entered, or to secure a stay of execution pending appeal of such judgment.

7.1.8 Execution: Attachment.

Any execution or attachment shall be levied against the Collateral, or any part thereof having an aggregate value in excess of \$500,000, and such execution or attachment shall not be set aside, discharged or stayed within thirty (30) days after the same shall have been levied.

7.1.9 Default Under Other Borrowings.

Default shall be made with respect to any Indebtedness for Borrowed Money (other than the Loans) of any of Borrowers if the default is a failure to pay at maturity or if the effect of such default is to accelerate the maturity of such Indebtedness for Borrowed Money or to permit the holder or obligee thereof or other party thereto to cause such Indebtedness for Borrowed Money to become due prior to its stated maturity.

7.1.10 Challenge to Agreements.

Any Borrower or the Personal Guarantor shall challenge the validity and binding effect of any provision of any of the Financing Documents or shall state its intention to make such a challenge of any of the Financing Documents or any of the Financing Documents shall for any reason (except to the extent permitted by its express terms) cease to be effective or to create a valid and perfected first priority Lien (except for Permitted Liens) on, or security interest in, any of the Collateral purported to be covered thereby.

7.1.11 Material Adverse Change.

Lender in its sole discretion determines in good faith that a material adverse change has occurred in the financial condition of any of Borrowers.

7.1.12 Impairment of Position.

Lender, in its sole but reasonable discretion, determines in good faith that an event has occurred which impairs the prospect of payment of any of the Obligations and/or the value of the Collateral.

7.1.13 Collateral Inadequacy.

The determination in good faith by Lender that the security for the Obligations is inadequate.

7.1.14 Change in Ownership.

Any change shall occur in the ownership of any of Borrower which results in the Personal Guarantor directly or indirectly owning or controlling less than one hundred percent (100%) of such Borrower.

7.1.15 Liquidation. Termination. Dissolution. Change in Management, etc.

Any Borrower shall liquidate, dissolve or terminate its existence or shall suspend or terminate a substantial portion of its business operations or any change occurs in the management or control of any Borrower without the prior written consent of Lender.

7.1.16 Swap Default.

An event occurs which gives Lender the right or option to terminate any Swap Contract which is secured by the Collateral.

Section 7.2 Remedies.

Upon the occurrence of any Event of Default, Lender may, in the exercise of its sole and absolute discretion from time to time, at any time thereafter exercise any one or more of the following rights, powers or remedies:

7.2.1 Acceleration.

Lender may declare any or all of the Obligations to be immediately due and payable, notwithstanding anything contained in this Agreement or in any of the other Financing Documents to the contrary, without presentment, demand, protest, notice of protest or of dishonor, or other notice of any kind, all of which Borrowers hereby waive, other than Obligations under any Swap Contracts, which shall be governed by the default and termination provisions of said Swap Contracts.

7.2.2 Further Advances.

Lender may from time to time without notice to Borrowers suspend, terminate or limit any further advances, loans or other extensions of credit under the Commitments, under this Agreement and/or under any of the other Financing Documents. Further, upon the occurrence of an Event of Default or Default specified in Section 7.1.5 (Receiver; Bankruptcy) or Section 7.1.6 (Involuntary Bankruptcy, etc.), the Commitments and any agreement in any of the Financing Documents to provide additional credit shall immediately and automatically terminate and the unpaid principal amount of the Notes (with accrued interest thereon) and all other Obligations then outstanding, shall immediately become due and payable without further action of any kind and without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by Borrowers.

7.2.3 Uniform Commercial Code.

Lender shall have all of the rights and remedies of a secured party under the applicable Uniform Commercial Code and other applicable Laws. Upon demand by Lender, Borrowers shall assemble the Collateral and make it available to Lender, at a place designated by Lender. Lender or its agents may without notice from time to time enter upon Borrower's premises to take possession of the Collateral, to remove it, to render it unusable, to process it or otherwise prepare it for sale, or to sell or otherwise dispose of it.

Any written notice of the sale, disposition or other intended action by Lender with respect to the Collateral which is sent by regular mail, postage prepaid, to Borrowers at the address set forth in Section 8.1 (Notices), or such other address of Borrowers which may from time to time be shown on Lender's records, at least ten (10) days prior to such sale, disposition or other action, shall constitute commercially reasonable notice to Borrowers. Lender may alternatively or additionally give such notice in any other commercially reasonable manner. Nothing in this Agreement shall require Lender to give any notice not required by applicable Laws.

If any consent, approval, or authorization of any state, municipal or other Governmental Authority or of any other Person or of any Person having any interest therein, should be necessary to effectuate any sale or other disposition of the Collateral, Borrowers agree to execute all such applications and other instruments, and to take all other action, as may be required in connection with securing any such consent, approval or authorization.

Borrower recognizes that Lender may be unable to effect a public sale of all or a part of the Collateral consisting of Investment Property by reason of certain prohibitions contained in the Securities Act of 1933, as amended, and other applicable Federal and state Laws. Lender may, therefore, in its discretion, take such steps as it may deem appropriate to comply with such Laws and may, for example, at any sale of the Collateral consisting of securities restrict the prospective bidders or purchasers as to their number, nature of business and investment intention, including, without limitation, a requirement that the Persons making such purchases represent and agree to the satisfaction of Lender that they are purchasing such securities for their account, for investment, and not with a view to the distribution or resale of any thereof. Borrower covenants and agrees to do or cause to be done promptly all such acts and things as Lender may request from time to time and as may be necessary to offer and/or sell the securities or any part thereof in a manner which is valid and binding and in conformance with all applicable Laws. Upon any such sale or disposition, Lender shall have the right to deliver, assign and transfer to the purchaser thereof the Collateral consisting of securities so sold.

7.2.4 Specific Rights With Regard to Collateral.

In addition to all other rights and remedies provided hereunder or as shall exist at law or in equity from time to time, Lender may (but shall be under no obligation to), without notice to any of Borrowers, and each Borrower hereby irrevocably appoints Lender as its attorney-in-fact, with power of substitution, in the name of Lender and/or in the name of any or all of Borrowers or otherwise, for the use and benefit of Lender, but at the cost and expense of Borrowers and without notice to Borrowers:

- (a) request any Account Debtor obligated on any of the Accounts to make payments thereon directly to Lender, with Lender taking control of the Proceeds thereof;
- (b) compromise, extend or renew any of the Collateral or deal with the same as it may deem advisable;
- (c) make exchanges, substitutions or surrenders of all or any part of the Collateral;
- (d) copy, transcribe, or remove from any place of business of any Borrower or any Subsidiary all books, records, ledger sheets, correspondence, invoices and documents, relating to or evidencing any of the Collateral or without cost or expense to Lender, make such use of any Borrower's or any Subsidiary's place(s) of business as may be reasonably necessary to administer, control and collect the Collateral;

(e) repair, alter or supply goods if necessary to fulfill in whole or in part the purchase order of any Account Debtor;

(f) demand, collect, receipt for and give renewals, extensions, discharges and releases of any of the Collateral;

(g) institute and prosecute legal and equitable proceedings to enforce collection of, or realize upon, any of the Collateral;

(h) settle, renew, extend, compromise, compound, exchange or adjust claims in respect of any of the Collateral or any legal proceedings brought in respect thereof;

(i) endorse or sign the name of any Borrower upon any Items of Payment, certificates of title, Instruments, Investment Property, stock powers, documents, documents of title, financing statements, assignments, notices, or other writing relating to or part of the Collateral and on any proof of claim in bankruptcy against an Account Debtor;

(j) clear inventory through customs in Lender's or any Borrower's name and to sign and deliver to customs officials powers of attorney in that Borrower's name for such purpose;

(k) notify the Post Office authorities to change the address for the delivery of mail to Borrower to such address or Post Office Box as Lender may designate and receive and open all mail addressed to any of Borrowers; and

(l) take any other action necessary or beneficial to realize upon or dispose of the Collateral or to carry out the terms of this Agreement.

7.2.5 Application of Proceeds.

Any proceeds of sale or other disposition of the Collateral will be applied by Lender to the payment first of any and all Enforcement Costs, and any balance of such proceeds will be applied to the Obligations in such order and manner as Lender shall determine. If the sale or other disposition of the Collateral fails to fully satisfy the Obligations, Borrowers shall remain liable to Lender for any deficiency.

7.2.6 Performance by Lender.

Lender without notice to or demand upon Borrowers and without waiving or releasing any of the Obligations or any Default or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Borrowers, and may enter upon the premises of Borrowers for that purpose and take all such action thereon as Lender may consider necessary or appropriate for such purpose and each of Borrowers hereby irrevocably appoints Lender as its attorney-in-fact to do so, with power of substitution, in the name of Lender, in the name of any or all of Borrowers or

otherwise, for the use and benefit of Lender, but at the cost and expense of Borrowers and without notice to Borrowers. All sums so paid or advanced by Lender together with interest thereon from the date of payment, advance or incurring until paid in full at the Post-Default Rate and all costs and expenses, shall be deemed part of the Enforcement Costs, shall be paid by Borrowers to Lender on demand, and shall constitute and become a part of the Obligations.

7.2.7 Other Remedies.

Lender may from time to time proceed to protect or enforce its rights by an action or actions at law or in equity or by any other appropriate proceeding, whether for the specific performance of any of the covenants contained in this Agreement or in any of the other Financing Documents, or for an injunction against the violation of any of the terms of this Agreement or any of the other Financing Documents, or in aid of the exercise or execution of any right, remedy or power granted in this Agreement, the Financing Documents, and/or applicable Laws. Lender is authorized to offset and apply to all or any part of the Obligations all moneys, credits and other property of any nature whatsoever of any of all of Borrowers now or at any time hereafter in the possession of, in transit to or from, under the control or custody of, or on deposit with, Lender or any Affiliate of Lender.

ARTICLE VIII MISCELLANEOUS

Section 8.1 Notices.

All notices, requests and demands to or upon the parties to this Agreement shall be in writing and shall be deemed to have been given or made when delivered by hand on a Business Day, or two (2) days after the date when deposited in the mail, postage prepaid by registered or certified mail, return receipt requested; or when sent by overnight courier, on the Business Day next following the day on which the notice is delivered to such overnight courier, addressed as follows:

Borrowers: c/o Huestis Machine Corporation
7643 Fullerton Road
Springfield, Virginia 22153
Attention: Shawn Weingast

with a copy to: Huestis Machine Corporation
7643 Fullerton Road
Springfield, Virginia 22153
Attention: Krishnan Suthanthiran

Lender: Wachovia Bank, National Association
1753 Pinnacle Drive, Third Floor
McLean, Virginia 22102
Attention: John Dumm

with a copy to: Troutman Sanders LLP
1660 International Drive, Suite 600
McLean, Virginia 22102

Attention: Richard M. Pollak, Esquire

By written notice, each party to this Agreement may change the address to which notice is given to that party, provided that such changed notice shall include a street address to which notices may be delivered by overnight courier in the ordinary course on any Business Day.

Section 8.2 Amendments: Waivers.

This Agreement and the other Financing Documents may not be amended, modified, or changed in any respect except by an agreement in writing signed by Lender and Borrowers. No waiver of any provision of this Agreement or of any of the other Financing Documents, nor consent to any departure by Borrowers therefrom, shall in any event be effective unless the same shall be in writing signed by Lender. No course of dealing between Borrowers and Lender and no act or failure to act from time to time on the part of Lender shall constitute a waiver, amendment or modification of any provision of this Agreement or any of the other Financing Documents or any right or remedy under this Agreement, under any of the other Financing Documents or under applicable Laws.

Without implying any limitation on the foregoing:

- (a) Any waiver or consent shall be effective only in the specific instance, for the terms and purpose for which given, subject to such conditions as Lender may specify in any such instrument.
- (b) No waiver of any Default or Event of Default shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereto.
- (c) No notice to or demand on Borrowers in any case shall entitle Borrowers to any other or further notice or demand in the same, similar or other circumstance.
- (d) No failure or delay by Lender to insist upon the strict performance of any term, condition, covenant or agreement of this Agreement or of any of the other Financing Documents, or to exercise any right, power or remedy consequent upon a breach thereof, shall constitute a waiver, amendment or modification of any such term, condition, covenant or agreement or of any such breach or preclude Lender from exercising any such right, power or remedy at any time or times.
- (e) By accepting payment after the due date of any amount payable under this Agreement or under any of the other Financing Documents, Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under this Agreement or under any of the other Financing Documents, or to declare a default for failure to effect such prompt payment of any such other amount.

Section 8.3 Cumulative Remedies.

The rights, powers and remedies provided in this Agreement and in the other Financing Documents are cumulative, may be exercised concurrently or separately, may be exercised from time to time and in such order as Lender shall determine, subject to the provisions of this Agreement, and are in addition to, and not exclusive of, rights, powers and remedies provided by existing or future applicable Laws. In order to entitle Lender to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement. Without limiting the generality of the foregoing and subject to the terms of this Agreement, Lender may:

- (a) proceed against any one or more of Borrowers with or without proceeding against any other Person (including, without limitation, the Personal Guarantor) who may be liable (by endorsement, guaranty, indemnity or otherwise) for all or any part of the Obligations;
- (b) proceed against any one or more of Borrowers with or without proceeding under any of the other Financing Documents or against any Collateral or other collateral and security for all or any part of the Obligations;
- (c) without reducing or impairing the obligation of Borrowers and without notice, release or compromise with any guarantor or other Person liable for all or any part of the Obligations under the Financing Documents or otherwise;
- (d) without reducing or impairing the obligations of Borrowers and without notice thereof:
 - (i) fail to perfect the Lien in any or all Collateral or to release any or all the Collateral or to accept substitute Collateral;
 - (ii) approve the making of advances under the Term Loan under this Agreement;
 - (iii) waive any provision of this Agreement or the other Financing Documents;
 - (iv) exercise or fail to exercise rights of set-off or other rights; or
- (e) accept partial payments or extend from time to time the maturity of all or any part of the Obligations.

Section 8.4 Severability.

In case one or more provisions, or part thereof, contained in this Agreement or in the other Financing Documents shall be invalid, illegal or unenforceable in any respect under any Law, then without need for any further agreement, notice or action:

(a) the validity, legality and enforceability of the remaining provisions shall remain effective and binding on the parties thereto and shall not be affected or impaired thereby;

(b) the obligation to be fulfilled shall be reduced to the limit of such validity;

(c) if such provision or part thereof pertains to repayment of the Obligations, then, at the sole and absolute discretion of Lender, all of the Obligations of Borrowers to Lender shall become immediately due and payable; and

(d) if the affected provision or part thereof does not pertain to repayment of the Obligations, but operates or would prospectively operate to invalidate this Agreement in whole or in part, then such provision or part thereof only shall be void, and the remainder of this Agreement shall remain operative and in full force and effect.

Section 8.5 Assignments by Lender.

Lender may, without notice to or consent of Borrowers, assign to any Person (each an "Assignee" and collectively, the "Assignees") all or a portion of Lender's Commitments. Lender and its Assignee shall notify Borrowers in writing of the date on which the assignment is to be effective (the "Adjustment Date"). On or before the Adjustment Date, Lender, Borrowers and the Assignee shall execute and deliver a written assignment agreement in a form acceptable to Lender, which shall constitute an amendment to this Agreement to the extent necessary to reflect such assignment. Upon the request of Lender following an assignment made in accordance with this Section 8.5, Borrowers shall issue new Notes to Lender and its Assignee reflecting such assignment, in exchange for the existing Notes held by Lender.

In addition, notwithstanding the foregoing, Lender may at any time pledge all or any portion of Lender's rights under this Agreement, any of the Commitments or any of the Obligations to a Federal Reserve Bank.

Section 8.6 Participations by Lender.

Lender may at any time sell to one or more financial institutions participating interests in any of Lender's Obligations or Commitments; provided, however, that (a) no such participation shall relieve Lender from its obligations under this Agreement or under any of the other Financing Documents to which it is a party, (b) Lender shall remain solely responsible for the performance of its obligations under this Agreement and under all of the other Financing Documents to which it is a party, and (c) Borrowers shall continue to deal solely and directly with Lender in connection with Lender's rights and obligations under this Agreement and the other Financing Documents.

Section 8.7 Disclosure of Information by Lender.

In connection with any sale, transfer, assignment or participation by Lender in accordance with Section 8.5 (Assignments by Lender) or Section 8.6 (Participations by Lender),

Lender shall have the right to disclose to any actual or potential purchaser, assignee, transferee or participant all financial records, information, reports, financial statements and documents obtained in connection with this Agreement and/or any of the other Financing Documents or otherwise.

Section 8.8 Successors and Assigns.

This Agreement and all other Financing Documents shall be binding upon and inure to the benefit of Borrowers and Lender and their respective successors and assigns, except that Borrowers shall not have the right to assign their rights hereunder or any interest herein without the prior written consent of Lender.

Section 8.9 Continuing Agreements.

All covenants, agreements, representations and warranties made by Borrowers in this Agreement, in any of the other Financing Documents, and in any certificate delivered pursuant hereto or thereto shall survive the making by Lender of the Loans and the execution and delivery of the Notes, shall be binding upon Borrowers regardless of how long before or after the date hereof any of the Obligations were or are incurred, and shall continue in full force and effect so long as any of the Obligations are outstanding and unpaid. From time to time upon Lender's request, and as a condition of the release of any one or more of the Security Documents, Borrowers and other Persons obligated with respect to the Obligations shall provide Lender with such acknowledgments and agreements as Lender may require to the effect that there exists no defenses, rights of setoff or recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender and/or any of its agents and others, or to the extent there are, the same are waived and released.

Section 8.10 Enforcement Costs.

Borrowers shall pay to Lender on demand all Enforcement Costs, together with interest thereon from the date incurred or advanced until paid in full at a per annum rate of interest equal at all times to the Post-Default Rate. Enforcement Costs shall be immediately due and payable at the time advanced or incurred, whichever is earlier. Without implying any limitation on the foregoing, Borrowers shall pay, as part of the Enforcement Costs, upon demand any and all stamp and other Taxes and fees payable or determined to be payable in connection with the execution and delivery of this Agreement and the other Financing Documents and to save Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay any Taxes or fees referred to in this Section. The provisions of this Section shall survive the execution and delivery of this Agreement, the repayment of the other Obligations and shall survive the termination of this Agreement.

Section 8.11 Applicable Law: Jurisdiction.

8.11.1 Applicable Law.

Borrowers acknowledge and agree that the Financing Documents, including, this Agreement, shall be governed by the Laws of the State, as if each of the Financing Documents and this Agreement had each been executed, delivered, administered and performed solely within the State even though for the convenience and at the request of Borrowers, one or more of the Financing Documents may be executed elsewhere. Lender acknowledges, however,

that remedies under certain of the Financing Documents that relate to property outside the State may be subject to the laws of the state in which the property is located.

8.11.2 Submission to Jurisdiction.

Borrowers irrevocably submit to the jurisdiction of any state or federal court sitting in the State over any suit, action or proceeding arising out of or relating to this Agreement or any of the other Financing Documents. Each of Borrowers irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon Borrower and may be enforced in any court in which Borrower is subject to jurisdiction, by a suit upon such judgment, provided that service of process is effected upon Borrower in one of the manners specified in this Section or as otherwise permitted by applicable Laws.

8.11.3 Appointment of Agent for Service of Process.

Borrowers hereby irrevocably designates and appoints Krishnan Suthanthiran, as Borrower's authorized agent to receive on Borrower's behalf service of any and all process that may be served in any suit, action or proceeding of the nature referred to in this Section in any state or federal court sitting in the State. If such agent shall cease so to act, Borrower shall irrevocably designate and appoint without delay another such agent in the State satisfactory to Lender and shall promptly deliver to Lender evidence in writing of such other agent's acceptance of such appointment and its agreement that such appointment shall be irrevocable.

8.11.4 Service of Process.

Each of Borrowers hereby consents to process being served in any suit, action or proceeding of the nature referred to in this Section by (a) the mailing of a copy thereof by registered or certified mail, postage prepaid, return receipt requested, to Borrower at Borrower's address designated in or pursuant to Section 8.1 (Notices), and (b) serving a copy thereof upon the agent, if any, designated and appointed by Borrower as Borrower's agent for service of process by or pursuant to this Section. Borrowers irrevocably agree that such service (y) shall be deemed in every respect effective service of process upon Borrowers in any such suit, action or proceeding, and (z) shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon Borrowers. Nothing in this Section shall affect the right of Lender to serve process in any manner otherwise permitted by law or limit the right of Lender otherwise to bring proceedings against Borrowers in the courts of any jurisdiction or jurisdictions.

Section 8.12 Duplicate Originals and Counterparts.

This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and all taken together shall constitute but one and the same instrument.

Section 8.13 Headings.

The headings in this Agreement are included herein for convenience only. shall not constitute a part of this Agreement for any other purpose. and shall not be deemed to affect the meaning or construction of any of the provisions hereof.

Section 8.14 No Agency.

Nothing herein contained shall be construed to constitute Borrowers as Lender's agent for any purpose whatsoever or to permit Borrowers to pledge any of the credit of Lender. Lender shall not be responsible or liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. Lender shall not, by anything herein or in any of the Financing Documents or otherwise, assume any of Borrowers' obligations under any contract or agreement assigned to Lender, and Lender shall not be responsible in any way for the performance by Borrower of any of the terms and conditions thereof.

Section 8.15 Date of Payment.

Should the principal of or interest on the Notes become due and payable on other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day and in the case of principal, interest shall be payable thereon at the rate per annum specified in the Notes during such extension.

Section 8.16 Entire Agreement.

This Agreement is intended by Lender and Borrowers to be a complete, exclusive and final expression of the agreements contained herein. Neither Lender nor any Borrower shall hereafter have any rights under any prior agreements pertaining to the matters addressed by this Agreement but shall look solely to this Agreement for definition and determination of all of their respective rights, liabilities and responsibilities under this Agreement.

Section 8.17 Waiver of Trial by Jury.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, EACH BORROWER BY EXECUTION HEREOF AND THE LENDER BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE FINANCING DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS AGREEMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE LENDER TO ACCEPT THIS AGREEMENT. EACH OF THE PARTIES AGREES THAT THE TERMS HEREOF SHALL SUPERSEDE AND REPLACE ANY PRIOR AGREEMENT RELATED TO ARBITRATION OF DISPUTES BETWEEN THE PARTIES CONTAINED IN ANY FINANCING DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT HERETOFORE EXECUTED IN CONNECTION WITH, RELATED TO OR BEING

REPLACED, SUPPLEMENTED, EXTENDED OR MODIFIED BY, THIS AGREEMENT.

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY BORROWERS AND LENDER, AND BORROWERS AND LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. BORROWERS AND LENDER FURTHER REPRESENT THAT THEY HAVE BEEN REPRESENTED IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 8.18 LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES.

THE BORROWERS, INCLUDING THE LENDER BY ACCEPTANCE HEREOF, AGREES THAT IN ANY JUDICIAL, MEDIATION OR ARBITRATION PROCEEDING OR ANY CLAIM OR CONTROVERSY BETWEEN OR AMONG THEM THAT MAY ARISE OUT OF OR BE IN ANY WAY CONNECTED WITH THIS AGREEMENT, THE OTHER FINANCING DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT BETWEEN OR AMONG THEM OR THE OBLIGATIONS EVIDENCED HEREBY OR RELATED HERETO, IN NO EVENT SHALL ANY PARTY HAVE A REMEDY OF, OR BE LIABLE TO THE OTHER FOR, (1) INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES OR (2) PUNITIVE OR EXEMPLARY DAMAGES. EACH OF THE PARTIES HEREBY EXPRESSLY WAIVES ANY RIGHT OR CLAIM TO PUNITIVE OR EXEMPLARY DAMAGES THEY MAY HAVE OR WHICH MAY ARISE IN THE FUTURE IN CONNECTION WITH ANY SUCH PROCEEDING, CLAIM OR CONTROVERSY, WHETHER THE SAME IS RESOLVED BY ARBITRATION, MEDIATION, JUDICIALLY OR OTHERWISE.

*** Section 8.19 Indemnification.**

The Borrowers agree to indemnify and hold harmless, Lender, the Lender's parent and Affiliates and the Lender's parent's and Affiliates' officers, directors, shareholders, employees and agents (each an "Indemnified Party," and collectively, the "Indemnified Parties"), from and against any and all claims, liabilities, losses, damages, costs and expenses (whether or not such Indemnified Party is a party to any litigation), including without limitation, reasonable attorney's fees and costs and costs of investigation, document production, attendance at depositions or other discovery, incurred by any Indemnified Party with respect to, arising out of or as a consequence of (a) this Agreement or any of the other Financing Documents, including without limitation, any failure of the Borrowers to pay when due (at maturity, by acceleration or otherwise) any principal, interest, fee or any other amount due under this Agreement or the other Financing Documents, or any other Event of Default (b) the use by the Borrowers of any proceeds advanced hereunder; (c) the transactions contemplated hereunder; or (d) any claim, demand, action or cause of action being asserted against (i) the Borrowers or any of their Affiliates by any other Person, or (ii) any Indemnified Party by the Borrowers in connection with the transactions

contemplated hereunder. Notwithstanding anything herein or elsewhere to the contrary, the Borrowers shall not be obligated to indemnify or hold harmless any Indemnified Party from any liability, loss or damage resulting from the gross negligence, willful misconduct or unlawful actions of such Indemnified Party. Any amount payable to the Lender under this Section will bear interest at the Post-Default Rate from the due date until paid.

Section 8.20 Patriot Act Notice.

To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each person who opens an account. For purposes of this section, account shall be understood to include loan accounts.

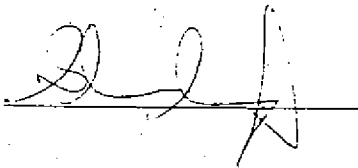
Section 8.21 Electronic Transmission of Data.

Lender and Borrowers agree that certain data related to the Loans (including confidential information, documents, applications and reports) may be transmitted electronically, including transmission over the Internet. This data may be transmitted to, received from or circulated among agents and representatives of Borrowers and/or Lender and their Affiliates and other Persons involved with the subject matter of this Agreement. Borrowers acknowledge and agree that (a) there are risks associated with the use of electronic transmission and that Lender does not control the method of transmittal or service providers, (b) Lender has no obligation or responsibility whatsoever and assumes no duty or obligation for the security, receipt or third party interception of any such transmission, and (c) Borrowers will release, hold harmless and indemnify Lender from any claim, damage or loss, including that arising in whole or part from Lender's strict liability or sole, comparative or contributory negligence, which is related to the electronic transmission of data.

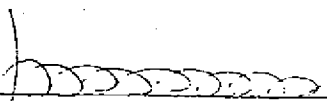
REMAINDER OF PAGE INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, each of the parties hereto have executed and delivered this Agreement under their respective seals as of the day and year first written above.

WITNESS/ATTEST:



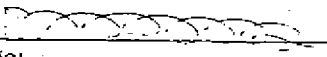
HUESTIS MACHINE CORPORATION

By:  (Seal)
Name:
Title:

WITNESS/ATTEST:



ARI HOLDING CORPORATION

By:  (Seal)
Name:
Title:

WITNESS/ATTEST:



WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____ (Seal)
Name:
Title:

LIST OF EXHIBITS

- A. Term Note
- B. Supplemental Term Note
- C. Form of Compliance Certificate

LIST OF SCHEDULES

Schedule 4.1.12 Other Indebtedness

TYSON01 298990v11 012845-000280

PATENT
REEL: 028157 FRAME: 0140

Schedule 4.1.12

OTHER INDEBTEDNESS

TYSON01 298990v11 012845-000280

PATENT
REEL: 028157 FRAME: 0141

FINANCING AND SECURITY AGREEMENT

Dated

December 1, 2006

By and Among

HUESTIS MACHINE CORPORATION

ARI HOLDING CORPORATION

And

WACHOVIA BANK, NATIONAL ASSOCIATION

CERTIFICATE

I DO HEREBY CERTIFY that I am the Secretary of ARI Holding Corporation, a Rhode Island corporation (the "Corporation"), and the keeper of its records and corporate seal and that the following is a correct copy of resolutions duly adopted by the directors of said Corporation at a meeting of the Board of Directors duly held on the 1st day of December, 2006, at which meeting a quorum of the directors was present and voted in favor thereof and that said resolutions have not been amended or rescinded and are in full force and effect:

"WHEREAS, it is desirable that this Corporation enter into interest rate swaps, caps, collars, floors, or any similar transaction (including any option with respect to any of these transactions) from time to time to hedge or otherwise manage interest rate exposure in relation to assets or liabilities of this Corporation or those of its affiliates.

NOW, THEREFORE, BE IT RESOLVED, that each of the President, and the Secretary of this Corporation (each an "Authorized Officer"), acting singly, is hereby authorized to execute and deliver on behalf of this Corporation agreements evidencing this Corporation's obligations in relation to such transactions, any amendments or supplements thereto, and assignments or terminations thereof, all in such form and upon such terms as such Authorized Officer shall approve, such approval to be conclusively evidenced by the execution and delivery of said agreements by any Authorized Officer.

RESOLVED FURTHER, that all officers of this Corporation acting singly are hereby authorized to execute and deliver on behalf of this Corporation such other related agreements, certificates and documents and take such other and further action as may be necessary or desirable to carry out the transactions authorized by the foregoing resolution.

RESOLVED FURTHER, that all acts authorized by each of the foregoing resolutions taken heretofore by any officer authorized therein is hereby ratified as the authorized act of this Corporation."

I FURTHER CERTIFY that there is no provision in the Articles of Incorporation or By-laws of the Corporation limiting the power of the Board of Directors to pass the foregoing resolutions, and that the same are in conformity with the provisions of said Articles of Incorporation and By-laws.

06363P315506

I FURTHER CERTIFY that each of the persons named below presently holds the office in the Corporation set forth next to such person's name and that next to the specification of the office held by each such person is a genuine specimen of such person's signature.

NAME	OFFICER	SIGNATURE
<u>Krishnan Suthanthiran</u>	<u>President</u>	<u>[Signature]</u>
<u>Ruth Bergin</u>	<u>Secretary</u>	<u>[Signature]</u>

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed the seal of the Corporation, this 1st day of December, 2006

[Signature]
Secretary of ARI Holding Corporation

[CORPORATE SEAL]