
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 4, 2010.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number 001-14962

CIRCOR INTERNATIONAL, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

04-3477276
(I.R.S. Employer
Identification No.)

c/o Circor, Inc.
25 Corporate Drive, Suite 130, Burlington, MA
(Address of principal executive offices)

01803-4238
(Zip Code)

(781) 270-1200
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 26, 2010, there were 17,093,793 shares of the Registrant's Common Stock, par value \$0.01 per share, outstanding.

CIRCOR INTERNATIONAL, INC.

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CIRCOR INTERNATIONAL, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	July 4, 2010 (Unaudited)	December 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 60,857	\$ 46,350
Short-term investments	94	21,498
Trade accounts receivable, less allowance for doubtful accounts of \$1,432 and \$1,992, respectively	125,468	115,260
Inventories	152,996	145,031
Income taxes refundable	0	726
Prepaid expenses and other current assets	7,697	4,195
Deferred income tax asset	42,187	15,847
Insurance receivables	1,180	4,614
Assets held for sale	542	1,167
Total Current Assets	<u>391,021</u>	<u>354,688</u>
PROPERTY, PLANT AND EQUIPMENT, NET	91,426	95,167
OTHER ASSETS:		
Goodwill	50,580	47,893
Intangibles, net	50,310	55,238
Deferred income tax asset	0	5,676
Other assets	3,058	3,391
TOTAL ASSETS	<u>\$ 586,395</u>	<u>\$ 562,053</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 77,900	\$ 57,239
Accrued expenses and other current liabilities	46,379	46,736
Accrued compensation and benefits	18,444	18,617
Leslie asbestos and bankruptcy related liabilities	82,431	12,476
Income taxes payable	417	0
Notes payable and current portion of long-term debt	696	5,914
Total Current Liabilities	<u>226,267</u>	<u>140,982</u>
LONG-TERM DEBT, NET OF CURRENT PORTION	4,279	1,565
DEFERRED INCOME TAXES	11,512	0
LONG-TERM LESLIE ASBESTOS & BANKRUPTCY RELATED LIABILITIES	0	47,785
OTHER NON-CURRENT LIABILITIES	20,209	21,313
COMMITMENTS AND CONTINGENCIES (See Note 10)		
SHAREHOLDERS' EQUITY:		
Preferred stock, \$0.01 par value; 1,000,000 shares authorized; no shares issued and outstanding	0	0
Common stock, \$0.01 par value; 29,000,000 shares authorized; 17,093,206 and 16,991,365 shares issued and outstanding at July 4, 2010 and December 31, 2009, respectively	171	170
Additional paid-in capital	252,098	249,960
Retained earnings	79,620	86,408
Accumulated other comprehensive (loss) income	(7,761)	13,870
Total Shareholders' Equity	<u>324,128</u>	<u>350,408</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 586,395</u>	<u>\$ 562,053</u>

The accompanying notes are an integral part of these consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)
(Unaudited)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 4, 2010</u>	<u>June 28, 2009</u>	<u>July 4, 2010</u>	<u>June 28, 2009</u>
Net revenues	\$ 168,005	\$ 164,535	\$ 314,274	\$ 340,182
Cost of revenues	118,463	116,032	222,013	235,660
GROSS PROFIT	49,542	48,503	92,261	104,522
Selling, general and administrative expenses	37,959	34,242	73,376	68,340
Leslie asbestos and bankruptcy charges	28,908	3,442	28,260	11,705
Special (recoveries) charges	0	0	0	(1,135)
OPERATING (LOSS) INCOME	(17,325)	10,819	(9,375)	25,612
Other (income) expense:				
Interest income	(50)	(167)	(92)	(314)
Interest expense	636	208	1,233	386
Other expense (income), net	258	(267)	207	(449)
Total other expense (income)	844	(226)	1,348	(377)
(LOSS) INCOME BEFORE INCOME TAXES	(18,169)	11,045	(10,723)	25,989
Benefit (Provision) for income taxes	6,928	(3,313)	5,216	(7,797)
NET (LOSS) INCOME	\$ (11,241)	\$ 7,732	\$ (5,507)	\$ 18,192
(Loss) earnings per common share:				
Basic	\$ (0.66)	\$ 0.46	\$ (0.32)	\$ 1.07
Diluted	\$ (0.66)	\$ 0.45	\$ (0.32)	\$ 1.07
Weighted average number of common shares outstanding:				
Basic	17,108	16,970	17,080	16,944
Diluted	17,108	17,066	17,080	17,040
Dividends paid per common share	\$ 0.0375	\$ 0.0375	\$ 0.075	\$ 0.075

The accompanying notes are an integral part of these consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	<u>Six Months Ended</u>	
	<u>July 4,</u> <u>2010</u>	<u>June 28,</u> <u>2009</u>
OPERATING ACTIVITIES		
Net (loss) income	\$ (5,507)	\$ 18,192
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	6,343	6,084
Amortization	1,942	1,249
Provision for Leslie bankruptcy settlement	24,974	0
Compensation expense of share-based plans	1,814	1,585
Tax effect of share-based compensation	(90)	403
Loss (gain) on sale/disposal of property, plant and equipment	275	(33)
Changes in operating assets and liabilities, net of effects from business acquisitions:		
Trade accounts receivable	(19,247)	16,791
Inventories	(14,850)	27,371
Prepaid expenses and other assets	3,228	701
Accounts payable, accrued expenses and other liabilities	15,511	(56,594)
Net cash provided by operating activities	<u>14,393</u>	<u>15,749</u>
INVESTING ACTIVITIES		
Additions to property, plant and equipment	(8,187)	(4,501)
Proceeds (purchases) from the disposal of property, plant and equipment	(233)	43
Business acquisitions, net of cash acquired	(5,210)	(7,510)
Purchases of short-term investments	0	(214,925)
Proceeds from the sale of short-term investments	21,427	201,826
Net cash provided by (used in) investing activities	<u>7,797</u>	<u>(25,067)</u>
FINANCING ACTIVITIES		
Proceeds from long-term borrowings	32,458	64,187
Payments of long-term debt	(34,645)	(68,545)
Dividends paid	(1,279)	(1,294)
Proceeds from the exercise of stock options	293	36
Tax effect of share-based compensation	90	(403)
Net cash used in financing activities	<u>(3,083)</u>	<u>(6,019)</u>
Effect of exchange rate changes on cash and cash equivalents	(4,600)	902
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>14,507</u>	<u>(14,435)</u>
Cash and cash equivalents at beginning of period	46,350	47,473
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>\$ 60,857</u>	<u>\$ 33,038</u>
Supplemental Cash Flow Information:		
Cash paid during the six months for:		
Income taxes	\$ 2,613	\$ 2,875
Interest	\$ 1,166	\$ 487

The accompanying notes are an integral part of these consolidated financial statements.

CIRCOR INTERNATIONAL, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

(1) Basis of Presentation

The accompanying unaudited, consolidated financial statements have been prepared according to the rules and regulations of the United States Securities and Exchange Commission (“SEC”) and, in the opinion of management, reflect all adjustments, which include normal recurring adjustments, necessary for a fair presentation of the consolidated balance sheets, consolidated statements of operations and consolidated statements of cash flows of CIRCOR International, Inc. (“CIRCOR” or the “Company” or “we”) for the periods presented. We prepare our interim financial information using the same accounting principles as we use for our annual audited financial statements. Certain information and note disclosures normally included in the annual audited financial statements have been condensed or omitted in accordance with prescribed SEC rules. We believe that the disclosures made in our consolidated financial statements and the accompanying notes are adequate to make the information presented not misleading.

The consolidated balance sheet at December 31, 2009 is as reported in our audited financial statements as of that date. Our accounting policies are described in the notes to our December 31, 2009 financial statements, which were included in our Annual Report filed on Form 10-K. We recommend that the financial statements included in this Quarterly Report on Form 10-Q be read in conjunction with the financial statements and notes included in our Annual Report filed on Form 10-K for the year ended December 31, 2009.

We operate and report financial information using a 52-week fiscal year ending December 31. The data periods contained within our Quarterly Reports on Form 10-Q reflect the results of operations for the 13-week, 26-week and 39-week periods which generally end on the Sunday nearest the calendar quarter-end date. Operating results for the three and six months ended July 4, 2010 are not necessarily indicative of the results that may be expected for the year ending December 31, 2010.

Reclassifications

Certain items in the prior period financial statements have been reclassified to conform to currently reported presentations.

(2) Summary of Significant Accounting Policies

Subsequent Events

In connection with the preparation of these financial statements the Company has evaluated events and transactions through the date the financial statements were issued.

(3) Share-Based Compensation

As of July 4, 2010, we have one share-based compensation plan. The Amended and Restated 1999 Stock Option and Incentive Plan (the “1999 Stock Plan”), which was adopted by our Board of Directors and approved by our shareholders, permits the grant of the following types of awards to our officers, other employees and non-employee directors: incentive stock options; non-qualified stock options; deferred stock awards; restricted stock awards; unrestricted stock awards; performance share awards; stock appreciation rights (“SARs”) and dividend equivalent rights. The 1999 Stock Plan provides for the issuance of up to 3,000,000 shares of common stock (subject to adjustment for stock splits and similar events). New options granted under the 1999 Stock Plan could have varying vesting provisions and exercise periods. Options granted vest in periods ranging from one to six years and expire ten years after the grant date. Restricted stock units granted generally vest from three to six years. Vested restricted stock units will be settled in shares of our common stock. As of July 4, 2010, there were 150,801 stock options, 525,912 restricted stock units, and no SARs outstanding. In addition, there were 572,437 shares available for grant under the 1999 Stock Plan as of July 4, 2010. As of July 4, 2010 there were 26,025 outstanding restricted stock units that are considered participating securities and included in our computation of basic and fully diluted earnings per share. During the first six months of 2010 we granted 34,081 stock option awards; we did not grant any stock option awards in 2008 or 2009.

For all of our stock option grants, the fair value of each grant was estimated at the date of grant using the Black-Scholes option pricing model. Black-Scholes utilizes assumptions related to volatility, the risk-free interest rate, the dividend yield and employee exercise behavior. Expected volatilities utilized in the model are based on the historic volatility of the Company’s stock price. The risk free interest rate is derived from the U.S. Treasury Yield curve in effect at the time of the grant. The model incorporates exercise and post-vesting forfeiture assumptions based on an analysis of historical data.

The fair value of stock options granted during the six months ended July 4, 2010 of \$14.20 was estimated using the following weighted-average assumptions:

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Risk-free interest rate	2.3%
Expected life (years)	5.6
Expected stock volatility	47.0%
Expected dividend yield	0.5%

We account for Restricted Stock Unit (“RSU”) Awards by expensing the weighted average fair value to selling, general and administrative expenses ratably over vesting periods ranging from three to six years. During the six months ended July 4, 2010 and June 28, 2009, we granted 130,226 and 163,962 RSU Awards with approximate fair values of \$30.91 and \$22.23 per RSU Award, respectively.

The CIRCOR Management Stock Purchase Plan, which is a component of the 1999 Stock Plan, provides that eligible employees may elect to receive restricted stock units in lieu of all or a portion of their pre-tax annual incentive bonus and, in some cases, make after-tax contributions in exchange for restricted stock units (“RSU MSPs”). In addition, non-employee directors may elect to receive restricted stock units in lieu of all or a portion of their annual directors’ fees. Each RSU MSP represents a right to receive one share of our common stock after a three-year vesting period. RSU MSPs are granted at a discount of 33% from the fair market value of the shares of our common stock on the date of grant. This discount is amortized as compensation expense, to selling, general and administrative expenses, over a four year period. A total of 13,505 and 140,759 RSUs with per unit discount amounts representing fair values of \$10.20 and \$7.34 were granted under the CIRCOR Management Stock Purchase Plan during the six months ended July 4, 2010 and June 28, 2009, respectively.

Compensation expense related to our share-based plans for the six month periods ended July 4, 2010, and June 28, 2009 was \$1.8 million and \$1.6 million, respectively, and was recorded as selling, general and administrative expense. As of July 4, 2010, there was \$7.9 million of total unrecognized compensation costs related to our outstanding share-based compensation arrangements. That cost is expected to be recognized over a weighted average period of 3.6 years.

A summary of the status of all stock options granted to employees and non-employee directors as of July 4, 2010 and changes during the six month period then ended is presented in the table below (Options in thousands):

	<u>Options</u>	<u>Weighted Average Exercise Price</u>
Options outstanding at beginning of period	132	\$ 19.81
Granted	34	30.91
Exercised	(15)	18.99
Forfeited	0	N/A
Options outstanding at end of period	<u>151</u>	\$ 22.40
Options exercisable at end of period	117	\$ 19.92

The weighted average contractual term for stock options outstanding and options exercisable as of July 4, 2010 was 4.8 years and 3.3 years, respectively. The aggregate intrinsic value of stock options exercised during the six months ended July 4, 2010 was \$0.2 million and the aggregate intrinsic value of both stock options outstanding and options exercisable as of July 4, 2010 was \$0.6 million.

A summary of the status of all RSU Awards granted to employees and non-employee directors as of July 4, 2010 and changes during the six month period then ended is presented in the table below (RSUs in thousands):

	<u>RSUs</u>	<u>Weighted Average Grant Date Fair Value</u>
RSU Awards outstanding at beginning of period	291	\$ 30.63
Granted	130	30.91
Settled	(65)	29.82
Cancelled	(8)	33.51
RSU Awards outstanding at end of period	<u>348</u>	\$ 30.86
RSU Awards vested and deferred at end of period	24	\$ 30.23

The aggregate intrinsic value of RSU Awards settled during the six months ended July 4, 2010 was \$2.1 million and the aggregate intrinsic value of RSU Awards outstanding and RSU Awards vested and deferred as of July 4, 2010 was \$8.9 million and \$0.6 million, respectively.

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A summary of the status of all RSU MSPs granted to employees and non-employee directors as of July 4, 2010 and changes during the six month period then ended is presented in the table below (RSUs in thousands):

	RSUs	Weighted Average Exercise Price
RSU MSPs outstanding at beginning of period	212	\$ 17.32
Granted	14	20.71
Settled	(48)	19.13
Cancelled	0	N/A
RSU MSPs outstanding at end of period	<u>178</u>	\$ 18.59
RSU MSPs vested and deferred at end of period	2	\$ 19.79

The aggregate intrinsic value of RSU MSPs settled during the six months ended July 4, 2010 was \$0.6 million and the aggregate intrinsic value of RSU MSPs outstanding and RSU MSPs vested and deferred as of July 4, 2010 was \$1.5 million and \$0.0 million, respectively.

(4) Inventories

Inventories consist of the following (In thousands):

	July 4, 2010	December 31, 2009
Raw materials	\$ 45,597	\$ 53,143
Work in process	76,758	54,908
Finished goods	30,641	36,980
	<u>\$ 152,996</u>	<u>\$ 145,031</u>

(5) Goodwill and Intangible Assets

The following table presents goodwill, by segment, as of July 4, 2010 (In thousands):

	Energy	Aerospace	Flow Technologies	Consolidated Total
Goodwill as of December 31, 2009	\$39,653	\$ 6,573	\$ 1,667	\$ 47,893
Acquisitions	0	1,333	2,839	4,172
Currency translation adjustments	(1,130)	(205)	(150)	(1,485)
Goodwill as of July 4, 2010	<u>\$38,523</u>	<u>\$ 7,701</u>	<u>\$ 4,356</u>	<u>\$ 50,580</u>

The table below presents the gross intangible assets and the related accumulated amortization as of July 4, 2010 (In thousands):

	Gross Carrying Amount	Accumulated Amortization
Patents	\$ 6,047	\$ (5,469)
Trademarks and trade names	21,803	0
Land use rights	429	(49)
Customer relationships	32,460	(9,307)
Other	7,337	(2,941)
Total	<u>\$68,076</u>	<u>\$ (17,766)</u>
Net carrying value of intangible assets	<u>\$50,310</u>	

The table below presents estimated remaining amortization expense for intangible assets recorded as of July 4, 2010 (In thousands):

	2010	2011	2012	2013	2014	After 2014
Estimated amortization expense	<u>\$1,910</u>	<u>\$3,381</u>	<u>\$2,879</u>	<u>\$2,865</u>	<u>\$2,834</u>	<u>\$14,638</u>

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(6) Segment Information

The following table presents certain reportable segment information (In thousands):

	<u>Energy</u>	<u>Aerospace</u>	<u>Flow Technologies</u>	<u>Corporate/ Eliminations</u>	<u>Consolidated Total</u>
Three Months Ended July 4, 2010					
Net revenues	\$ 77,305	\$ 27,811	\$ 62,889	\$ 0	\$ 168,005
Intersegment revenues	148	0	312	(460)	0
Operating income (loss)	6,424	4,067	(21,472)	(6,344)	(17,325)
Interest income					(50)
Interest expense					636
Other income, net					258
(Loss) before income taxes					<u>\$ (18,169)</u>
Identifiable assets	262,508	181,324	172,651	(30,088)	586,395
Capital expenditures	1,974	1,438	625	543	4,580
Depreciation and amortization	1,592	1,031	1,369	87	4,079
Three Months Ended June 28, 2009					
Net revenues	\$ 76,814	\$ 30,243	\$ 57,478	\$ 0	\$ 164,535
Intersegment revenues	128	0	14	(142)	0
Operating income (loss)	9,461	4,905	2,042	(5,589)	10,819
Interest income					(167)
Interest expense					208
Other income, net					(267)
Income before income taxes					<u>\$ 11,045</u>
Identifiable assets	342,992	186,938	89,841	(54,207)	565,564
Capital expenditures	492	498	820	115	1,925
Depreciation and amortization	1,358	1,128	1,337	49	3,872
Six Months Ended July 4, 2010					
Net revenues	\$ 135,027	\$ 55,085	\$ 124,162	\$ 0	\$ 314,274
Intersegment revenues	287	0	486	(773)	0
Operating income (loss)	8,449	7,674	(14,547)	(10,951)	(9,375)
Interest income					(92)
Interest expense					1,233
Other income, net					207
(Loss) before income taxes					<u>\$ (10,723)</u>
Identifiable assets	262,508	181,324	172,651	(30,088)	586,395
Capital expenditures	2,874	2,955	1,561	797	8,187
Depreciation and amortization	3,320	2,052	2,758	155	8,285
Six Months Ended June 28, 2009					
Net revenues	\$ 166,121	\$ 58,587	\$ 115,474	\$ 0	\$ 340,182
Intersegment revenues	349	0	15	(364)	0
Operating income (loss)	26,765	9,277	523	(10,953)	25,612
Interest income					(314)
Interest expense					386
Other income, net					(449)
Income before income taxes					<u>\$ 25,989</u>
Identifiable assets	342,992	186,938	89,841	(54,207)	565,564
Capital expenditures	1,366	887	2,077	171	4,501
Depreciation and amortization	2,683	1,981	2,583	86	7,333

Each reporting segment is individually managed and has separate financial results that are reviewed by our chief operating decision-maker. Each segment contains related products and services particular to that segment. For further discussion of the products included in each segment refer to Note (1) of the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009.

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In calculating operating income for each reporting segment, substantial administrative expenses incurred at the corporate level for the benefit of other reporting segments were allocated to the segments based upon specific identification of costs, employment related information or net revenues.

Corporate / Eliminations are reported on a net “after allocations” basis. Inter-segment intercompany transactions affecting net operating profit have been eliminated within the respective operating segments.

The operating loss reported in the Corporate / Eliminations column in the preceding table consists primarily of the following corporate expenses: compensation and fringe benefit costs for executive management and other corporate staff; corporate development costs (relating to mergers and acquisitions); human resource development and benefit plan administration expenses; legal, accounting and other professional and consulting fees; facilities, equipment and maintenance costs; and travel and various other administrative costs. The above costs are incurred in the course of furthering the business prospects of the Company and relate to activities such as: implementing strategic business growth opportunities; corporate governance; risk management; treasury; investor relations and shareholder services; regulatory compliance; and stock transfer agent costs.

The total assets for each operating segment have been reported as the Identifiable Assets for that segment, including inter-segment intercompany receivables, payables and investments in other CIRCOR companies. Identifiable assets reported in Corporate / Eliminations include both corporate assets, such as cash, deferred taxes, prepaid and other assets, fixed assets, as well as the elimination of all inter-segment intercompany assets. The elimination of intercompany assets results in negative amounts reported in Corporate / Eliminations for Identifiable Assets as of July 4, 2010 and June 28, 2009. Corporate Identifiable Assets, after elimination of intercompany assets were \$45.8 million and \$13.7 million as of July 4, 2010 and June 28, 2009, respectively.

(7) Earnings (Loss) Per Common Share (In thousands, except per share amounts):

	Three Months Ended					
	July 4, 2010			June 28, 2009		
	Net Loss	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic Earnings per Common Share “EPS”	<u>\$ (11,241)</u>	<u>17,108</u>	<u>\$ (0.66)</u>	<u>\$ 7,732</u>	<u>16,970</u>	<u>\$ 0.46</u>
Dilutive securities, common stock options	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96</u>	<u>(0.01)</u>
Diluted EPS	<u>\$ (11,241)</u>	<u>17,108</u>	<u>\$ (0.66)</u>	<u>\$ 7,732</u>	<u>17,066</u>	<u>\$ 0.45</u>

	Six Months Ended					
	July 4, 2010			June 28, 2009		
	Net Loss	Shares	Per Share Amount	Net Income	Shares	Per Share Amount
Basic EPS	<u>\$ (5,507)</u>	<u>17,080</u>	<u>\$ (0.32)</u>	<u>\$ 18,192</u>	<u>16,944</u>	<u>\$ 1.07</u>
Dilutive securities, common stock options	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>96</u>	<u>0</u>
Diluted EPS	<u>\$ (5,507)</u>	<u>17,080</u>	<u>\$ (0.32)</u>	<u>\$ 18,192</u>	<u>17,040</u>	<u>\$ 1.07</u>

There were 145,344 and 277,066 anti-dilutive stock options and RSUs for the six months ended July 4, 2010 and June 28, 2009, respectively.

(8) Financial Instruments

Fair Value

The carrying amounts of cash and cash equivalents, trade receivables and trade payables approximate fair value because of the short maturity of these financial instruments. Short-term investments (principally guaranteed investment certificates) are carried at cost which approximates fair value at the balance sheet date. The fair value of our variable rate debt approximates its carrying amount.

Foreign Currency Exchange Risk

The Company is exposed to certain risks relating to its ongoing business operations, including foreign currency exchange rate risk and interest rate risk. The Company currently uses derivative instruments to manage foreign currency risk on certain business transactions denominated in foreign currencies. To the extent the underlying transactions hedged are completed, these forward contracts do not subject us to significant risk from exchange rate movements because they offset gains and losses on the related foreign currency denominated transactions. These forward contracts do not qualify as hedging instruments and, therefore, do not qualify for fair value or cash flow hedge treatment. Any unrealized gains and losses on our contracts are recognized as a component of other expense in our consolidated statements of operations.

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As of July 4, 2010, we had eighteen forward contracts with a contract value of \$35.0 million to sell currencies as follows (in thousands):

<u>Currency</u>	<u>Number</u>	<u>Contract Amount</u>
U.S. Dollar/GBP	6	2,151 U.S. Dollars
Euro/U.S. Dollar	3	763 Euros
U.S. Dollar/Euro	8	13,600 U.S. Dollars
Canadian Dollar/Euro	1	19,500 Canadian Dollars

This compares to thirty-four forward contracts to sell currencies with a contract value of \$29.7 million, which had a fair value asset of approximately \$0.4 million as of December 31, 2009. As of July 4, 2010 the derivative forward contracts resulted in a fair value liability of approximately \$2.0 million, which is included in accrued expenses and other current liabilities on our balance sheet.

We have determined that the majority of the inputs used to value our foreign currency forward contracts fall within Level 2 of the fair value hierarchy, found under Accounting Standards Codification (“ASC”) Topic 820.1. The credit valuation adjustments, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties are Level 3 inputs. However, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our foreign currency forward contracts and determined that the credit valuation adjustments are not significant to the overall valuation. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

(9) Comprehensive Income (Loss)

Comprehensive income (loss) for the three and six months ended July 4, 2010 and June 28, 2009 consists of the following (In thousands):

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 4, 2010</u>	<u>June 28, 2009</u>	<u>July 4, 2010</u>	<u>June 28, 2009</u>
Net (loss) income	<u>\$(11,241)</u>	<u>\$ 7,732</u>	<u>\$(5,507)</u>	<u>\$18,192</u>
Cumulative translation adjustments	<u>(14,326)</u>	<u>8,042</u>	<u>(21,631)</u>	<u>6,164</u>
Total comprehensive (loss) income	<u>\$(25,567)</u>	<u>\$15,774</u>	<u>\$(27,138)</u>	<u>\$24,356</u>

(10) Contingencies and Commitments

Asbestos and Bankruptcy Litigation

Introduction

On July 12, 2010, our subsidiary Leslie Controls, Inc. (“Leslie”) filed a voluntary petition (the “Bankruptcy Petition”) under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware and, simultaneously, filed a pre-negotiated plan of reorganization (the “Reorganization Plan” or “Plan”) in an effort to permanently resolve Leslie’s asbestos liability. The following discussion addresses both events occurring prior to the bankruptcy filing and events occurring thereafter.

Events Pre-dating Leslie’s Bankruptcy Filing

Like many other manufacturers of fluid control products, Leslie, which we acquired in 1989, had been up to the date of filing of the Bankruptcy Petition and may continue to be named as a defendant in product liability actions brought on behalf of individuals who seek compensation for their alleged exposure to airborne asbestos fibers. In some instances, we also have been named individually and/or as alleged successor in interest in these cases.

At the end of the second quarter 2010, Leslie was a named defendant in approximately 1,214 active, unresolved asbestos-related claims filed in California, Texas, New York, Massachusetts, West Virginia, Rhode Island, Illinois and 23 other states. Approximately 672 of these claims involve claimants allegedly suffering from (or the estates of decedents who allegedly died from) mesothelioma, a fatal malignancy associated with asbestos exposure. In addition to these claims, Leslie remained a named defendant in approximately 69 unresolved asbestos-related claims filed in Mississippi. Since 2004, however, the Mississippi Supreme Court has interpreted joinder rules more strictly, and the state legislature enacted a tort reform act under which each plaintiff must independently satisfy venue provisions, thus preventing thousands of out-of-state claimants from tagging onto a single in-state plaintiff’s case. As a result of these changes, Mississippi state court judges since 2004 have severed and dismissed tens of thousands of out-of-state asbestos claims against numerous defendants including Leslie. We continued to expect that most of the remaining Mississippi claims against Leslie would be dismissed as well. Leslie has not incurred any indemnity costs in Mississippi and defense costs to resolve these Mississippi claims have not been significant. While it was possible that certain dismissed claims could be re-filed in Mississippi or in

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other jurisdictions, any such re-filings likely would have been made on behalf of one or a small number of related individuals who could demonstrate actual injury and some connection to Leslie's products. Consequently, Leslie did not factor these Mississippi filings into its claims reporting and valuation analyses.

Leslie's asbestos-related claims generally involve its fluid control products. Leslie management believes that any asbestos was incorporated entirely within the product in a way that would not allow for any ambient asbestos during normal operation or during normal inspection and repair procedures. Leslie and its insurers' general strategy has been to vigorously defend these claims. Nevertheless, while we strongly believe that exposure to Leslie's products has not caused asbestos-related illness to any plaintiff, juries or courts have reached a different conclusion in particular cases and could have done so in others.

Leslie has resolved a number of asbestos-related claims over the past few years for strategic reasons, including avoidance of defense costs and the possible risk of excessive verdicts. The amounts expended on asbestos-related claims in any year were generally impacted by the number of claims filed, the volume of pre-trial proceedings, and the number of trials and settlements.

During 2007, Los Angeles state court juries rendered two verdicts that, if allowed to stand, would have resulted in a liability to Leslie of approximately \$3.8 million. Although Leslie accrued a liability during 2007 for each of these verdicts, both verdicts were appealed and, during November 2009, the California Court of Appeals issued its final ruling reversing one of the two judgments against Leslie. As a result of this ruling, during the fourth quarter of fiscal 2009, we reduced the accrued liability associated with Leslie's asbestos claims by \$1.3 million. After receiving a favorable ruling from the appellate court on the second adverse verdict (which initially resulted in an approximate \$2.5 million award against Leslie), Leslie agreed to a reduced award of approximately \$0.5 million.

Leslie's Bankruptcy Filing and Subsequent Developments

On July 12, 2010, Leslie filed the Bankruptcy Petition and, simultaneously, filed the Reorganization Plan in an effort to permanently resolve Leslie's asbestos liability. Key terms of the pre-negotiated plan include creation of a trust pursuant to Section 524(g) of the U.S. Bankruptcy Code (the "Trust") to be funded by (1) a contribution by Leslie consisting of (a) a \$1.0 million promissory note and (b) an assignment of any and all rights of Leslie (i) to proceeds under existing insurance policies that provide coverage for Asbestos Personal Injury Claims, and (ii) to \$2.6 million of proceeds from a settlement agreement between Leslie and one of its insurers, Continental Casualty, a CNA company ("Continental") entered into in April 2010; and (2) a \$74.0 million cash contribution by CIRCOR. All current and future asbestos claims against Leslie, as well as all current and future derivative claims against CIRCOR or its affiliates or against Leslie's former parent company, Watts Water Technologies, Inc. ("Watts"), or its affiliates arising from Leslie's alleged asbestos liabilities, will be channeled to the Trust for review and payment, thus providing both Leslie and CIRCOR with permanent court protection from such claims. In addition, Leslie will remain a subsidiary of CIRCOR during and after Chapter 11 bankruptcy. The Reorganization Plan was negotiated with both a committee of key plaintiff attorneys representing Leslie's current asbestos claimants, and also with a proposed independent representative of Leslie's future claimants.

The filing of the Bankruptcy Petition automatically stayed the prosecution or commencement of all asbestos-related claims against Leslie. On July 14, 2010, the Bankruptcy Court entered a temporary restraining order that bars the prosecution or commencement of claims against CIRCOR or Watts arising from Leslie's alleged asbestos liabilities, and the Court scheduled a hearing for August 9, 2010 on Leslie's request for a preliminary injunction that would bar the prosecution or commencement of such claims until final approval of the Reorganization Plan, which would permanently channel such claims to the Trust. The Bankruptcy Court also scheduled a hearing for August 19, 2010 on Leslie's motions to approve procedures for voting on the proposed Plan and for approval of a Disclosure Statement that would be sent to the holders of claims against Leslie to enable them to vote on the proposed Plan. Under the Bankruptcy Code, confirmation of the Reorganization Plan requires the approval of at least 75% of current asbestos claimants as well as court approval. Funding of the Trust would occur after the final Court approval of the Reorganization Plan.

Accounting—Indemnity and Defense Cost Liabilities and Assets

Leslie records an estimated liability associated with reported asbestos claims when it believes that a loss is both probable and can be reasonably estimated.

During 2007, we engaged Hamilton, Rabinovitz and Associates, Inc. ("HR&A"), a firm specializing in estimating expected liabilities of mass tort claims, to help us determine an estimate of Leslie's asbestos-related liabilities. Because Leslie's claims experience was both limited and variable, HR&A concluded that any estimate of pending or future liabilities of Leslie's asbestos claims would be highly uncertain from a statistical perspective. Leslie's management determined, however, that, by using its historical (albeit limited and variable) average cost by disease classification in resolving closed claims, and by applying this information to the mix of current open claims, it could make a reasonable estimate of the indemnity costs to be incurred in resolving such current open claims. As a result, Leslie recorded an initial liability of \$9.0 million during the fourth quarter of 2007 for the estimated indemnity cost associated with resolution of its then open claims.

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Based on Leslie's discussions with HR&A regarding the impact of additional claims data on HR&A's conclusion regarding estimating future claim liabilities, Leslie requested that HR&A update its analysis annually to determine whether such additional data warranted any change to HR&A's analyses and conclusions regarding future estimation. As a result, during the fourth quarter of 2008, HR&A updated its analysis and reaffirmed its conclusion, at that time, that a forecast of the number and value of any future asbestos claims was unwarranted and highly uncertain from a statistical perspective. However, when again updating its analysis at management's request during the fourth quarter of 2009, HR&A concluded that Leslie now had claims experience sufficient to provide a reasonable estimate of the liability associated not only with Leslie's open asbestos claims but also with respect to future claims. As a result, during the fourth quarter of 2009, Leslie recorded an additional \$39.8 million to its asbestos liability accrual for the estimated indemnity costs associated with future claims anticipated to be filed during the next five years. Asbestos related defense costs continue to be expensed as incurred and are not included in any future claim reserves.

As a result of the filing by Leslie of the Bankruptcy Petition and Reorganization Plan, however, we have accrued liabilities based on the terms of the Reorganization Plan. As of July 4, 2010, we have recorded net Leslie asbestos and bankruptcy liabilities for resolution of pending and future claims of \$81.3 million (all classified as a current liability) compared to \$55.6 million as of December 31, 2009. A summary of Leslie's accrued liabilities, including contributions to the Trust under the Reorganization Plan for existing and future asbestos claims as well as incurred but unpaid asbestos defense cost liabilities and the related insurance recoveries, is provided below.

<u>In Thousands</u>	<u>July 4, 2010</u>	<u>December 31, 2009</u>
Bankruptcy and indemnity liability	\$ 78,976	\$ 57,716
Incurred defense cost liability	3,455	2,544
Insurance recoveries receivable	(1,180)	(4,614)
Net asbestos liability	<u>\$ 81,251</u>	<u>\$ 55,646</u>

As described above, there are a number of uncertainties in connection with the Reorganization Plan that Leslie has filed. If the Reorganization Plan is not approved as filed, then the actual costs of resolving these pending and future asbestos claims could be substantially higher or lower than the current estimate.

Second Quarter 2010 Experience and Financial Statement Impact

The following tables provide information regarding Leslie's claim activity during the three months ended July 4, 2010 as well as the financial impact on the Company of the asbestos litigation (and bankruptcy filing) for the three and six months ended July 4, 2010 and June 28, 2009 (excluding open Mississippi claims, for which we anticipate dismissal of such claims for the reasons described above):

	<u>Three Months Ended July 4, 2010</u>
Beginning open cases	1,150
Cases filed	169
Cases resolved and dismissed	(105)
Ending open cases	<u>1,214</u>
Ending open mesothelioma cases	672

The following table provides information regarding the ongoing pre-tax costs associated with Leslie's asbestos litigation through July 4, 2010 as well as additional charges of \$27.3 million incurred during the three months ended July 4, 2010 associated with Leslie's bankruptcy filing. The \$27.3 million of bankruptcy related charges, net is comprised of an anticipated \$75.0 million of contributions to the Trust, insurance recoveries of \$4.6 million, bankruptcy related professional fees of \$2.3 million, partially offset by \$54.6 million of previously accrued asbestos indemnity liability as of July 4, 2010.

<u>(In Thousands)</u>	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 4, 2010</u>	<u>June 28, 2009</u>	<u>July 4, 2010</u>	<u>June 28, 2009</u>
Indemnity costs accrued (cases filed)	\$ 1,797	\$ 2,109	\$ 2,496	\$ 6,711
Adverse verdict costs (recoveries)	(2,455)	97	(2,390)	187
Defense cost incurred	3,435	3,275	7,166	6,441
Insurance recoveries adjustment	0	0	(3,652)	2,069
Insurance recoveries accrued	(1,135)	(2,039)	(2,626)	(3,703)

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(In Thousands)	Three Months Ended		Six Months Ended	
	July 4, 2010	June 28, 2009	July 4, 2010	June 28, 2009
Bankruptcy related charges, net	27,266	0	27,266	0
Net pre-tax asbestos and bankruptcy expense	<u>\$28,908</u>	<u>\$ 3,442</u>	<u>\$28,260</u>	<u>\$11,705</u>

Insurance

Historical

To date, Leslie's insurers have paid the majority of the costs associated with its defense and settlement of asbestos-related actions. Under Leslie's cost-sharing arrangements with its insurers, Leslie's insurers, through 2008, paid 71% of defense and settlement costs associated with asbestos-related claims and Leslie was responsible for the remaining 29% of all such defense and indemnity costs. The amount of indemnity available under Leslie's primary layer of insurance coverage was therefore reduced by 71% of any amounts paid through settlement or verdict during this period.

During the first quarter of 2009, Zurich, an insurer that paid 8% of Leslie's historical asbestos defense and indemnity costs, reached its maximum indemnity obligation under the applicable insurance policy. As a result, Leslie then assumed responsibility for the 8% share previously paid by Zurich.

Also during the first quarter of 2009, one of Leslie's other primary insurers, Continental, informed Leslie that indemnity payments had exhausted a three-year policy covering Leslie from 1967 through 1970. In so claiming, Continental expressed its belief that the policy in question contained a single aggregate limit of \$1 million for the three-year period rather than annual limits of \$1 million for each of the three years. As a result of the revised claimed coverage limit, Continental believed that its allocation under the cost sharing arrangement should be 15.44% compared to the 27% historically paid by Continental. Leslie strongly disagreed with Continental's position and informed Continental of its intention to vigorously dispute Continental's position. However, in light of the uncertainty surrounding this dispute, Leslie reduced its insurance recovery receivable by \$2.1 million in the first quarter of 2009. During April 2010, Leslie and Continental reached an agreement to settle the dispute regarding Continental's remaining defense and indemnity obligations (including certain defense and indemnity obligations incurred prior to the settlement) for a lump sum payment of \$4.6 million. Because the settlement with Continental included a complete buyout of Continental's responsibilities under the subject policies, Leslie assumed responsibility for Continental's 27% share of defense costs going forward, thus raising Leslie's responsibility for defense costs to 64%.

Remaining Insurance

As of July 4, 2010, we believe that the aggregate amount of indemnity (on a cash basis) remaining on Leslie's primary layer of insurance was approximately \$1.6 million. From a financial statement perspective, however, after giving effect to our accrual for the estimated indemnity cost of resolving pending claims, Leslie recorded the maximum amount of available primary layer insurance as of September 2008. As a result, asbestos related indemnity costs from that point forward were no longer partially offset by a corresponding insurance recovery. However, defense costs, which were recognized as incurred, continued to be and, but for filing of the Bankruptcy Petition, would continue to be partially offset by a 36% contribution from Leslie's remaining primary layer insurance carrier until such time as the aggregate amount of indemnity claims paid out (on a cash basis) by the remaining primary layer insurance carrier exceeded policy limits.

In addition to its primary layer of insurance, Leslie does have some available excess insurance coverage. However, some of this excess insurance lies above layers of excess insurance written by insolvent insurers which could affect when Leslie may be able to recover this excess insurance. Moreover, unlike primary policies under which defense costs do not erode policy limits, the terms of excess policies typically provide that covered defense costs do erode policy limits. Based on analysis performed by its insurance counsel, Leslie estimates that it may be able to recover from its excess carriers approximately \$18 million associated with the defense and resolution of its pending asbestos claims and those claims anticipated to be filed during the next five years. Because the probability and amount of such recovery is uncertain, however, Leslie had not accrued an insurance receivable for such recovery as of July 4, 2010. In addition, despite the availability of such excess insurance, upon exhaustion of its primary layer of insurance, Leslie would be required to bear an even greater share of indemnity and defense costs, which, but for the filing of the Bankruptcy Petition, could have a material adverse effect on our financial condition, consolidated results of operations, and consolidated cash flows. As discussed previously, under the Reorganization Plan all remaining indemnity insurance proceeds would go to the Trust.

Expected Limitations and Other Matters

We believe that payment of any litigation-related asbestos liabilities of Leslie (Leslie currently constitutes approximately 6% of the Company's consolidated revenues) is legally limited to the net assets of that subsidiary. This belief is based on the principle of American law that a shareholder (including a parent corporation) is generally not liable for an incorporated entity's obligations. In

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addition, as noted above, the Reorganization Plan provides for a permanent injunction of any derivative claims against the Company resulting from Leslie's asbestos liability. Smaller numbers of asbestos-related claims have also been filed against two of our other subsidiaries—Spence, the stock of which we acquired in 1984; and Hoke, the stock of which we acquired in 1998. Due to the nature of the products supplied by these entities, the markets they serve and our historical experience in resolving these claims, we do not believe that asbestos-related claims will have a material adverse effect on the financial condition, results of operations or liquidity of Spence or Hoke, or the financial condition, consolidated results of operations or liquidity of the Company.

Standby Letters of Credit

We execute standby letters of credit, which include bid bonds and performance bonds, in the normal course of business to ensure our performance or payments to third parties. The aggregate notional value of these instruments was \$45.4 million at July 4, 2010. Our historical experience with these types of instruments has been good and no claims have been paid in the current or past five fiscal years. We believe that the likelihood of demand for payments relating to the outstanding instruments is remote. These instruments have expiration dates ranging from less than one month to four years from July 4, 2010.

The following table contains information related to standby letters of credit instruments outstanding as of July 4, 2010 (In thousands):

<u>Term Remaining</u>	<u>Maximum Potential Future Payments</u>
0–12 months	\$ 24,528
Greater than 12 months	20,896
Total	<u>\$ 45,424</u>

(11) Defined Benefit Pension Plans

We maintain two pension benefit plans, a qualified noncontributory defined benefit plan and a nonqualified, noncontributory defined benefit supplemental plan that provides benefits to certain highly compensated officers and employees. To date, the supplemental plan remains an unfunded plan. These plans include significant pension benefit obligations which are calculated based on actuarial valuations. Key assumptions are made in determining these obligations and related expenses, including expected rates of return on plan assets and discount rates. Benefits are based primarily on years of service and employees' compensation.

As of July 1, 2006, in connection with a revision to our retirement plan, we froze the pension benefits of our qualified noncontributory plan participants. Under the revised plan, such participants generally do not accrue any additional benefits under the defined benefit plan after July 1, 2006.

During the three and six months ended July 4, 2010, we made cash contributions of \$0.1 million and \$0.4 million, respectively, to our qualified defined benefit pension plan. For the remainder of 2010, we expect to make voluntary cash contributions of approximately \$1.9 million to our qualified defined benefit pension plan, although global capital market and interest rate fluctuations may impact future funding requirements. Based on a desire to ensure compliance with Section 409A of the Internal Revenue Service Code, during the three months ended March 29, 2009, we facilitated a mandatory cash-out to all active and terminated employees of the SERP, who were not currently receiving benefit payments. This pension settlement resulted in \$0.2 million of pre-tax expense during the first quarter of 2009.

Additionally, substantially all of our U.S. employees are eligible to participate in a 401(k) savings plan. Under this plan, we make a core contribution and match a specified percentage of employee contributions, subject to certain limitations.

The components of net pension benefit expense are as follows (In thousands):

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 4, 2010</u>	<u>June 28, 2009</u>	<u>July 4, 2010</u>	<u>June 28, 2009</u>
Service cost-benefits earned	\$ 100	\$ 87	\$ 200	\$ 175
Interest cost on benefits obligation	534	511	1,069	1,022
Estimated return on assets	(506)	(402)	(1,013)	(804)
Prior service cost amortization	0	4	0	8
Loss amortization	73	199	147	398
One time SERP settlement charge	0	0	0	240
Net periodic cost of defined benefit pension plans	<u>\$ 201</u>	<u>\$ 399</u>	<u>\$ 403</u>	<u>\$ 1,039</u>

(12) Income Taxes

As required by the Income Tax Topic of the ASC at July 4, 2010 and at December 31, 2009, we had \$1.3 and \$2.0 million of unrecognized tax benefits, respectively, all of which would affect our effective tax rate if recognized in any future period.

We recognize interest and penalties related to uncertain tax positions in income tax expense. As of July 4, 2010, we have approximately \$0.1 million of accrued interest related to uncertain tax positions.

The Company files income tax returns in the U.S. federal jurisdiction and in various state, local and foreign jurisdictions. The Company is no longer subject to U.S. federal examination by the Internal Revenue Service for years prior to 2006 or for the year 2007. The Company is no longer subject to examination by the tax authorities in Italy for years prior to 2005. The Company has been notified by French tax authorities that a French subsidiary will be examined for 2007 and 2008.

The Company does not anticipate that total unrecognized tax benefits will decrease by June 30, 2011 as a result of settlements of current audits.

(13) Guarantees and Indemnification Obligations

As permitted under Delaware law, we have agreements whereby we indemnify certain of our officers and directors for certain events or occurrences while the officer or director is, or was, serving at our request in such capacity. The term of the indemnification period is for the officer's or director's lifetime. The maximum potential amount of future payments we could be required to make under these indemnification agreements is unlimited. However, we have directors and officers' liability insurance policies that limit our exposure for events covered under the policies and should enable us to substantially recover any future amounts paid. As a result of the coverage under these insurance policies, we believe the estimated fair value of these indemnification agreements based on Level 3 criteria as described under ASC Topic 820.1 is minimal and, therefore, have no liabilities recorded from those agreements as of July 4, 2010.

We record provisions for the estimated cost of product warranties, primarily from historical information, at the time product revenue is recognized. While we engage in extensive product quality programs and processes, our warranty obligation is affected by product failure rates, utilization levels, material usage, service delivery costs incurred in correcting a product failure, and supplier warranties on parts delivered to us. Should actual product failure rates, utilization levels, material usage, service delivery costs or supplier warranties on parts differ from our estimates, revisions to the estimated warranty liability would be required.

The following table sets forth information related to our product warranty reserves for the three months ended July 4, 2010 (In thousands):

Balance beginning December 31, 2009	\$ 3,561
Provisions	1,028
Claims settled	(1,799)
Currency translation adjustments	(268)
Balance ending July 4, 2010	<u>\$ 2,522</u>

(14) Business Acquisitions

During the second fiscal quarter of 2010 we acquired three small businesses as described below. We expect to finalize our acquisition accounting, including the fair valuation of tangible and intangible assets and liabilities for all three businesses during the third quarter of 2010. The excess of the purchase price over the current estimated fair value of the net identifiable assets of \$4.2 million has been recorded as goodwill.

On April 6, 2010, we acquired Ateliers de Navarre ("ADN"), located in Pau, France. Also on April 6, 2010, we acquired the remaining 48% ownership interest of Technoflux Sarl ("Technoflux"), a Moroccan corporation. ADN and Technoflux which are reported in our Aerospace segment will expand our capabilities in DC and AC motors, stator, rotor, solenoid and bobbin assembly.

On May 31, 2010 we acquired the valves division of India-based Mazda Ltd., ("Mazda") a manufacturer of severe service control valves and vacuum systems. The acquired operation is reported in our Flow Technologies segment.

(15) Subsequent Event

On July 12, 2010, our subsidiary Leslie Controls, Inc. filed a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware and, simultaneously, filed a pre-negotiated plan of reorganization in an effort to permanently resolve Leslie's liability for asbestos claims. For additional discussion regarding this item refer to Note 10.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

This Quarterly Report on Form 10-Q contains certain statements that are "forward-looking statements" as that term is defined under the Private Securities Litigation Reform Act of 1995 (the "Act") and releases issued by the SEC. The words "may," "hope," "should," "expect," "plan," "anticipate," "intend," "believe," "estimate," "predict," "potential," "continue," and other expressions which are predictions of or indicate future events and trends and which do not relate to historical matters, identify forward-looking statements. We believe that it is important to communicate our future expectations to our stockholders, and we, therefore, make forward-looking statements in reliance upon the safe harbor provisions of the Act. However, there may be events in the future that we are not able to accurately predict or control and our actual results may differ materially from the expectations we describe in our forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause our actual results, performance or achievements to differ materially from anticipated future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the cyclical and highly competitive nature of some of our end markets which can affect the overall demand for and pricing of our products, changes in the price of and demand for oil and gas in both domestic and international markets, variability of raw material and component pricing, changes in our suppliers' performance, fluctuations in foreign currency exchange rates, our ability to continue operating our manufacturing facilities at efficient levels including our ability to continue to reduce costs, our ability to generate increased cash by reducing our inventories, our prevention of the accumulation of excess inventory, our ability to successfully implement our acquisition strategy, fluctuations in interest rates, our ability to continue to successfully defend product liability actions including asbestos-related claims, Leslie's ability to obtain successful confirmation of a pre-negotiated plan of reorganization filed in U.S. Bankruptcy Court, as well as the uncertainty associated with the current worldwide economic conditions and the continuing impact on economic and financial conditions in the United States and around the world as a result of terrorist attacks, current Middle Eastern conflicts and related matters. **We advise you to read further about certain of these and other risk factors set forth in Part I, Item 1A, "Risk Factors" of our Annual Report filed on Form 10-K for the year ended December 31, 2009, together with subsequent reports we have filed with the SEC on Forms 10-Q and 8-K, which may supplement, modify, supersede, or update those risk factors.** We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

Overview

CIRCOR International, Inc. is a leading provider of valves and fluid control products for the energy, aerospace, and industrial markets. We offer one of the industry's broadest and most diverse range of products – a range that allows us to supply end-users with a wide array of valves, systems and component products for fluid control.

During the fourth quarter of 2009 we realigned our business segment reporting structure into three segments: Energy, Aerospace, and Flow Technologies. The realignment was the result of changes in our internal organization regarding the allocation of resources and assessment of performance. The principal change was to divide the previously reported Instrumentation and Thermal Fluid Controls Products group into two segments – Aerospace and Flow Technologies. Accordingly, business segment information for prior periods has been restated to conform to the current presentation. The realignment did not affect our consolidated net income (loss), balance sheets or cash flows for any of the periods presented.

The Energy segment primarily serves the oil and gas exploration, production and distribution markets. The Aerospace segment serves the military and commercial aerospace markets. The Flow Technologies segment serves our broadest variety of end-markets, including chemical and refining, midstream and downstream oil and gas, marine, power generation, commercial HVAC systems, and other general industrial and processing markets.

We are focused on providing solutions for our customers' requirements through a broad base of products and services. We have begun to transform our worldwide operations and culture through the development of lean manufacturing techniques and implementation of the CIRCOR Business System. The CIRCOR Business System promotes improved shareholder value through a commitment to certain core competencies, including operational excellence, talent acquisition and development, continuous improvement, new product development, and strategic acquisitions and integration. While we believe many of our product lines have leading positions in their niche markets, our objective is to enhance shareholder value through profitable growth of our diversified, multi-national company utilizing the CIRCOR Business System. In order to achieve this objective, our key strategies are to:

- Grow organically by investing in new products, increasing development of mission-critical subsystems, and expanding the geographic reach of our products.
- Acquire complementary businesses or technologies;
- Continue our focus on continuous improvement and operational excellence to enhance margins; and
- Expand our global supply chain capability, especially in China and India.

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During the past five years, we have made progress in fundamentally altering the culture of the Company, adopting and instilling a disciplined adherence to lean principles of visual metric management, operational excellence and continuous improvement. While, as with virtually all industrial manufacturers, the economic recession has affected adversely our financial results, we continue to focus on our key strategic initiatives and on quality of earnings by reducing our cost structure, driving operational improvements, and expanding our low cost operations in emerging markets. We continue to proceed through 2010 with caution, and have seen some signs of stabilization in oil and gas prices and expect, with a few exceptions, limited to no growth in most of our end markets. At the same time, we continue to dedicate resources to pursue our key strategic objectives which, we believe, will enable us to grow and improve profitability during and after these uncertain times.

Basis of Presentation

All significant intercompany balances and transactions have been eliminated in consolidation. Certain prior period financial statement amounts have been reclassified to conform to currently reported presentations. We monitor our business in three segments: Energy, Aerospace, and Flow Technologies.

We operate and report financial information using a 52-week fiscal year ending December 31. The data periods contained within our Quarterly Reports on Form 10-Q reflect the results of operations for the 13-week, 26-week and 39-week periods, which generally end on the Sunday nearest the calendar quarter-end date.

Critical Accounting Policies

The following discussion of accounting policies is intended to supplement the section "Summary of Significant Accounting Policies" presented in Note 2 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2009. These policies were selected because they are broadly applicable within our operating units. The expenses and accrued liabilities or allowances related to certain of these policies are initially based on our best estimates at the time of original entry in our accounting records. Adjustments are recorded when our actual experience, or new information concerning our expected experience, differs from underlying initial estimates. These adjustments could be material if our actual or expected experience were to change significantly in a short period of time. We make frequent comparisons of actual experience and expected experience in order to mitigate the likelihood of material adjustments.

There have been no significant changes from the methodology applied by management for critical accounting estimates previously disclosed in our most recent Annual Report on Form 10-K.

Revenue Recognition

Revenue is recognized when products are delivered, title and risk of loss have passed to the customer, no significant post-delivery obligations remain and collection of the resulting receivable is reasonably assured. Shipping and handling costs invoiced to customers are recorded as components of revenues and the associated costs are recorded as cost of sales.

Cash, Cash Equivalents, and Short-term Investments

Cash and cash equivalents consist of amounts on deposit in checking and savings accounts with banks and other financial institutions. Short-term investments primarily consist of guaranteed investment certificates which generally have short-term maturities and are carried at cost which generally approximates fair value.

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Allowance for Inventory

We typically analyze our inventory aging and projected future usage on a quarterly basis to assess the adequacy of our inventory allowances. We provide inventory allowances for excess, slow-moving, and obsolete inventories determined primarily by estimates of future demand. Assumptions about future demand are among the primary factors utilized to estimate market value. Future demand is generally based on actual usage of inventory on a line item basis over the past two years and is adjusted for forecasted future demand, current backlog levels and/or existing market conditions. At the point of the loss recognition, a new, lower-cost basis for that inventory is established, and subsequent changes in facts and circumstances do not result in the restoration or increase in that newly established cost basis.

Our net inventory balance was \$153.0 million as of July 4, 2010, compared to \$145.0 million as of December 31, 2009. Our inventory allowance as of July 4, 2010 was \$14.5 million, compared with \$13.7 million as of December 31, 2009. Our provision for inventory obsolescence was \$2.1 million and \$3.2 million for the first six months of 2010 and 2009, respectively. Although we have experienced declines in our organic revenue for the six months ended July 4, 2010, we have experienced increases in orders and order backlog and we believe our inventory allowances remain adequate with a net realizable value of our inventory higher than our current inventory cost.

If there were to be a sudden and significant decrease in demand for our products, significant price reductions, or if there were a higher incidence of inventory obsolescence because of changing technology and customer requirements, we could be required to increase our inventory allowances and our gross profit could be adversely affected.

Penalty Accruals

Some of our customer agreements, primarily in our project related businesses, contain late shipment penalty clauses whereby we are contractually obligated to pay consideration to our customers if we do not meet specified shipment dates. The accrual for estimated penalties is shown as a reduction of revenue and is based on several factors including limited historical customer settlement experience and management's assessment of specific shipment delay information. As of July 4, 2010 and December 31, 2009, we had accrued \$12.9 million and \$14.6 million, respectively, related to these potential late shipment penalties. As we conclude performance under these agreements, the actual amount of consideration paid to our customers may vary significantly from the amounts we currently have accrued.

Acquisition Accounting

In connection with our acquisitions, we assess and formulate a plan related to the future integration of the acquired entity. This process begins during the due diligence process and is generally concluded within twelve months of the acquisition. Our methodology for determining the fair values relating to purchase acquisitions is determined through established valuation techniques for industrial manufacturing companies and we typically utilize third party valuation firms to assist in the valuation of certain tangible and intangible assets.

Legal Contingencies

We are currently involved in various legal claims and legal proceedings, some of which may involve substantial dollar amounts. Periodically, we review the status of each significant matter and assess our potential financial exposure. In addition, we are currently involved with the bankruptcy filing of our Leslie subsidiary. We have accrued for the anticipated settlement costs associated with the pre-negotiated plan of reorganization filed in U.S. Bankruptcy Court and expense the related professional fees when incurred. If the potential loss from any claim or legal proceeding is considered probable and the amount can be estimated, we accrue a liability for the estimated loss. Significant judgment is required in both the determination of probability and the determination as to whether an exposure can be reasonably estimated. Because of uncertainties related to these matters, accruals are based on the best information available at the time. As additional information becomes available, we reassess the potential liability related to our pending claims and litigation and may revise our estimates. Such revisions in the estimates of the potential liabilities could have a material adverse effect on our business, results of operations and financial position. For more information related to our outstanding legal proceedings, see "Commitments and Contingencies" in Note 10 of the accompanying consolidated financial statements as well as "Legal Proceedings" in Part II, Item 1 hereof.

Goodwill Impairment Analysis

As required by ASC Topic 350.1-3, "Goodwill and Intangible Assets," we perform an annual assessment as to whether there was an indication that goodwill and certain intangible assets are impaired. We also perform impairment analyses whenever events and circumstances indicate that goodwill or certain intangibles may be impaired. In assessing the fair value of goodwill, we use our best estimates of future cash flows of operating activities and capital expenditures of the reporting unit, the estimated terminal value for each reporting unit and a discount rate based on the weighted average cost of capital.

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The July 12, 2010, filing of bankruptcy by Leslie within the Flow Technologies segment, was an indicator of impairment. As such, we performed an analysis which compared the estimated fair value of the Flow Technologies reporting unit to its book value as of July 4, 2010 using the same methodology as we used for annual assessment as of December 31, 2009. This analysis indicated that the fair value of the reporting unit exceeded the book value by approximately 35% resulting in no impairment of the \$4.4 million of goodwill reported within the Flow Technologies reporting unit as of July 4, 2010.

If our estimates or related projections change in the future due to changes in industry and market conditions, we may be required to record additional impairment charges. The goodwill recorded on the consolidated balance sheet as of July 4, 2010 increased \$0.7 million to \$50.6 million compared to \$47.9 million as of December 31, 2009. This increase is primarily due to the 2010 acquisitions of Mazda and ADN, offset by currency translation adjustments.

Long-Lived Assets Impairment Analysis

As a result of the evolving factors associated with Leslie's asbestos matters, our outlook of diminished future cash flow for Leslie, which is reported in our Flow Technologies segment, was an indicator of impairment that triggered an impairment analysis on the long-lived assets of Leslie in the fourth quarter of 2007. As part of our 2008 and 2009 annual goodwill impairment analyses, with the assistance of an independent third-party appraisal firm, we performed an impairment analysis for the asset groups within the Flow Technologies segment. This analysis led us to conclude that only the Leslie business unit was impaired and we determined that the fair value of Leslie's long-lived assets was at least equal to net book value; therefore, no impairment charge was necessary. The filing of bankruptcy by Leslie on July 12, 2010, was another indicator of impairment and we concluded again as of July 4, 2010 that the fair value of Leslie's long-lived assets was at least equal to net book value; therefore, no impairment charge was necessary.

Income Taxes

Significant management judgment is required in determining our provision for income taxes, deferred tax assets and liabilities and any valuation allowance. Our effective tax rates differ from the statutory rate due to the impact of research and product development tax credits, domestic manufacturing deductions, state taxes, and the tax impact of non-U.S. operations. Our effective tax rate was (90.3%), 44.9%, and 31.1% for 2009, 2008 and 2007, respectively. Our 2009 tax rate included the tax impact of a \$39.8 million non-cash asbestos charge for future claims anticipated over the next five years for which the tax benefit was \$13.9 million. Excluding the non-cash asbestos charge, the 2009 effective tax rate would have been 26.0%. Our 2008 tax rate included the tax impact of an adjustment for goodwill and intangible impairment of \$141.3 million, for which the tax basis was \$32.8 million. Excluding the goodwill and impairment charge, the 2008 effective tax rate would have been 30.3%.

For 2010, we expect an effective income tax rate of 27%, excluding the certain costs associated with the bankruptcy filing. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates and vice versa. Changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws or interpretations thereof may also adversely affect our future effective tax rate. In addition, we are subject to the examination of our income tax returns by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

The Company has a net foreign deferred tax liability and a domestic deferred income tax asset. With regard to deferred income tax assets, we maintained a total valuation allowance of \$10.2 and \$10.3 million at July 4, 2010 and December 31, 2009 respectively, due to uncertainties related to our ability to utilize certain of these assets, primarily consisting of certain foreign tax credits, state net operating losses and state tax credits carried forward. The valuation allowance is based on estimates of taxable income in each of the jurisdictions in which we operate and the period over which our deferred tax assets will be recoverable. If market conditions improve and future results of operations exceed our current expectations, our existing tax valuation allowances may be adjusted, resulting in future tax benefits. Alternatively, if market conditions deteriorate or future results of operations are less than expected, future assessments may result in a determination that some or all of the deferred tax assets are not realizable. Consequently, we may need to establish additional tax valuation allowances for all or a portion of the gross deferred tax assets, which may have a material adverse effect on our business, results of operations and financial condition. The Company has had a history of domestic taxable income and projects future taxable income. The Company is also able to avail itself of federal tax carryback provisions and has future taxable temporary differences. We believe that after considering all of the available objective evidence, it is more likely than not that the results of future operations will generate sufficient taxable income to realize the remaining deferred tax assets.

Pension Benefits

We maintain two pension benefit plans, a qualified noncontributory defined benefit plan and a nonqualified, noncontributory defined benefit supplemental plan that provides benefits to certain highly compensated officers and employees. To date, the supplemental plan remains an unfunded plan. These plans include significant pension benefit obligations which are calculated based on actuarial valuations. Key assumptions are made in determining these obligations and related expenses, including expected rates of return on plan assets and discount rates. Benefits are based primarily on years of service and employees' compensation. As of July 1,

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2006, in connection with a revision to our retirement plan, we froze the pension benefits of our qualified noncontributory plan participants. Under the revised plan, such participants generally do not accrue any additional benefits under the defined benefit plan after July 1, 2006 and instead receive enhanced benefits associated with our defined contribution 401(k) plan in which substantially all of our U.S. employees are eligible to participate.

During the six months ended July 4, 2010, we made cash contributions of \$0.4 million to our qualified defined benefit pension plan. For the remainder of 2010, we expect to make voluntary cash contributions of approximately \$1.9 million to our qualified defined benefit pension plan, although global capital market and interest rate fluctuations may impact future funding requirements.

Results of Operations for the Three Months Ended July 4, 2010 Compared to the Three Months Ended June 28, 2009.

The following tables set forth the results of operations, percentage of net revenue and the period-to-period percentage change in certain financial data for the three months ended July 4, 2010 and June 28, 2009:

	July 4, 2010		Three Months Ended June 28, 2009		% Change
Net revenues	\$ 168,005	100.0%	\$ 164,535	100.0%	2.1%
Cost of revenues	118,463	70.5%	116,032	70.5%	2.1%
Gross profit	49,542	29.5%	48,503	29.5%	2.1%
Selling, general and administrative expenses	37,959	22.6%	34,242	20.8%	10.9%
Asbestos and bankruptcy related charges	28,908	17.2%	3,442	2.1%	739.9%
Operating (loss) income	(17,325)	(10.3)%	10,819	6.6%	(260.1)%
Other (income) expense:					
Interest expense, net	586	0.3%	41	0.0%	205.8%
Other (income) expense, net	258	0.2%	(267)	(0.2)%	(196.6)%
Total other (income) expense	844	0.5%	(226)	(0.1)%	(473.5)%
(Loss) income before income taxes	(18,169)	(10.8)%	11,045	6.7%	(264.5)%
Benefit (provision) for income taxes	6,928	4.1%	(3,313)	2.0%	(213.2)%
Net (loss) income	<u>\$ (11,241)</u>	<u>(6.7)%</u>	<u>\$ 7,732</u>	<u>4.7%</u>	<u>(286.5)%</u>

Net Revenues

Net revenues for the three months ended July 4, 2010 increased by \$3.5 million, or 2%, to \$168.0 million from \$164.5 million for the three months ended June 28, 2009. The increase in net revenues for the three months ended July 4, 2010 was attributable to the following:

Segment	Three Months Ended		Total Change	Acquisitions	Operations	Foreign Exchange
	July 4, 2010	June 28, 2009				
Energy	\$ 77,305	\$ 76,814	\$ 491	\$ 7,645	\$ (4,310)	\$ (2,844)
Aerospace	27,811	30,243	(2,432)	0	(1,742)	(690)
Flow Technologies	62,889	57,478	5,411	30	6,940	(1,559)
Total	<u>\$ 168,005</u>	<u>\$ 164,535</u>	<u>\$ 3,470</u>	<u>\$ 7,675</u>	<u>\$ 888</u>	<u>\$ (5,093)</u>

The Energy segment accounted for 46% of net revenues for the three months ended July 4, 2010 compared to 47% for the three months ended June 28, 2009. The Aerospace segment accounted for 17% of net revenues for the three months ended July 4, 2010 compared to 18% for the three months ended June 28, 2009. The Flow Technologies segment accounted for 37% of net revenues for the three months ended July 4, 2010 compared to 35% for the three months ended June 28, 2009.

Energy segment revenues increased by \$0.5 million, or 1%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. The increase was the result of \$7.7 million in additional revenues due to the fourth quarter 2009 acquisition of Pipeline Engineering & Supply Co. Ltd. ("Pipeline Engineering") offset by organic declines of \$4.3 million and declines of \$2.8 million from foreign currency fluctuations. The organic declines of \$4.3 million, or 6%, were the result of weakness in our project businesses including large international and U.S. pipeline equipment partially offset by a strong year over year rebound in North American short cycle business. Orders for this segment increased \$8.9 million to \$79.4 million for the three months ended July 4, 2010 compared to \$70.5 million for the three months ended June 28, 2009. This increase was primarily due to the fourth quarter 2009 acquisition of

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Pipeline Engineering and strength in North American short cycle business, partially offset by declines in late cycle business such as large international and pipeline projects. Backlog has increased by \$3.2 million to \$124.7 million as of July 4, 2010 compared to the same period in 2009. We have seen a rebound in North American short cycle activities which is helping to offset lower large international and large pipeline projects.

Aerospace segment revenues decreased by \$2.4 million, or 8%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. The decrease in revenues was the net result of an organic decline of 6%, or \$1.7 million, driven by softening markets for commercial aerospace, military and defense shipments and a \$0.7 million decline from foreign currency fluctuations. Orders for this segment decreased \$12.2 million to \$27.0 million for the three months ended July 4, 2010 compared to \$39.2 million for the three months ended June 28, 2009. This decrease was mainly due to the timing of military landing gear orders which were significant in the three months ended June 28, 2009, partially offset by increases in other military, commercial OEM and aftermarket orders. Backlog has decreased by \$0.6 million to \$117.2 million as of July 4, 2010 compared to the same period in 2009. There have been some signs that the commercial aerospace markets are seeing modest year over year improvement; however, we remain cautious on 2010 anticipating shipments to remain flat to slightly down compared to 2009.

Flow Technologies segment revenues increased by \$5.4 million, or 9%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. The increase in revenues was the net result of an incremental \$6.9 million from organic growth primarily due to semiconductor strength, which has rebounded from distressed levels in 2009. This was partially offset by \$1.6 million in lower revenues resulting from foreign currency fluctuations primarily due to the weakened Euro and British Pound compared to the U.S. dollar. Orders for this segment increased \$10.0 million to \$64.3 million for the three months ended July 4, 2010 compared to \$54.3 million for the three months ended June 28, 2009 with strength in semiconductor and instrumentation partially offset by weakness in commercial construction, petrochemical and refining. Backlog has increased by \$14.6 million to \$75.7 million as of July 4, 2010 compared to the same period in 2009 driven primarily by a large U.S. naval order booked during the fourth quarter of 2009, which is not expected to ship until 2011 and the strength in semiconductor. Our 2010 outlook continues to be cautious for most of our Flow Technologies markets except U.S. naval and semiconductor where we have a strong backlog.

Gross Profit

Consolidated gross profit increased \$1.0 million to \$49.5 million for the quarter ended July 4, 2010 compared to \$48.5 million for the quarter ended June 28, 2009. Consolidated gross margin remained unchanged at 29.5% for both quarters ended July 4, 2010 and June 28, 2009.

Gross profit for the Energy segment decreased \$0.8 million, or 4%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. The decrease in gross profit was primarily due to the following: \$3.2 million organic declines, lower foreign exchange rates compared to the U.S. dollar of \$0.5 million, partially offset by a \$2.9 million increase resulting from the fourth quarter 2009 acquisition of Pipeline Engineering. Gross margins declined 120 basis points from 25.1% for the quarter ending June 28, 2009 to 23.9% in the quarter ended July 4, 2010. The decline was driven primarily by the lost leverage on the organic revenue reductions as well as significant pricing pressures, especially in the large international projects. These declines were partially offset by productivity gains from the lower headcount as well as reduced fixed expenses associated with the closing of two facilities during the fourth quarter of 2009.

Gross profit for the Aerospace segment increased \$0.1 million, or 1%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. This segment's increase was primarily due to \$0.4 million from organic growth offset by a decline of \$0.3 million due to foreign currency fluctuations. Gross margins improved by 350 basis points due to productivity gains and a favorable product mix.

Gross profit for the Flow Technologies segment increased \$1.7 million, or 9%, for the quarter ended July 4, 2010 compared to the quarter ended June 28, 2009. This segment's quarterly gross profit increase was the result of organic growth of \$2.3 million primarily in semiconductor and instrumentation offset by a \$0.5 million decrease due to foreign currency fluctuations. Gross margins contracted 20 basis points mostly due to an unfavorable product mix and inflation on expenses, partially offset by productivity gains and volume with the associated operating leverage.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$3.7 million, or 11%, to \$38.0 million for the quarter ended July 4, 2010 compared to \$34.2 million for the three months ended June 28, 2009. Selling, general and administrative expenses as a percentage of revenues increased 180 basis points to 22.6% for the three months ended July 4, 2010 compared to 20.8% for the three months ended June 28, 2009.

Selling, general and administrative expenses for the Energy segment increased 23%, or \$2.3 million, compared to the second quarter 2009 due to a \$3.2 million increase from the acquisition of Pipeline Engineering. This increase was partially offset by a \$0.6 million operational decline due to lower severance and administrative costs and a \$0.3 million decline due to foreign exchange rates.

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Selling, general and administrative expenses for the Aerospace segment increased 15%, or \$0.9 million, compared to the second quarter 2009. The increase is mainly due to operational increases related to engineering and product development supporting new programs partially offset by a \$0.2 million decline to foreign currency fluctuations.

Selling, general and administrative expenses for the Flow Technologies segment increased 6%, or \$0.8 million, compared to the second quarter 2009 due to a \$0.5 million increase from the transaction costs to acquire Mazda and a \$0.6 million operational increase related primarily to inflation and growth. These increases were partially offset by a \$0.3 million decrease due to foreign exchange rates.

Corporate selling, general and administrative expenses decreased \$0.3 million in the second quarter of 2010 from the same period in 2009. The decrease was primarily due to lower pension related and professional expenses.

Asbestos and Bankruptcy Related Charges, Net

Asbestos and bankruptcy related charges are primarily associated with our Leslie subsidiary in the Flow Technologies segment. Net asbestos and bankruptcy related costs increased \$25.5 million to \$28.9 million for the three months ended July 4, 2010 compared to \$3.4 million for the three months ended June 28, 2009. This increase was primarily due to the Leslie bankruptcy charges of \$27.3 partially offset by a \$2.5 million recovery related to a favorable court ruling both recognized in the three months ended July 4, 2010.

Operating Income (Loss)

The change in operating income (loss) for the three months ended July 4, 2010 compared to the three months ended June 28, 2009 was as follows:

<u>Segment</u>	<u>Three Months Ended</u>		<u>Total Change</u>	<u>Acquisitions</u>	<u>Operations</u>	<u>Foreign Exchange</u>
	<u>July 4, 2010</u>	<u>June 28, 2009</u>				
Energy	\$ 6,424	\$ 9,461	\$ (3,037)	\$ (286)	\$ (2,571)	\$ (180)
Aerospace	4,067	4,905	(838)	0	(735)	(103)
Flow Technologies	(21,471)	2,042	(23,513)	(535)	(22,680)	(298)
Corporate	(6,345)	(5,589)	(756)	0	(767)	11
Total	<u>\$ (17,325)</u>	<u>\$ 10,819</u>	<u>\$ (28,144)</u>	<u>\$ (821)</u>	<u>\$ (26,753)</u>	<u>\$ (570)</u>

Operating income decreased 260%, or \$28.1 million, for the three months ended July 4, 2010 compared to the three months ended June 28, 2009, on a 2% increase in revenues.

Operating income for the Energy segment decreased \$3.0 million, or 32%, for the second quarter 2010, as operating margin decreased 400 basis points to 8.3% on an organic revenue decline of 6%, compared to the second quarter 2009. The decrease in operating income was primarily due to organic revenue declines and the associated lost operating leverage primarily from our project related businesses and unfavorable pricing in large international projects. These items were partially offset by organic increases in our North American short cycle businesses, as well as lower severance and increased productivity.

Operating income for the Aerospace segment decreased \$0.8 million, or 17%, for the second quarter of 2010 compared to the second quarter of 2009. The decrease in operating income is primarily due to organic revenue declines and the associated lost operating leverage and increased expenses for engineering and product development supporting new programs, partially offset by favorable product mix and productivity gains.

Operating income for the Flow Technologies segment decreased \$23.5 million compared to the same period last year. The biggest factor was the Leslie bankruptcy related charges of \$27.3 million incurred during the second quarter partially offset primarily by sales volume increases.

Corporate operating expenses increased \$0.8 million over the prior year as a result of increased professional fees associated with the Leslie bankruptcy filing.

Interest (Income) Expense, Net

Interest expense, net, increased \$0.5 million for the three months ended July 4, 2010 from the three months ended June 28, 2009. This increase in interest expense was primarily due to higher fees and interest on our debt borrowings associated with our revolving credit facility and lower interest income on lower investments.

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Provision for Taxes

The effective income tax rate was (38.1%) and 30.0% for the second quarters of 2010 and 2009, respectively. The rate for the second quarter 2010 reflects the 27% estimated effective rate for the year adjusted by the tax effect of the costs associated with the bankruptcy filing.

Net Income (Loss)

Net income decreased \$19.0 million to an \$11.2 million loss in the second quarter 2010 on 2% higher revenues, compared to the same quarter in 2009. The decrease was primarily the result of the Leslie bankruptcy related charges.

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Results of Operations for the Six Months Ended July 4, 2010 Compared to the Six Months Ended June 28, 2009.

The following tables set forth the results of operations, percentage of net revenue and the period-to-period percentage change in certain financial data for the six months ended July 4, 2010 and June 28, 2009:

	Six Months Ended		Six Months Ended		% Change
	July 4, 2010		June 28, 2009		
	(Dollars in thousands)				
Net revenues	\$ 314,274	100.0%	\$ 340,182	100.0%	(7.6)%
Cost of revenues	222,013	70.6%	235,660	69.3%	(5.8)%
Gross profit	92,261	29.4%	104,522	30.7%	(11.7)%
Selling, general and administrative expenses	73,376	23.3%	68,340	20.1%	7.4%
Asbestos and bankruptcy related charges	28,260	9.0%	11,705	3.4%	141.4%
Special recoveries	0	0.0%	(1,135)	(0.3)%	(100.0)%
Operating (loss) income	(9,375)	(3.0)%	25,612	7.5%	(136.6)%
Other (income) expense:					
Interest expense, net	1,141	0.4%	72	0.0%	219.4%
Other (income) expense, net	207	0.1%	(449)	(0.1)%	(146.1)%
Total other expense (income)	1,348	0.4%	(377)	(0.1)%	(457.6)%
(Loss) income before income taxes	(10,723)	(3.4)%	25,989	7.6%	(141.3)%
Benefit (provision) for income taxes	5,216	1.7%	(7,797)	2.3%	(126.1)%
Net (loss) income	\$ (5,507)	(1.8)%	\$ 18,192	5.3%	(147.7)%

Net Revenues

Net revenues for the six months ended July 4, 2010 decreased by \$25.9 million, or 8%, to \$314.3 million from \$340.2 million for the six months ended June 28, 2009. The decrease in net revenues for the six months ended July 4, 2010 was attributable to the following:

Segment	Six Months Ended		Total Change (In thousands)	Acquisitions	Operations	Foreign Exchange
	July 4, 2010	June 28, 2009				
Energy	\$ 135,028	\$ 166,121	\$(31,094)	\$ 15,320	\$(45,864)	\$ (549)
Aerospace	55,085	58,587	(3,502)	2,181	(5,361)	(322)
Flow Technologies	124,161	115,474	8,688	30	8,646	11
Total	\$ 314,274	\$ 340,182	\$(25,908)	\$ 17,531	\$(42,579)	\$ (861)

The Energy segment accounted for 43% of net revenues for the six months ended July 4, 2010 compared to 49% for the six months ended June 28, 2009. The Aerospace segment accounted for 18% of net revenues for the six months ended July 4, 2010 compared to 17% for the six months ended June 28, 2009. The Flow Technologies segment accounted for 39% of net revenues for the six months ended July 4, 2010 compared to 34% for the six months ended June 28, 2009.

Energy segment revenues decreased by \$31.1 million, or 19%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. The decrease was the result of organic declines of \$45.9 million and lower revenues of \$0.5 million from foreign currency fluctuations partially offset by additional revenues of \$15.3 million due to the fourth quarter 2009 acquisition of Pipeline Engineering. The organic declines of \$45.9 million, or 28% were the result of weakness in our project businesses including large international and U.S. pipeline equipment partially offset by a year over year rebound in North American short cycle business. Orders for this segment increased \$26.1 million to \$145.6 million for the six months ended July 4, 2010 compared to \$119.5 million for the six months ended June 28, 2009. This increase was primarily due to strength in North American short cycle business, which have partially rebounded from the low order intake recorded during 2009. Orders also increased over the six-months ended June 28, 2009 as a result of the fourth quarter 2009 acquisition of Pipeline Engineering. This was partially offset by a fewer number of large international projects and U.S. pipeline equipment.

Aerospace segment revenues decreased by \$3.5 million, or 6%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. The decrease in revenues was the net result of an organic decline of 9%, or \$5.4 million driven by softening markets for commercial aerospace, military and defense shipments, and revenue decreases from foreign currency

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fluctuations of \$0.3 million. This decrease was partially offset by 4%, or \$2.2 million, in higher revenues resulting from the March 2009 acquisitions of Bodet Aero (“Bodet”) and Atlas Productions (“Atlas”). Orders for this segment decreased \$0.4 million to \$61.8 million for the six months ended July 4, 2010 compared to \$62.2 million for the six months ended June 28, 2009. This decrease was mainly due to the timing of military landing gear orders which were significant in the three months ended June 28, 2009 partially offset by increases in other military, commercial OEM and aftermarket orders.

Flow Technologies segment revenues increased by \$8.7 million, or 8%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. The increase in revenues is solely based on organic growth primarily due to semiconductor strength, which has rebounded from distressed levels in 2009. Orders for this segment increased \$25.2 million to \$133.4 million for the six months ended July 4, 2010 compared to \$108.2 million for the six months ended June 28, 2009 with improvement in most markets except commercial construction and petrochemical and refining.

Gross Profit

Consolidated gross profit decreased \$12.2 million to \$92.3 million for the six months ended July 4, 2010 compared to \$104.5 million for the six months ended June 28, 2009. Consolidated gross margin decreased 130 basis points to 29.4% for the six months ended July 4, 2010 compared to 30.7% for the six months ended June 28, 2009.

Gross profit for the Energy segment decreased \$13.9 million, or 30%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. The decrease in gross profit was primarily due to the organic revenue declines in all areas including large international projects, the North American short cycle business and pipeline projects. This was partially offset by a \$5.8 million increase resulting from the fourth quarter 2009 acquisition of Pipeline Engineering and a \$0.2 million increase due to higher foreign exchange rates compared to the U.S. dollar. Gross margins declined 390 basis points from 27.5% for the six months ending June 28, 2009 to 23.6% in the six months ended July 4, 2010. The decline was driven primarily by the lost leverage on the organic revenue reductions and significant pricing pressures, especially in the large international projects. These declines were partially offset by productivity gains from the lower headcount as well as reduced fixed expenses associated with the closing of two facilities during 2009.

Gross profit for the Aerospace segment increased \$0.3 million, or 1%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. This segment’s increase was primarily due to \$0.5 million from the March 2009 acquisitions of Bodet and Atlas, partially offset by \$0.2 million from unfavorable foreign exchange rates. Gross margins improved by 280 basis points due to productivity gains and a favorable product mix.

Gross profit for the Flow Technologies segment increased \$1.3 million, or 4%, for the six months ended July 4, 2010 compared to the six months ended June 28, 2009. This segment’s gross profit increase was the result of organic growth of \$1.4 million primarily in semiconductor and instrumentation. This growth was partially offset by \$0.1 million declines due to lower foreign exchange rates compared to the U.S. dollar. Gross margins contracted 140 basis points mostly due to an unfavorable product mix and inflation on expenses, partially offset by productivity gains and operating leverage associated with increased revenue volume.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased \$5.1 million, or 7%, to \$73.4 million for the six months ended July 4, 2010 compared to \$68.3 million for the six months ended June 28, 2009. Selling, general and administrative expenses as a percentage of revenues increased 220 basis points to 23.3% for the six months ended July 4, 2010 compared to 20.1% for the six months ended June 28, 2009.

Selling, general and administrative expenses for the Energy segment increased 16%, or \$3.3 million, compared to the first six months of 2009 due to a \$5.8 million increase from the acquisition of Pipeline Engineering and a \$0.2 million increase due to foreign exchange rates. These increases were partially offset by a \$2.7 million operational decline due to lower commissions, administrative and severance costs.

Selling, general and administrative expenses for the Aerospace segment increased 16%, or \$1.9 million, compared to the first six months of 2009. The increase is mainly due to a \$0.7 million increase from the March 2009 acquisitions of Bodet and Atlas and operational increases of \$1.3 million primarily related to increased expenses for engineering and product development supporting new programs. These increases are partially offset by \$0.1 due to foreign exchange rates.

Selling, general and administrative expenses for the Flow Technologies segment increased 4%, or \$0.9 million, compared to the first six months of 2009 due to a \$0.5 million increase from the transaction costs to acquire Mazda and a \$0.3 million operational increase related primarily to inflation and growth programs partially offset by reduced severance costs mostly incurred in 2009.

Corporate selling, general and administrative expenses decreased \$1.0 million in the first six months of 2010 from the same period in 2009. The decrease was primarily due to lower pension related expenses and professional fees.

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Asbestos and Bankruptcy Related Charges, Net

Asbestos and bankruptcy related charges are primarily associated with our Leslie subsidiary in the Flow Technologies segment. Net asbestos and bankruptcy related costs increased \$16.6 million to \$28.3 million for the six months ended July 4, 2010 compared to \$11.7 million for the six months ended June 28, 2009. This increase was primarily due to the Leslie bankruptcy charges of \$27.3 partially offset by \$4.2 in reduced indemnity costs accrued as the number of new cases and the average cost per resolved case have declined. In addition the second quarter 2010 includes a \$2.5 million recovery related to a favorable court decision.

Special Charges (Recoveries)

For the six months ended July 4, 2010, we did not record any special charges. This compares with special recoveries of \$1.1 million in income related to payments received on an asset sold within our Energy Segment during 2007.

Operating Income (Loss)

The change in operating income (loss) for the six months ended July 4, 2010 compared to the six months ended June 28, 2009 was as follows:

Segment	Six Months Ended		Total Change (In thousands)	Acquisitions	Operations	Foreign Exchange
	July 4, 2010	June 28, 2009				
Energy	\$ 8,449	\$ 26,765	\$ (18,316)	\$ (52)	\$ (18,277)	\$ 13
Aerospace	7,674	9,277	(1,603)	(169)	(1,336)	(98)
Flow Technologies	(14,547)	523	(15,070)	(535)	(14,390)	(145)
Corporate	(10,951)	(10,953)	2	0	5	(3)
Total	<u>\$ (9,375)</u>	<u>\$ 25,612</u>	<u>\$ (34,987)</u>	<u>\$ (756)</u>	<u>\$ (33,998)</u>	<u>\$ (233)</u>

Operating income decreased \$35.0 million, or 137%, to a loss of \$9.4 million for the six months ended July 4, 2010 from income of \$25.6 million for the six months ended June 28, 2009.

Operating income for the Energy segment decreased \$18.3 million, or 69%, for the first six months of 2010, as operating margin decreased 990 basis points to 6.2% on an organic revenue decrease of 28%, compared to the same period in 2009. The decrease in operating income was primarily due to significant organic revenue declines across the segment, the associated lost operating leverage and unfavorable pricing in large international projects. This was partially offset by productivity, lower severance and lower operating expenses.

Operating income for the Aerospace segment decreased \$1.6 million, or 17%, for the first six months of 2010 compared to the same period in 2009. The decrease in operating income is primarily due to organic revenue declines and associated lost operating leverage and increased expenses for engineering and product development supporting new programs partially offset by productivity gains and a favorable product mix.

Operating income for the Flow Technologies segment decreased \$15.1 million compared to the same period last year. The biggest factor was Leslie asbestos and bankruptcy related charges of \$26.2 million.

Corporate operating expenses reflect an increase in Leslie bankruptcy related professional fees offset by lower pension and non-bankruptcy related professional fees.

Interest Expense, Net

Interest expense, net, increased \$1.1 million for the six months ended July 4, 2010 from the six months ended June 28, 2009. This increase in interest expense was primarily due to higher fees and interest on our debt borrowings associated with our revolving credit facility and lower interest income on investments.

Other (Income) Expense, Net

The Company reported other expense of \$0.2 million for the six months ended July 4, 2010 compared to \$0.4 million of other income for the six months ended June 28, 2009. The \$0.6 million difference was largely the result of foreign currency fluctuations.

Provision for Taxes

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The effective income tax rate was (48.6%) and 30.0% for the six month periods ended July 4, 2010 and June 28, 2009, respectively. The rate for the second quarter 2010 reflects the 27% estimated effective rate for the year adjusted by the tax effect of the costs recognized associated with the bankruptcy filing.

Net Income (Loss)

Net income decreased \$23.7 million to a loss of \$5.5 million for the six months ended July 4, 2010 compared to income of \$18.2 million for the six months ended June 28, 2009. The decrease was primarily the result of the Leslie bankruptcy charges and decreased profitability in the Energy segment due to organic volume reductions in significant project related businesses.

Liquidity and Capital Resources

Our liquidity needs arise primarily from capital investment in machinery, equipment and the improvement of facilities, funding working capital requirements to support business growth initiatives, acquisitions, dividend payments, and debt service costs. Excluding our first quarter results in 2010 and 2009, we have historically generated cash from operations. We believe we remain in a strong financial position, with resources available for reinvestment in existing businesses, strategic acquisitions and managing our capital structure on a short and long-term basis.

The following table summarizes our cash flow activities for the six months ended July 4, 2010 (In thousands):

Cash flow provided by (used in):	
Operating activities	\$14,393
Investing activities	7,797
Financing activities	(3,083)
Effect of exchange rates on cash and cash equivalents	(4,600)
Increase in cash and cash equivalents	<u>\$14,507</u>

During the six months ended July 4, 2010, we received \$14.4 million in cash from operating activities compared to \$15.7 million in cash provided by operating activities during the six months ended June 28, 2009. The lower amount of cash provided by operating activities was primarily due to decreases in working capital and lower net income offset by the establishment of a provision for the Leslie bankruptcy settlement during the six months ended July 4, 2010, compared to the same period in 2009. The \$7.8 million provided by investing activities primarily consisted of proceeds from the sale of investments partially offset by purchases of capital equipment. Financing activities used \$3.0 million, which included a net \$2.1 million of debt repayments and \$1.4 million used to pay dividends to shareholders partially offset by \$0.3 million in proceeds from the exercise of stock options.

As of July 4, 2010, total debt was \$5.0 million compared to \$7.5 million as of December 31, 2009. During the first half of 2010, we repaid our outstanding industrial revenue bond of \$4.8 million and borrowed an additional \$2.8 million from our existing credit facilities. Total debt as a percentage of total shareholders' equity was 2% as of July 4, 2010 and as of December 31, 2009.

In July 2009, we entered into a new three and one half year unsecured credit agreement that provides for a \$190 million revolving line of credit and terminated the previously available \$125 million revolving credit facility that we entered into in December 2005. The new agreement includes a \$30 million accordion feature for a maximum facility size of \$220 million. In addition, the new credit agreement allows for additional indebtedness not to exceed \$80 million. There has been no change in our financial covenants from our previous credit agreement that we entered into in December 2005. We anticipate using this new credit facility to fund potential acquisitions, to support our working capital needs, and for general corporate purposes. As of July 4, 2010, we had borrowings of \$3.0 million outstanding under our new credit facility and \$45.4 million was allocated to support outstanding letters of credit.

Certain of our loan agreements contain covenants that require, among other items, maintenance of certain financial ratios and also limit our ability to: enter into secured and unsecured borrowing arrangements; issue dividends to shareholders; acquire and dispose of businesses; transfer assets among domestic and international entities; participate in certain higher yielding long-term investment vehicles; and issue additional shares of our stock. The two primary financial covenants are leverage ratio and interest coverage ratio. We were in compliance with all financial covenants related to our existing debt obligations at July 4, 2010 and we believe it is reasonably likely that we will continue to meet such covenants in the near future as we continue with our Reorganization Plan and the related funding of the Trust, which we anticipate will occur during the second half of 2010.

The ratio of current assets to current liabilities was 1.73:1 at July 4, 2010, compared to 2.52:1 at December 31, 2009. Cash and cash equivalents were \$60.9 million as of July 4, 2010, compared to \$46.4 million as of December 31, 2009.

In the second half of 2010, we expect to use approximately \$36 million of cash from operations for the funding of the proposed Section 524(g) trust in our Leslie subsidiary's bankruptcy petition and approximately \$5.0 million for bankruptcy related professional fees. The funding of the Section 524(g) trust with cash from operations will be applied towards bankruptcy related costs of

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\$75.0 million. We expect to fund the balance of these bankruptcy amounts with existing cash balances and borrowing from our credit facilities. As such, we believe we have access to sufficient cash and contractually available borrowings under our credit facilities, to fund working capital needs, and future growth including our capital expenditures and paying annual dividends of approximately \$2.6 million based on our current dividend practice of paying \$0.15 per share annually. We continue to search for strategic acquisitions in the flow control market. A larger acquisition may require additional borrowings and/or the issuance of our common stock.

The public and private capital markets in the United States and around the world continue to experience extreme volatility, disruption and general slowdown. This has spawned an unprecedented deterioration in many industrial markets, including several of the markets into which we sell our products. The breadth, depth and duration of this crisis remains uncertain. These conditions can adversely affect our revenue, results of operations and overall financial growth. Additionally, many lenders and institutional investors have reduced, and in some cases, ceased to provide funding to borrowers, including other financial institutions. A prolonged constriction on future lending by banks or investors could result in higher interest rates on future debt obligations or could restrict our ability to obtain sufficient financing to meet our long-term operational and capital needs or could limit our ability in the future to consummate strategic acquisitions. The current uncertainty and turmoil in the credit markets may also negatively impact the ability of our customers and vendors to finance their operations which, in turn, could result in a decline of our sales and in our ability to obtain necessary raw materials and components, thus potentially having an adverse effect on our business, financial condition and results of operations.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements, other than operating leases, that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital resources that is material to investors.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Interest Rate Sensitivity Risk

As of July 4, 2010, our primary interest rate risk is related to borrowings under our revolving credit facility. The interest rate for our revolving credit facility fluctuates with changes in short-term interest rates. We had \$3.0 million borrowed under our revolving credit facility as of July 4, 2010. Based upon expected levels of borrowings under our credit facility in 2010, an increase in variable interest rates of 100 basis points would have an effect on our annual results of operations and cash flows of \$0.4 million.

Foreign Currency Exchange Risk

The Company is exposed to certain risks relating to its ongoing business operations, including foreign currency exchange rate risk and interest rate risk. The Company currently uses derivative instruments to manage foreign currency risk on certain business transactions denominated in foreign currencies. To the extent the underlying transactions hedged are completed, these forward contracts do not subject us to significant risk from exchange rate movements because they offset gains and losses on the related foreign currency denominated transactions. These forward contracts do not qualify as hedging instruments and, therefore, do not qualify for fair value or cash flow hedge treatment. Any unrealized gains and losses on our contracts are recognized as a component of other expense in our consolidated statements of operations.

As of July 4, 2010, we had eighteen forward contracts with a contract value of \$35.0 million to sell currencies as follows (in thousands):

<u>Currency</u>	<u>Number</u>	<u>Contract Amount</u>	
U.S. Dollar/GBP	6	2,151	U.S. Dollars
Euro/U.S. Dollar	3	763	Euros
U.S. Dollar/Euro	8	13,600	U.S. Dollars
Canadian Dollar/Euro	1	19,500	Canadian Dollars

This compares to thirty-four forward contracts to sell currencies with a contract value of \$29.7 million, which had a fair value asset of approximately \$0.4 million as of December 31, 2009. As of July 4, 2010 the derivative forward contracts had a fair value liability of approximately \$2.0 million, which is included in accrued expenses and other current liabilities on our balance sheet. We have determined that the majority of the inputs used to value our foreign currency forward contracts fall within Level 2 of the fair value hierarchy, found under ASC Topic 820.1. The credit valuation adjustments, such as estimates of current credit spreads to evaluate the likelihood of default by us and our counterparties are Level 3 inputs. However, we have assessed the significance of the impact of the credit valuation adjustments on the overall valuation of our foreign currency forward contracts and determined that the credit valuation adjustments are not significant to the overall valuation. As a result, we have determined that our derivative valuations in their entirety are classified in Level 2 of the fair value hierarchy.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer (our principal executive officer and principal financial officer, respectively), has evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of the end of the period covered by this report on Form 10-Q. Based on this evaluation, our principal executive officer and principal financial officer have concluded that, as of the end of the period covered by this report, the Company's disclosure controls and procedures were designed and were effective to give reasonable assurance that information we disclose in reports that we file or submit under the Securities and Exchange Act of 1934 is accumulated and communicated to management, including our principal executive and financial officers, to allow timely decisions regarding disclosure and that such information is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms.

Changes in Internal Controls Over Financial Reporting

We have made no changes in our internal controls over financial reporting during the quarter ended July 4, 2010 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION.

ITEM 1. LEGAL PROCEEDINGS.

Asbestos and Bankruptcy Litigation

Introduction

On July 12, 2010, our subsidiary Leslie Controls, Inc. ("Leslie") filed a voluntary petition (the "Bankruptcy Petition") under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware and, simultaneously, filed a pre-negotiated plan of reorganization (the "Reorganization Plan" or "Plan") in an effort to permanently resolve Leslie's asbestos liability. The following discussion addresses both events occurring prior to the bankruptcy filing and events occurring thereafter.

Events Pre-dating Leslie's Bankruptcy Filing

Like many other manufacturers of fluid control products, Leslie, which we acquired in 1989, had been up to the date of filing of the Bankruptcy Petition and may continue to be named as a defendant in product liability actions brought on behalf of individuals who seek compensation for their alleged exposure to airborne asbestos fibers. In some instances, we also have been named individually and/or as alleged successor in interest in these cases.

At the end of the second quarter 2010, Leslie was a named defendant in approximately 1,214 active, unresolved asbestos-related claims filed in California, Texas, New York, Massachusetts, West Virginia, Rhode Island, Illinois and 23 other states. Approximately 672 of these claims involve claimants allegedly suffering from (or the estates of decedents who allegedly died from) mesothelioma, a fatal malignancy associated with asbestos exposure. In addition to these claims, Leslie remained a named defendant in approximately 69 unresolved asbestos-related claims filed in Mississippi. Since 2004, however, the Mississippi Supreme Court has interpreted joinder rules more strictly, and the state legislature enacted a tort reform act under which each plaintiff must independently satisfy venue provisions, thus preventing thousands of out-of-state claimants from tagging onto a single in-state plaintiff's case. As a result of these changes, Mississippi state court judges since 2004 have severed and dismissed tens of thousands of out-of-state asbestos claims against numerous defendants including Leslie. We continued to expect that most of the remaining Mississippi claims against Leslie would be dismissed as well. Leslie has not incurred any indemnity costs in Mississippi and defense costs to resolve these Mississippi claims have not been significant. While it was possible that certain dismissed claims could be re-filed in Mississippi or in other jurisdictions, any such re-filings likely would have been made on behalf of one or a small number of related individuals who could demonstrate actual injury and some connection to Leslie's products. Consequently, Leslie did not factor these Mississippi filings into its claims reporting and valuation analyses.

Leslie's asbestos-related claims generally involve its fluid control products. Leslie management believes that any asbestos was incorporated entirely within the product in a way that would not allow for any ambient asbestos during normal operation or during normal inspection and repair procedures. Leslie and its insurers' general strategy has been to vigorously defend these claims. Nevertheless, while we strongly believe that exposure to Leslie's products has not caused asbestos-related illness to any plaintiff, juries or courts have reached a different conclusion in particular cases and could have done so in others.

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Leslie has resolved a number of asbestos-related claims over the past few years for strategic reasons, including avoidance of defense costs and the possible risk of excessive verdicts. The amounts expended on asbestos-related claims in any year were generally impacted by the number of claims filed, the volume of pre-trial proceedings, and the number of trials and settlements.

During 2007, Los Angeles state court juries rendered two verdicts that, if allowed to stand, would have resulted in a liability to Leslie of approximately \$3.8 million. Although Leslie accrued a liability during 2007 for each of these verdicts, both verdicts were appealed and, during November 2009, the California Court of Appeals issued its final ruling reversing one of the two judgments against Leslie. As a result of this ruling, during the fourth quarter of fiscal 2009, we reduced the accrued liability associated with Leslie's asbestos claims by \$1.3 million. After receiving a favorable ruling from the appellate court on the second adverse verdict (which initially resulted in an approximate \$2.5 million award against Leslie), Leslie agreed to a reduced award of approximately \$0.5 million.

Leslie's Bankruptcy Filing and Subsequent Developments

On July 12, 2010, Leslie filed the Bankruptcy Petition and, simultaneously, filed the Reorganization Plan in an effort to permanently resolve Leslie's asbestos liability. Key terms of the pre-negotiated plan include creation of a trust pursuant to Section 524(g) of the U.S. Bankruptcy Code (the "Trust") to be funded by (1) a contribution by Leslie consisting of (a) a \$1.0 million promissory note and (b) an assignment of any and all rights of Leslie (i) to proceeds under existing insurance policies that provide coverage for Asbestos Personal Injury Claims, and (ii) to \$2.6 million of proceeds from a settlement agreement between Leslie and one of its insurers, Continental Casualty, a CNA company ("Continental") entered into in April 2010; and (2) a \$74.0 million cash contribution by CIRCOR. All current and future asbestos claims against Leslie, as well as all current and future derivative claims against CIRCOR or its affiliates or against Leslie's former parent company, Watts Water Technologies, Inc. ("Watts"), or its affiliates arising from Leslie's alleged asbestos liabilities, will be channeled to the Trust for review and payment, thus providing both Leslie and CIRCOR with permanent court protection from such claims. In addition, Leslie will remain a subsidiary of CIRCOR during and after Chapter 11 bankruptcy. The Reorganization Plan was negotiated with both a committee of key plaintiff attorneys representing Leslie's current asbestos claimants, and also with a proposed independent representative of Leslie's future claimants.

The filing of the Bankruptcy Petition automatically stayed the prosecution or commencement of all asbestos-related claims against Leslie. On July 14, 2010, the Bankruptcy Court entered a temporary restraining order that bars the prosecution or commencement of claims against CIRCOR or Watts arising from Leslie's alleged asbestos liabilities, and the Court scheduled a hearing for August 9, 2010 on Leslie's request for a preliminary injunction that would bar the prosecution or commencement of such claims until final approval of the Reorganization Plan, which would permanently channel such claims to the Trust. The Bankruptcy Court also scheduled a hearing for August 19, 2010 on Leslie's motions to approve procedures for voting on the proposed Plan and for approval of a Disclosure Statement that would be sent to the holders of claims against Leslie to enable them to vote on the proposed Plan. Under the Bankruptcy Code, confirmation of the Reorganization Plan requires the approval of at least 75% of current asbestos claimants as well as court approval. Funding of the Trust would occur after the final Court approval of the Reorganization Plan.

Accounting—Indemnity and Defense Cost Liabilities and Assets

Leslie records an estimated liability associated with reported asbestos claims when it believes that a loss is both probable and can be reasonably estimated.

During 2007, we engaged Hamilton, Rabinovitz and Associates, Inc. ("HR&A"), a firm specializing in estimating expected liabilities of mass tort claims, to help us determine an estimate of Leslie's asbestos-related liabilities. Because Leslie's claims experience was both limited and variable, HR&A concluded that any estimate of pending or future liabilities of Leslie's asbestos claims would be highly uncertain from a statistical perspective. Leslie's management determined, however, that, by using its historical (albeit limited and variable) average cost by disease classification in resolving closed claims, and by applying this information to the mix of current open claims, it could make a reasonable estimate of the indemnity costs to be incurred in resolving such current open claims. As a result, Leslie recorded an initial liability of \$9.0 million during the fourth quarter of 2007 for the estimated indemnity cost associated with resolution of its then open claims.

Based on Leslie's discussions with HR&A regarding the impact of additional claims data on HR&A's conclusion regarding estimating future claim liabilities, Leslie requested that HR&A update its analysis annually to determine whether such additional data warranted any change to HR&A's analyses and conclusions regarding future estimation. As a result, during the fourth quarter of 2008, HR&A updated its analysis and reaffirmed its conclusion, at that time, that a forecast of the number and value of any future asbestos claims was unwarranted and highly uncertain from a statistical perspective. However, when again updating its analysis at management's request during the fourth quarter of 2009, HR&A concluded that Leslie now had claims experience sufficient to provide a reasonable estimate of the liability associated not only with Leslie's open asbestos claims but also with respect to future claims. As a result, during the fourth quarter of 2009, Leslie recorded an additional \$39.8 million to its asbestos liability accrual for the estimated indemnity costs associated with future claims anticipated to be filed during the next five years. Asbestos related defense costs continue to be expensed as incurred and are not included in any future claim reserves.

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As a result of the filing by Leslie of the Bankruptcy Petition and Reorganization Plan, however, we have accrued liabilities based on the terms of the Reorganization Plan. As of July 4, 2010, we have recorded net Leslie asbestos and bankruptcy liabilities for resolution of pending and future claims of \$81.3 million (all classified as a current liability) compared to \$55.6 million as of December 31, 2009. A summary of Leslie's accrued liabilities, including contributions to the Trust under the Reorganization Plan for existing and future asbestos claims as well as incurred but unpaid asbestos defense cost liabilities and the related insurance recoveries, is provided below.

<u>In Thousands</u>	<u>July 4, 2010</u>	<u>December 31, 2009</u>
Bankruptcy and indemnity liability	\$ 78,976	\$ 57,716
Incurred defense cost liability	3,455	2,544
Insurance recoveries receivable	(1,180)	(4,614)
Net asbestos liability	<u>\$ 81,251</u>	<u>\$ 55,646</u>

As described above, there are a number of uncertainties in connection with the Reorganization Plan that Leslie has filed. If the Reorganization Plan is not approved as filed, then the actual costs of resolving these pending and future asbestos claims could be substantially higher or lower than the current estimate.

Second Quarter 2010 Experience and Financial Statement Impact

The following tables provide information regarding Leslie's claim activity during the three months ended July 4, 2010 as well as the financial impact on the Company of the asbestos litigation (and bankruptcy filing) for the three and six months ended July 4, 2010 and June 28, 2009 (excluding open Mississippi claims, for which we anticipate dismissal of such claims for the reasons described above):

	<u>Three Months Ended July 4, 2010</u>
Beginning open cases	1,150
Cases filed	169
Cases resolved and dismissed	(105)
Ending open cases	<u>1,214</u>
Ending open mesothelioma cases	<u>672</u>

The following table provides information regarding the ongoing pre-tax costs associated with Leslie's asbestos litigation through July 4, 2010 as well as additional charges of \$27.3 million incurred during the three months ended July 4, 2010 associated with Leslie's bankruptcy filing. The \$27.3 million of bankruptcy related charges, net is comprised of an anticipated \$75.0 million of contributions to the Trust, insurance recoveries of \$4.6 million, bankruptcy related professional fees of \$2.3 million, partially offset by \$54.6 million of previously accrued asbestos indemnity liability as of July 4, 2010.

<u>(In Thousands)</u>	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 4, 2010</u>	<u>June 28, 2009</u>	<u>July 4, 2010</u>	<u>June 28, 2009</u>
Indemnity costs accrued (cases filed)	\$ 1,797	\$ 2,109	\$ 2,496	\$ 6,711
Adverse verdict costs (recoveries)	(2,455)	97	(2,390)	187
Defense cost incurred	3,435	3,275	7,166	6,441
Insurance recoveries adjustment	0	0	(3,652)	2,069
Insurance recoveries accrued	(1,135)	(2,039)	(2,626)	(3,703)
Bankruptcy related charges, net	<u>27,266</u>	<u>0</u>	<u>27,266</u>	<u>0</u>
Net pre-tax asbestos and bankruptcy expense	<u>\$28,908</u>	<u>\$ 3,442</u>	<u>\$28,260</u>	<u>\$11,705</u>

Insurance

Historical

To date, Leslie's insurers have paid the majority of the costs associated with its defense and settlement of asbestos-related actions. Under Leslie's cost-sharing arrangements with its insurers, Leslie's insurers, through 2008, paid 71% of defense and settlement costs associated with asbestos-related claims and Leslie was responsible for the remaining 29% of all such defense and

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indemnity costs. The amount of indemnity available under Leslie's primary layer of insurance coverage was therefore reduced by 71% of any amounts paid through settlement or verdict during this period.

During the first quarter of 2009, Zurich, an insurer that paid 8% of Leslie's historical asbestos defense and indemnity costs, reached its maximum indemnity obligation under the applicable insurance policy. As a result, Leslie then assumed responsibility for the 8% share previously paid by Zurich.

Also during the first quarter of 2009, one of Leslie's other primary insurers, Continental, informed Leslie that indemnity payments had exhausted a three-year policy covering Leslie from 1967 through 1970. In so claiming, Continental expressed its belief that the policy in question contained a single aggregate limit of \$1 million for the three-year period rather than annual limits of \$1 million for each of the three years. As a result of the revised claimed coverage limit, Continental believed that its allocation under the cost sharing arrangement should be 15.44% compared to the 27% historically paid by Continental. Leslie strongly disagreed with Continental's position and informed Continental of its intention to vigorously dispute Continental's position. However, in light of the uncertainty surrounding this dispute, Leslie reduced its insurance recovery receivable by \$2.1 million in the first quarter of 2009. During April 2010, Leslie and Continental reached an agreement to settle the dispute regarding Continental's remaining defense and indemnity obligations (including certain defense and indemnity obligations incurred prior to the settlement) for a lump sum payment of \$4.6 million. Because the settlement with Continental included a complete buyout of Continental's responsibilities under the subject policies, Leslie assumed responsibility for Continental's 27% share of defense costs going forward, thus raising Leslie's responsibility for defense costs to 64%.

Remaining Insurance

As of July 4, 2010, we believe that the aggregate amount of indemnity (on a cash basis) remaining on Leslie's primary layer of insurance was approximately \$1.6 million. From a financial statement perspective, however, after giving effect to our accrual for the estimated indemnity cost of resolving pending claims, Leslie recorded the maximum amount of available primary layer insurance as of September 2008. As a result, asbestos related indemnity costs from that point forward were no longer partially offset by a corresponding insurance recovery. However, defense costs, which were recognized as incurred, continued to be and, but for filing of the Bankruptcy Petition, would continue to be partially offset by a 36% contribution from Leslie's remaining primary layer insurance carrier until such time as the aggregate amount of indemnity claims paid out (on a cash basis) by the remaining primary layer insurance carrier exceeded policy limits.

In addition to its primary layer of insurance, Leslie does have some available excess insurance coverage. However, some of this excess insurance lies above layers of excess insurance written by insolvent insurers which could affect when Leslie may be able to recover this excess insurance. Moreover, unlike primary policies under which defense costs do not erode policy limits, the terms of excess policies typically provide that covered defense costs do erode policy limits. Based on analysis performed by its insurance counsel, Leslie estimates that it may be able to recover from its excess carriers approximately \$18 million associated with the defense and resolution of its pending asbestos claims and those claims anticipated to be filed during the next five years. Because the probability and amount of such recovery is uncertain, however, Leslie had not accrued an insurance receivable for such recovery as of July 4, 2010. In addition, despite the availability of such excess insurance, upon exhaustion of its primary layer of insurance, Leslie would be required to bear an even greater share of indemnity and defense costs, which, but for the filing of the Bankruptcy Petition, could have a material adverse effect on our financial condition, consolidated results of operations, and consolidated cash flows. As discussed previously, under the Reorganization Plan all remaining indemnity insurance proceeds would go to the Trust.

Expected Limitations and Other Matters

We believe that payment of any litigation-related asbestos liabilities of Leslie (Leslie currently constitutes approximately 6% of the Company's consolidated revenues) is legally limited to the net assets of that subsidiary. This belief is based on the principle of American law that a shareholder (including a parent corporation) is generally not liable for an incorporated entity's obligations. In addition, as noted above, the Reorganization Plan provides for a permanent injunction of any derivative claims against the Company resulting from Leslie's asbestos liability. Smaller numbers of asbestos-related claims have also been filed against two of our other subsidiaries—Spence, the stock of which we acquired in 1984; and Hoke, the stock of which we acquired in 1998. Due to the nature of the products supplied by these entities, the markets they serve and our historical experience in resolving these claims, we do not believe that asbestos-related claims will have a material adverse effect on the financial condition, results of operations or liquidity of Spence or Hoke, or the financial condition, consolidated results of operations or liquidity of the Company.

ITEM 1A. RISK FACTORS.

The following information updates, and should be read in conjunction with, the information disclosed in Part I, Item 1A, "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2009. Except to the extent updated below or previously updated or to the extent additional factual information disclosed elsewhere in this Quarterly Report on Form 10-Q relates to

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such risk factors, we have not identified any material changes from the risk factors as previously disclosed in Part I, Item 1A, “Risk Factors,” of our Annual Report on Form 10-K for the year ended December 31, 2009.

If the bankruptcy filing by our Leslie Controls, Inc. subsidiary is unsuccessful, it could have a material adverse effect on our financial condition, results of operations or cash flows.

As more fully described in Part II, Item 1 “Legal Proceedings” hereof, on July 12, 2010, our subsidiary Leslie Controls, Inc. (“Leslie”) filed a pre-negotiated plan of reorganization (the “Plan”) as a voluntary petition under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the District of Delaware. Supported by a committee of attorneys representing current asbestos claimants and an independent representative of future asbestos claimants, the Plan is intended to permanently resolve Leslie’s asbestos liability through the creation of a trust pursuant to Section 524(g) of the U.S. Bankruptcy Code. If confirmed and approved by the courts, all current and future asbestos claims against Leslie (or against us on a derivative basis) would be channeled to the Trust for review and payment, thus providing both us and Leslie with permanent court protection from such claims. Although we and Leslie believe that the Plan satisfies all requirements necessary for confirmation and approval by the courts, if Leslie’s bankruptcy filing is unsuccessful, it could have a material adverse effect on our financial condition, results of operations or cash flows.

There are a number of risks that may impact the success of Leslie’s bankruptcy case. For example, there can be no assurance that the courts will find that the Plan satisfies all requirements necessary for confirmation and approval and confirm the Plan, or that the confirmation order, if obtained, will be affirmed if challenged on appeal. There also can be no assurance that the Plan as proposed will be accepted by the requisite percentage of claimants and value of asbestos claims. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications will not necessitate the re-solicitation of votes from Leslie’s asbestos claimants. In addition, if the Plan were not to be confirmed and consummated, there can be no assurance that any alternative plan of reorganization would be on terms similar to those of the Plan or that the reorganization under Chapter 11 of the U.S. Bankruptcy Code would continue rather than be converted to a liquidation. If a protracted reorganization or liquidation were to occur, there is a substantial risk that the value of Leslie’s assets would be substantially eroded. Although we and Leslie believe that the Plan will be approved and the effective date will occur soon after the Plan is confirmed, there can be no assurance as to such matters, including the timing thereof.

Although the Plan has been drafted with the intention of complying with the provisions of the U.S. Bankruptcy Code, there can be no assurance that the validity and enforceability of the Section 524(g) channeling injunction, the relevant provisions of the U.S. Bankruptcy Code or the application of the channeling injunction to the asbestos claims against Leslie (or against us on a derivative basis) will not be challenged, either before or after confirmation of the Plan. Although we and Leslie believe adequate bases exist for the courts to uphold the relevant provisions of the U.S. Bankruptcy Code and the channeling injunction, there can be no assurance that, in the future, courts might not invalidate either or both.

During the pendency of Leslie’s bankruptcy, all pending and future asbestos litigation against Leslie (or against us on a derivative basis) is stayed. As a result, Leslie expects to conduct its business as usual and that its cash from operations will be sufficient to satisfy all of its obligations during this period. In addition, debtor-in-possession financing has been arranged for Leslie if needed. However, there can be no assurances that unforeseen developments will not adversely impact Leslie’s ability to pay creditors in full, operate in the ordinary course, adequately fund the Trust to resolve all pending and future asbestos claims and obtain debtor-in-possession financing if needed.

If Leslie’s pre-negotiated bankruptcy filing is unsuccessful, for any of the above mentioned reasons or otherwise, and we do not receive the benefit of the Section 524(g) channeling injunction, we could be left to continue to defend against an increasing number of asbestos-related product liability actions in multiple jurisdictions. In addition, the net cost to us of defending such claims would likely rise as Leslie exhausts more of its remaining liability insurance coverage. While it is a principle of American law that a shareholder (including a parent corporation) is generally not liable for an incorporated entity’s obligations, an unsuccessful pre-negotiated bankruptcy by Leslie could result in significant additional expense to us defending against claims and that we could be held responsible for Leslie’s asbestos liability. As a result, if Leslie’s pre-negotiated bankruptcy filing is unsuccessful, the cost of defending and resolving current and future asbestos claims, including derivative claims against us, could increase substantially from the expense we incurred before Leslie’s bankruptcy filing, which could have a material adverse effect on our financial condition, results of operations or cash flows.

For further information concerning Leslie’s voluntary bankruptcy petition under Chapter 11 of the U.S. Bankruptcy Code, see Part II, Item I captioned “Legal Proceedings” hereof.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

Working Capital Restrictions and Limitations upon Payment of Dividends

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Certain of our loan agreements contain covenants that require, among other items, maintenance of certain financial ratios and also limit our ability to: enter into secured and unsecured borrowing arrangements; issue dividends to shareholders; acquire and dispose of businesses; invest in capital equipment; participate in certain higher yielding long-term investment vehicles; and issue additional shares of our stock. We were in compliance with all covenants related to our existing debt obligations at July 4, 2010 and December 31, 2009. We expect to remain in compliance with all debt covenants as Leslie proceeds with its pre-negotiated plan of reorganization in U.S. Bankruptcy Court and funding for the related trust under Section 524(g) of the U.S. bankruptcy code, which we anticipate will occur during the second half of 2010.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. (REMOVED AND RESERVED).

ITEM 5. OTHER INFORMATION.

None.

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ITEM 6. EXHIBITS.

<u>Exhibit No.</u>	<u>Description and Location</u>
2	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession:
2.1	Distribution Agreement by and between Watts Industries, Inc. and CIRCOR International, Inc., dated as of October 1, 1999, is incorporated herein by reference to Exhibit 2.1 to Amendment No. 2 to CIRCOR International, Inc.'s Registration Statement on Form 10-12B, File No. 000-26961, filed with the Securities and Exchange Commission on October 6, 1999.
3	Articles of Incorporation and By-Laws:
3.1	Amended and Restated Certificate of Incorporation of CIRCOR International, Inc., is incorporated herein by reference to Exhibit 3.1 to CIRCOR International, Inc.'s Form 10-Q, File No. 001-14962, filed with the Securities and Exchange Commission on October 29, 2009.
3.2	Amended and Restated By-Laws of CIRCOR International, Inc., is incorporated herein by reference to Exhibit 3.2 to CIRCOR International, Inc.'s Form 10-K, File No. 001-14962, filed with the Securities and Exchange Commission on February 26, 2009.
3.3	Certificate of Amendment to the Amended and Restated Bylaws of CIRCOR International, Inc., is incorporated herein by reference to Exhibit 3.3 to CIRCOR International, Inc.'s Form 10-K, File No. 001-14962, filed with the Securities and Exchange Commission on February 26, 2009.
3.4	Amended and Restated Certificate of Designations of Series A Junior Participating Cumulative Preferred Stock of CIRCOR International, Inc., is incorporated herein by reference to Exhibit 3.4 to CIRCOR International, Inc.'s Form 10-Q, File No. 001-14962, filed with the Securities and Exchange Commission on October 29, 2009.
4	Instruments Defining the Rights of Security Holders, Including Indentures:
4.1	Shareholder Rights Agreement, dated as of September 23, 2009, between CIRCOR International, Inc. and American Stock Transfer & Trust Company LLC, is incorporated herein by reference to Exhibit 4.1 to CIRCOR International, Inc.'s Form 8-A, File No. 001-14962, filed with the Securities and Exchange Commission on September 28, 2009.
4.2	Specimen certificate representing the Common Stock of CIRCOR International, Inc., is incorporated herein by reference to Exhibit 4.1 to Amendment No. 1 to CIRCOR International, Inc.'s Registration Statement on Form 10-12B, File No. 000-26961, filed with the Securities and Exchange Commission on September 22, 1999.
10	Material Contracts:
10.1*	Credit Agreement, dated July 29, 2009, among CIRCOR International, Inc., as borrower, certain subsidiaries of CIRCOR International, Inc., as guarantors, the lenders from time to time party thereto and Keybank National Association, as joint-lead arranger, co-bookrunner and administrative agent, swing line lender and a letter of credit issuer.
31.1*	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32**	Certification of Chief Executive Officer and Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

* Filed with this report.

** Furnished with this report.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 2, 2010

CIRCOR INTERNATIONAL, INC.

/s/ A. WILLIAM HIGGINS

A. William Higgins
President and Chief Executive Officer
Principal Executive Officer

Date: August 2, 2010

/s/ FREDERIC M. BURDITT

Frederic M. Burditt
Vice President, Chief Financial Officer and Treasurer
Principal Financial Officer

Date: August 2, 2010

/s/ JOHN F. KOBER

John F. Kober
Vice President, Corporate Controller
Principal Accounting Officer

CREDIT AGREEMENT

**dated as of
July 29, 2009**

among

**CIRCOR INTERNATIONAL, INC.,
as Borrower,**

THE OTHER CREDIT PARTIES PARTY HERETO,

**THE LENDERS PARTY HERETO,
as Lenders,**

**KEYBANK NATIONAL ASSOCIATION,
as an LC Issuer, Swing Line Lender and as the
Joint-Lead Arranger, Co-Bookrunner and Administrative Agent,**

**SUNTRUST BANK,
as Joint-Lead Arranger and Co-Bookrunner and Co-Syndication Agent,**

**SOVEREIGN BANK,
as Co-Syndication Agent,**

**ROYAL BANK OF CANADA,
as Documentation Agent,**

and

**BANK OF AMERICA, N.A.,
as Managing Agent,**

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EXHIBITS

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Exhibit A-2	Form of Competitive Bid Note
Exhibit A-3	Form of Swing Line Note
Exhibit B-1	Form of Notice of Borrowing
Exhibit B-2	Form of Notice of Competitive Bid Borrowing
Exhibit B-3	Form of Notice of Continuation or Conversion
Exhibit B-4	Form of LC Request
Exhibit C	Form of Compliance Certificate
Exhibit D	Form of Closing Certificate
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THIS CREDIT AGREEMENT is entered into as of July 29, 2009, among the following:

(i) CIRCOR INTERNATIONAL, INC., a Delaware corporation (herein, together with its successors and assigns, the "Borrower");

(ii) each Domestic Subsidiary of the Borrower signatory hereto (herein, together with any other Domestic Subsidiary of the Borrower that becomes a party hereto by joinder supplement or otherwise after the date hereof and together with their respective successors and assigns, collectively, the "Subsidiary Guarantors" and, individually, "Subsidiary Guarantor");

(iii) the lenders from time to time party hereto (herein, together with their respective successors and assigns, collectively, the "Lenders" and, individually, "Lender");

(iv) KEYBANK NATIONAL ASSOCIATION, as joint-lead arranger, co-bookrunner and administrative agent (herein, together with its successors and assigns, the "Administrative Agent"), as the Swing Line Lender (as hereinafter defined) and an LC Issuer (as hereafter defined);

(v) SUNTRUST BANK, as joint-lead arranger, co-bookrunner and co-syndication agent;

(vi) SOVEREIGN BANK, as co-syndication agent;

(vii) ROYAL BANK OF CANADA, as documentation agent; and

(viii) BANK OF AMERICA, N.A., as managing agent.

RECITALS:

(1) The Borrower has requested that the Lenders, the Swing Line Lender and each LC Issuer extend credit to the Borrower to refinance certain of the Borrower's existing indebtedness and to provide working capital and funds for other general corporate purposes.

(2) Subject to and upon the terms and conditions set forth herein, the Lenders, the Swing Line Lender and each LC Issuer are willing to extend credit and make available to the Borrower the credit facility provided for herein for the foregoing purposes.

AGREEMENT:

In consideration of the premises and the mutual covenants contained herein, the parties hereto agree as follows:

ARTICLE I.

DEFINITIONS AND TERMS

Section 1.01 Certain Defined Terms. As used herein, the following terms shall have the meanings herein specified unless the context otherwise requires:

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (i) the acquisition of all or substantially all of the assets of any Person, or any business or division of any Person, (ii) the acquisition or ownership of in excess of 50% of the Equity Interest of any Person, or (iii) the acquisition of another Person by a merger, consolidation, amalgamation or any other combination with such Person.

“Adjusted Eurodollar Rate” means with respect to each Interest Period for a Eurodollar Loan, (i) the rate per annum equal to the offered rate appearing on the applicable electronic page of Reuters (or on the appropriate page of any successor to or substitute for such service, or, if such rate is not available, on the appropriate page of any generally recognized financial information service, as selected by the Administrative Agent from time to time) that displays an average British Bankers Association Interest Settlement Rate at approximately 11:00 A.M. (London time) two Business Days prior to the commencement of such Interest Period, for deposits in Dollars with a maturity comparable to such Interest Period, divided (and rounded to the nearest 1/16th of 1%) by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); *provided, however*, that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate per annum, as determined by the Administrative Agent in its reasonable discretion, to be the average (rounded to the nearest 1/16th of 1%) of the rates per annum at which deposits in Dollars in an amount equal to the amount of such Eurodollar Loan are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time), two Business Days prior to the commencement of such Interest Period, for contracts that would be entered into at the commencement of such Interest Period for the same duration as such Interest Period.

“Adjusted Foreign Currency Rate” means with respect to each Interest Period for any Foreign Currency Loan, (i) the rate per annum equal to the offered rate appearing on the applicable electronic page of Reuters (or on the appropriate page of any successor to or substitute for such service, or, if such rate is not available, on the appropriate page of any generally recognized financial information service, as selected by the Administrative Agent from time to time) that displays an average British Bankers Acceptance Interest Settlement Rate at approximately 11:00 A.M. (London time) two Business Days prior to the commencement of such Interest Period for deposits in the applicable Designated Foreign Currency with a maturity comparable to such Interest Period, divided (and rounded to the nearest 1/16th of 1%) by (ii) a percentage equal to 100% minus the then stated maximum rate of all reserve requirements (including, without limitation, any marginal, emergency, supplemental, special or other reserves and without benefit of credits for proration, exceptions or offsets that may be available from time to time) applicable to any member bank of the Federal Reserve System in respect of Eurocurrency liabilities as defined in Regulation D (or any successor category of liabilities under Regulation D); *provided, however*, that if the rate referred to in clause (i) above is not available at any such time for any reason, then the rate referred to in clause (i) shall instead be the interest rate per annum, as determined by the Administrative Agent in its reasonable discretion, to be the average (rounded to the nearest 1/16th of 1%) of the rates per annum at which deposits in an amount equal to the amount of such Foreign Currency Loan in the applicable Designated Foreign Currency are offered to major banks in the London interbank market at approximately 11:00 A.M. (London time), two Business Days prior to the commencement of such Interest Period, for contracts that would be entered into at the commencement of such Interest Period for the same duration as such Interest Period.

“Administrative Agent” has the meaning provided in the first paragraph of this Agreement and includes any successor to the Administrative Agent appointed pursuant to Section 9.11.

“**Affiliate**” means, with respect to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with such Person, or, in the case of any Lender that is an investment fund, the investment advisor thereof and any investment fund having the same investment advisor. A Person shall be deemed to control a second Person if such first Person possesses, directly or indirectly, the power (i) to vote 15% or more of the securities having ordinary voting power for the election of directors or managers of such second Person or (ii) to direct or cause the direction of the management and policies of such second Person, whether through the ownership of voting securities, by contract or otherwise. For the avoidance of doubt, any director or officer (or person functioning in a substantially similar role) of the Borrower or any of its Subsidiaries shall be deemed an Affiliate of the Borrower and its Subsidiaries. Notwithstanding the foregoing, neither the Administrative Agent nor any Lender shall in any event be considered an Affiliate of the Borrower or any of its Subsidiaries.

“**Aggregate Credit Facility Exposure**” means, at any time, the sum of (i) the Aggregate Revolving Facility Exposure at such time and (ii) the aggregate principal amount of Swing Loans outstanding at such time.

“**Aggregate Revolving Facility Exposure**” means, at any time, the sum of (i) the Dollar Equivalent of the principal amounts of all Revolving Loans made by all Lenders and outstanding at such time and (ii) the Dollar Equivalent of the aggregate amount of the LC Outstandings at such time.

“**Agreement**” means this Credit Agreement, as the same may from time to time be amended, restated, supplemented or otherwise modified.

“**Anti-Terrorism Law**” means the USA Patriot Act or any other law pertaining to the prevention of future acts of terrorism, in each case as such laws may be amended from time to time.

“**Applicable Lending Office**” means, with respect to each Lender, the office designated by such Lender to the Administrative Agent as such Lender’s lending office for all purposes of this Agreement. A lender may have a different Applicable Lending Office for Base Rate Loans, Eurodollar Loans and Foreign Currency Loans.

“**Applicable Margin**” means:

(i) On the Closing Date and thereafter, until changed in accordance with the following provisions, the Applicable Margin shall be (A) 275 basis points for Base Rate Loans, and (B) 275 basis points for Fixed Rate Loans;

(ii) Commencing with the fiscal quarter of the Borrower ended on September 30, 2009, and continuing with each fiscal quarter thereafter, the Administrative Agent shall determine the Applicable Margin in accordance with the following matrix, based on the Leverage Ratio:

<u>Leverage Ratio</u>	<u>Applicable Margin for Base Rate Loans</u>	<u>Applicable Margin for Fixed Rate Loans</u>
Greater than or equal to 2.25 to 1.00	375 bps	375 bps
Greater than or equal to 1.75 to 1.00, but less than 2.25 to 1.00	350 bps	350 bps
Greater than or equal to 1.25 to 1.00, but less than 1.75 to 1.00	325 bps	325 bps
Greater than or equal to 0.75 to 1.00, but less than 1.25 to 1.00	300 bps	300 bps
Less than 0.75 to 1.00	275 bps	275 bps

(iii) Changes in the Applicable Margin based upon changes in the Leverage Ratio shall become effective on the third Business Day following the receipt by the Administrative Agent pursuant to Section 6.01(a) or Section 6.01(b) of the financial statements of the Borrower for the Testing Period most recently ended, accompanied by a Compliance Certificate in accordance with Section 6.01(c), demonstrating the computation of the Leverage Ratio. Notwithstanding the foregoing provisions, if at any time, the Borrower has failed to deliver timely its consolidated financial statements referred to in Section 6.01(a) or Section 6.01(b), accompanied by a Compliance Certificate in accordance with Section 6.01(c), the Applicable Margin at such time shall be the highest number of basis points indicated therefor in the above matrix unless waived by the Administrative Agent and the Required Lenders, regardless of the Leverage Ratio at such time (*provided* that the Applicable Margin shall be determined based on the Leverage Ratio at and after such financial statements and Compliance Certificate are delivered to the Administrative Agent and the Lenders). The above matrix does not modify or waive, in any respect, the rights of the Administrative Agent and the Lenders to charge any default rate of interest or any of the other rights and remedies of the Administrative Agent and the Lenders hereunder.

“Approved Bank” has the meaning provided in subpart (ii) of the definition of “Cash Equivalents.”

“Approved Fund” means a fund that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit and that is administered or managed by a Lender or an Affiliate of a Lender.

“Asset Sale” means the sale, lease, transfer or other disposition (including by means of Sale and Lease-Back Transactions, and by means of mergers, consolidations, amalgamations and liquidations of a corporation, partnership or limited liability company of the interests therein of the Borrower or any Subsidiary) by the Borrower or any Subsidiary to any Person of any of the Borrower’s or such Subsidiary’s respective assets, *provided* that the term Asset Sale specifically excludes any sales, transfers or other dispositions of inventory, or obsolete, worn-out or excess furniture, fixtures, equipment or other property, real or personal, tangible or intangible, in each case in the ordinary course of business.

“Assignment Agreement” means an Assignment and Assumption Agreement substantially in the form of Exhibit E.

“Assuming Lender” has the meaning provided in Section 2.16(c).

“Augmenting Lender” has the meaning provided in Section 2.02(b).

“Authorized Officer” means with respect to the Borrower or any Subsidiary, any of the following officers: the Chairman, the President, the Chief Executive Officer, the Chief Financial Officer, the Treasurer, the Assistant Treasurer or the Corporate Controller or, in the case of any of the foregoing, such other Person as is authorized in writing to act on behalf of the Borrower or such Subsidiary and is reasonably acceptable to the Administrative Agent. Unless otherwise qualified, all references herein to an Authorized Officer shall refer to an Authorized Officer of the Borrower.

“Bankruptcy Code” means Title 11 of the United States Code entitled “Bankruptcy,” as now or hereafter in effect, or any successor thereto, as hereafter amended.

“Base Rate” means, for any day, a fluctuating interest rate per annum as shall be in effect from time to time which rate per annum shall at all times be equal to the greatest of (i) the rate of interest established by KeyBank, from time to time, as its “prime rate,” whether or not publicly announced, which interest rate may or may not be the lowest rate charged by it for commercial loans or other extensions of

credit; (ii) the Federal Funds Effective Rate in effect from time to time, determined one Business Day in arrears, plus 1/2 of 1% per annum, and (iii) the applicable Adjusted Eurodollar Rate for a Eurodollar Loan made that day with a one month Interest Period, plus 1% per annum.

“Base Rate Loan” means any Loan bearing interest at a rate based upon the Base Rate in effect from time to time.

“Benefited Creditors” means, with respect to the Borrower Guaranteed Obligations pursuant to Article X, each of the Administrative Agent, the Lenders, each LC Issuer and the Swing Line Lender and each Designated Hedge Creditor, and the respective successors and assigns of each of the foregoing.

“Borrower” has the meaning specified in the first paragraph of this Agreement.

“Borrower Guaranteed Obligations” has the meaning provided in Section 2.15(a).

“Borrowing” means a Revolving Borrowing, a Competitive Bid Borrowing or the incurrence of a Swing Loan.

“Business Day” means (i) any day other than Saturday, Sunday or any other day on which commercial banks in Cleveland, Ohio are authorized or required by law to close and (ii) with respect to any matters relating to (A) Eurodollar Loans, any day on which dealings in U.S. Dollars are carried on in the London interbank market, and (B) Foreign Currency Loans, any day on which commercial banks are open for international business (including the clearing of currency transfers in the relevant Designated Foreign Currency) in the principal financial center of the home country of the applicable Designated Foreign Currency.

“Capital Distribution” means a payment made, liability incurred or other consideration given for the purchase, acquisition, repurchase, redemption or retirement of any Equity Interest of the Borrower or any of its Subsidiaries or as a dividend, return of capital or other distribution in respect of any of the Borrower’s or such Subsidiary’s Equity Interest.

“Capital Lease” as applied to any Person means any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, should be accounted for as a capital lease on the balance sheet of that Person.

“Capitalized Lease Obligations” means all obligations under Capital Leases of the Borrower or any of its Subsidiaries, without duplication, in each case taken at the amount thereof accounted for as liabilities identified as “capital lease obligations” (or any similar words) on a consolidated balance sheet of the Borrower and its Subsidiaries prepared in accordance with GAAP.

“Cash Dividend” means a Capital Distribution of the Borrower payable in cash to the shareholders of the Borrower with respect to any class or series of Equity Interest of the Borrower.

“Cash Equivalents” means any of the following:

(i) securities issued or directly and fully guaranteed or insured by the United States of America or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States of America is pledged in support thereof) having maturities of not more than 90 days from the date of acquisition;

(ii) U.S. dollar denominated time deposits, certificates of deposit and bankers' acceptances of (x) any Lender, (y) any domestic commercial bank of recognized standing having capital and surplus in excess of \$500,000,000 or (z) any bank (or the parent company of such bank) whose short-term commercial paper rating from S&P is at least A-1, A-2 or the equivalent thereof or from Moody's is at least P-1, P-2 or the equivalent thereof (any such bank, an "Approved Bank"), in each case with maturities of not more than 90 days from the date of acquisition;

(iii) commercial paper issued by any Lender or Approved Bank or by the parent company of any Lender or Approved Bank and commercial paper issued by, or guaranteed by, any industrial or financial company with a short-term commercial paper rating of at least A-1 or the equivalent thereof by S&P or at least P-1 or the equivalent thereof by Moody's, or guaranteed by any industrial company with a long-term unsecured debt rating of at least A or A2, or the equivalent of each thereof, from S&P or Moody's, as the case may be, and in each case maturing within 90 days after the date of acquisition;

(iv) fully collateralized repurchase agreements entered into with any Lender or Approved Bank having a term of not more than 30 days and covering securities described in clause (i) above;

(v) investments in money market funds substantially all the assets of which are comprised of securities of the types described in clauses (i) through (iv) above;

(vi) investments in money market funds access to which is provided as part of "sweep" accounts maintained with a Lender or an Approved Bank;

(vii) investments in industrial development revenue bonds that (A) "re-set" interest rates not less frequently than quarterly, (B) are entitled to the benefit of a remarketing arrangement with an established broker dealer, and (C) are supported by a direct pay letter of credit covering principal and accrued interest that is issued by an Approved Bank;

(viii) investments in pooled funds or investment accounts consisting of investments of the nature described in the foregoing clause (vii); and

(ix) solely with respect to any Foreign Subsidiary of the Borrower, the approximate equivalent of clauses (i) through (viii) above in the jurisdiction in which such Foreign Subsidiary is organized or does business.

"CERCLA" means the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as the same may be amended from time to time, 42 U.S.C. § 9601 *et seq.*

"Change of Control" means (i) the acquisition of, or, if earlier, the shareholder or director approval of the acquisition of, ownership or voting control, directly or indirectly, beneficially or of record, on or after the Closing Date, by any Person or group (within the meaning of Rule 13d-3 of the SEC under the 1934 Act, as then in effect), other than any of the Current Holder Group, of shares representing more than 35% of the aggregate ordinary Voting Power represented by the issued and outstanding capital stock of the Borrower; (ii) the occupation of a majority of the seats (other than vacant seats) on the board of directors of the Borrower by Persons who were neither (A) nominated by the Board of Directors of the Borrower nor (B) appointed by directors so nominated; or (iii) the occurrence of a "change in control", or other similar provision, under or with respect to any Material Indebtedness Agreement.

“Charges” has the meaning provided in Section 11.23.

“CIP Regulations” has the meaning provided in Section 9.07.

“Circor German Holdings” means Circor German Holdings L.L.C., a Delaware limited liability company.

“Claims” has the meaning set forth in the definition of “Environmental Claims.”

“Closing Date” means the date on which all of the conditions set forth in Section 4.01 have been satisfied or waived in accordance with Section 11.12.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated and the rulings issued thereunder. Section references to the Code are to the Code as in effect at the Closing Date and any subsequent provisions of the Code, amendatory thereof, supplemental thereto or substituted therefor.

“Commercial Letter of Credit” means any letter of credit or similar instrument issued for the purpose of providing the primary payment mechanism in connection with the purchase of materials, goods or services in the ordinary course of business.

“Commitment” means (i) with respect to each Lender, its Revolving Commitment, and (ii) with respect to the Swing Line Lender, its Swing Line Commitment.

“Commodities Hedge Agreement” means a commodities contract purchased by the Borrower or any of its Subsidiaries in the ordinary course of business, and not for speculative purposes, with respect to raw materials necessary to the manufacturing or production of goods in connection with the business of the Borrower and its Subsidiaries.

“Competitive Bid Borrowing” means the borrowing of Competitive Bid Loans from each of the Lenders whose offer to make one or more Competitive Bid Loans as part such borrowing has been accepted under the competitive bidding procedure described in Section 2.03.

“Competitive Bid Fixed Rate Loan” has the meaning provided in Section 2.03(b).

“Competitive Bid Loan” means, with respect to each Lender, any loan made by such Lender pursuant to Section 2.03.

“Competitive Bid Note” means a promissory note substantially in the form of Exhibit A-2.

“Compliance Certificate” has the meaning provided in Section 6.01(c).

“Confidential Information” has the meaning provided in Section 11.15(b).

“Consenting Lender” has the meaning provided in Section 2.16(b).

“Consideration” means, in connection with an Acquisition, the aggregate consideration paid, including borrowed funds, cash, the issuance of securities or notes, the assumption or incurring of liabilities (direct or contingent), the payment of consulting fees (excluding any fees payable to any investment banker in connection with such Acquisition) or fees for a covenant not to compete and any other consideration paid for the purchase.

“Consolidated Depreciation and Amortization Expense” means, for any period, all depreciation and amortization expenses of the Borrower and its Subsidiaries, including, without limitation, impairment charges incurred in accordance with FAS 142, all as determined for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

“Consolidated EBITDA” means, for any period, the sum, for the Borrower and its Subsidiaries (determined on a consolidated basis without duplication in accordance with GAAP), of the following:

(a) Consolidated Net Income (calculated before deducting Consolidated Income Tax Expense, Consolidated Interest Expense, Specified Restructuring Charges, extraordinary or unusual items, non-cash charges related to expensing employee stock options and other share-based payments as required by FAS 123(R), and income or loss attributable to the equity in Affiliates) for such period, plus

(b) Consolidated Depreciation and Amortization Expense (to the extent deducted in determining Consolidated Net Income) for such period;

provided, however, that Consolidated EBITDA for any Testing Period shall (y) include the EBITDA for any Person or business unit that has been acquired by the Borrower or any of its Subsidiaries for any portion of such Testing Period prior to the date of acquisition and (z) exclude the EBITDA for any Person or business unit that has been disposed of by the Borrower or any of its Subsidiaries, for the portion of such Testing Period prior to the date of disposition.

“Consolidated Income Tax Expense” means, for any period, all provisions for taxes based on the net income of the Borrower or any of its Subsidiaries (including, without limitation, any additions to such taxes, and any penalties and interest with respect thereto), all as determined for the Borrower and its Subsidiaries on a consolidated basis in accordance with GAAP.

“Consolidated Interest Expense” means, for any period, the sum of (i) total interest expense (including, without limitation, that which is capitalized and that which is attributable to Capital Leases or Synthetic Leases) of the Borrower and its Subsidiaries on a consolidated basis with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries plus (ii) the net amount payable (or minus the net amount receivable) under Interest Rate Protection Agreements to which Borrower or any of its Subsidiaries are a party during such period (irrespective of whether actually paid or received during such period).

“Consolidated Net Income” means for any period, the net income (or loss) of the Borrower and its Subsidiaries on a consolidated basis for such period taken as a single accounting period determined in conformity with GAAP.

“Consolidated Net Worth” means at any time, all amounts that, in conformity with GAAP, would be included under the caption “total stockholders’ equity” (or any like caption) on a consolidated balance sheet of the Borrower at such time.

“Consolidated Total Debt” means, on any date, the sum (without duplication) of (i) all Indebtedness of the Borrower and of its Subsidiaries, all as determined on a consolidated basis, minus (ii) the excess (if any) of (A) the aggregate amount of cash and Cash Equivalents of the Borrower on such date (as set forth in the Borrower’s public filings made pursuant to the 1934 Act) over (B) \$5,000,000.

“Continue,” “Continuation” and “Continued” each refers to a continuation of a Fixed Rate Loan for an additional Interest Period as provided in Section 2.10.

“Convert,” “Conversion” and “Converted” each refers to a conversion of Loans of one Type into Loans of another Type.

“Credit Event” means the making of any Borrowing, any Conversion or Continuation or any LC Issuance.

“Credit Facility” means the credit facility established under this Agreement pursuant to which (i) the Lenders shall make Revolving Loans to the Borrower, and shall participate in LC Issuances, pursuant to the Revolving Commitment of each such Lender, (ii) the Swing Line Lender shall make Swing Loans to the Borrower under the Swing Line Facility pursuant to the Swing Line Commitment, and (iii) each LC Issuer shall issue Letters of Credit for the account of the LC Obligors in accordance with the terms of this Agreement.

“Credit Facility Exposure” means, for any Lender at any time, the Dollar Equivalent of the sum of (i) such Lender’s Revolving Facility Exposure at such time, and (ii) in the case of the Swing Line Lender, the principal amount of Swing Loans outstanding at such time.

“Credit Party” means the Borrower or any Subsidiary Guarantor.

“Creditors” means the Administrative Agent, each LC Issuer, the Lenders, Affiliates of the Lenders, the Designated Hedge Creditors, and the respective successors and assigns of each of the foregoing.

“Current Holder Group” means Timothy P. Horne, Frederic B. Horne, George B. Horne, Daniel W. Horne, Peter Horne and Deborah Horne and their respective spouses and descendants, including any trust for the benefit of one or more of the foregoing Persons.

“Default” means any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

“Default Period” means, with respect to any Defaulting Lender, (i) in the case of any Defaulted Credit, the period commencing on the date the applicable Defaulted Credit was required to be extended to the Borrower under this Agreement (after giving effect to any applicable grace period) and ending on the earlier of the following: (A) the date on which such Defaulted Credit with respect to such Defaulting Lender has been funded or reduced to zero (whether by the funding of such Defaulted Credit by such Defaulting Lender or by the non-pro-rata application of any prepayment pursuant to Section 11.26(b)) and (B) the date on which the Borrower, the Administrative Agent and the Required Lenders (and not including such Defaulting Lender in any such determination, in accordance with Section 11.26(a)) waive the application of Section 11.26 with respect to such Defaulted Credits of such Defaulting Lender in writing; (ii) in the case of any Defaulted Payment, the period commencing on the date the applicable Defaulted Payment was required to have been paid to any Agent, an LC Issuer or other Lender under this Agreement (after giving effect to any applicable grace period) and ending on the earlier of the following: (A) the date on which such Defaulted Payment has been paid to such Agent, an LC Issuer or other Lender, as applicable, together with (to the extent that such Person has not otherwise been compensated by the Borrower for such Defaulted Payment) interest thereon for each day from and including the date such amount is paid but excluding the date of payment, at the Federal Funds Effective Rate and (B) the date on which the Administrative Agent, an LC Issuer and such other Lender to which such Defaulted Payment was due waive the application of Section 11.26 with respect to such Defaulted Payments of such Defaulting Lender in writing; and (iii) in the case of any Distress Event determined by the Administrative Agent or the Required Lenders to exist, the period commencing on the date that the applicable Distress Event was so determined to exist and ending on the earlier of the following: (A) the

date on which such Distress Event is determined by the Administrative Agent or the Required Lenders to no longer exist and (B) such date as the Borrower and the Administrative Agent agree, in their sole discretion, to waive the application of Section 11.26 with respect to such Distress Event of such Defaulting Lender.

“Default Rate” means, for any day, (i) with respect to any Loan, a rate per annum equal to 2% per annum above the interest rate that is or would be applicable from time to time to such Loan pursuant to Section 2.09(a), and (ii) with respect to any other amount, a rate per annum equal to 2% per annum above the rate that would be applicable to Revolving Loans that are Base Rate Loans pursuant to Section 2.09(a)(i).

“Defaulted Credit” has the meaning specified in the definition of “Defaulting Lender”.

“Defaulted Payment” has the meaning specified in the definition of “Defaulting Lender”.

“Defaulting Lender” means any Lender (i) that has failed to fund any portion of the Revolving Loans, participations in any Letter of Credit or participations in Swing Loans required to be funded by it hereunder (each such Loan, a “Defaulted Credit”) within three Business Days of the date required to be funded by it hereunder, unless the subject of a good faith dispute, (ii) that has otherwise failed to pay over to the Administrative Agent, an LC Issuer or any other Lender any other amount required to be paid by it hereunder (each such payment, a “Defaulted Payment”) within three Business Days of the date when due, unless the subject of a good faith dispute, (iii) that has given written notice to the Administrative Agent, and LC Issuer or any Lender or has otherwise publicly announced that such Lender will or expects to become a Defaulting Lender under clause (i) or clause (ii) of this definition or (iv) as to which a Distress Event has occurred, in each case, for so long as the applicable Default Period is in effect.

“Designated Foreign Currency” means Euros, Canadian Dollars, British pounds, Australian dollars or any other currency (other than Dollars) approved in writing by the Lenders and that is freely traded and exchangeable into Dollars.

“Designated Hedge Agreement” means any Hedge Agreement (other than a Commodities Hedge Agreement) to which the Borrower or any of its Subsidiaries is a party and as to which a Lender or any of its Affiliates is a counterparty that, pursuant to a written instrument signed by the Administrative Agent, has been designated as a Designated Hedge Agreement so that the Borrower’s or such Subsidiary’s counterparty’s credit exposure thereunder will be entitled to share in the benefits of the Guaranty to the extent the Guaranty provides guarantees for creditors of the Borrower or any Subsidiary under Designated Hedge Agreements.

“Designated Hedge Creditor” means each Lender or Affiliate of a Lender that participates as a counterparty to any Credit Party pursuant to any Designated Hedge Agreement with such Lender or Affiliate of such Lender.

“Disclosed Matters” means the disclosures made by the Borrower and its Subsidiaries regarding environmental and asbestos litigation related matters (i) in any of the Borrower’s publicly available filings made with the SEC prior to the Closing Date or (ii) in writing to the Lenders prior to the Closing Date.

“Distress Event” means, with respect to any Person (each, a “Distressed Person”), (a) a voluntary or involuntary case (or comparable proceeding) with respect to such Distressed Person has been commenced with respect to such Distressed Person under the Bankruptcy Code, (b) a custodian, conservator, receiver or similar official has been appointed for such Distressed Person or for any substantial part of such Distressed Person’s assets or (c) such Distressed Person has made a general assignment for the benefit of creditors or has otherwise been adjudicated as, or determined by any Governmental Authority having regulatory authority over such Distressed Person or its assets to be, insolvent or bankrupt.

“Distressed Person” has the meaning specified in the definition of “Distress Event”.

“Dollars,” “U.S. Dollars” and the sign “\$” each means lawful money of the United States.

“Dollar Equivalent” means, (i) with respect to any amount denominated in Dollars, such amount, (ii) with respect to a Foreign Currency Loan to be made, the Dollar equivalent of the amount of such Foreign Currency Loan, determined by the Administrative Agent on the basis of its spot rate at approximately 11:00 A.M. London time on the date two Business Days before the date such Foreign Currency Loan is to be made, for the purchase of the relevant Designated Foreign Currency with Dollars for delivery on the date such Foreign Currency Loan is to be made, (iii) with respect to any Letter of Credit to be issued in any Designated Foreign Currency, the Dollar equivalent of the Stated Amount of such Letter of Credit, determined by the applicable LC Issuer on the basis of its spot rate at approximately 11:00 A.M. London time on the date two Business Days before the issuance of such Letter of Credit, for the purchase of the relevant Designated Foreign Currency with Dollars for delivery on such date of issuance, and (iv) with respect to any other amount not denominated in Dollars, and with respect to Foreign Currency Loans and Letters of Credit issued in any Designated Foreign Currency at any other time, the Dollar equivalent of such amount, Foreign Currency Loan or Letter of Credit, as the case may be, determined by the Administrative Agent on the basis of its spot rate at approximately 11:00 A.M. London time on the date for which the Dollar equivalent amount of such amount, Foreign Currency Loan or Letter of Credit, as the case may be, is being determined, for the purchase of the relevant Designated Foreign Currency with Dollars for delivery on such date.

“Domestic Credit Party” means the Borrower or any Subsidiary Guarantor.

“Domestic Subsidiary” means any Subsidiary organized under the laws of the United States of America, any State thereof, or the District of Columbia.

“EBITDA” means, with respect to any Person for any period, the net income for such Person for such period plus the sum of the amounts for such period included in determining such net income in respect of (i) interest expense, (ii) income tax expense, and (iii) depreciation and amortization expense, in each case as determined in accordance with GAAP.

“Eligible Assignee” means (i) a Lender, (ii) an Affiliate of a Lender, (iii) an Approved Fund, and (iv) any other Person (other than a natural Person) approved by (A) the Administrative Agent, (B) each LC Issuer, and (C) unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); *provided, however*, that notwithstanding the foregoing, “Eligible Assignee” shall not include the Borrower or any of the Borrower’s Affiliates or Subsidiaries.

“Environmental Claims” means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, orders, written notices of non-compliance or violation, or administrative or judicial proceedings arising in any way under any Environmental Law or any permit issued under any such law (hereafter “Claims”), including, without limitation, (i) any and all Claims by any Governmental Authority for enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law, and (ii) any and all Claims by any third party seeking damages, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from the storage, treatment or Release of any Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment.

“Environmental Law” means any applicable Federal, state, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy, and rule of common law now or hereafter in effect and in each case as amended, and any binding and enforceable judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment issued to or rendered against the Borrower or any of its Subsidiaries relating to the environment, employee health and safety or Hazardous Materials, including, without limitation, CERCLA; RCRA; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 *et seq.*; the Clean Air Act, 42 U.S.C. § 7401 *et seq.*; the Safe Drinking Water Act, 42 U.S.C. § 300f *et seq.*; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 *et seq.*; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 U.S.C. § 11001 *et seq.*, the Hazardous Material Transportation Act, 49 U.S.C. § 5101 *et seq.* and the Occupational Safety and Health Act, 29 U.S.C. § 651 *et seq.* (to the extent it regulates occupational exposure to Hazardous Materials); and any state and local or foreign counterparts or equivalents, in each case as amended from time to time.

“Equity Interest” means with respect to any Person, any and all shares, interests, participations or other equivalents, including membership interests (however designated, whether voting or non-voting) of equity of such Person, including, if such Person is a partnership, partnership interests (whether general or limited) or any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, such partnership, but in no event will Equity Interest include any debt securities convertible or exchangeable into equity unless and until actually converted or exchanged into equity.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Closing Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“ERISA Affiliate” means each Person (as defined in Section 3(9) of ERISA), which together with the Borrower or a Subsidiary of the Borrower, would be deemed to be a “single employer” (i) within the meaning of Section 414(b), (c), (m) or (o) of the Code or Section 4001(a)(14) or 4001(b)(i) of ERISA or (ii) as a result of the Borrower or a Subsidiary of the Borrower being or having been a general partner of such Person.

“Eurodollar Loan” means each Loan bearing interest at a rate based upon the Adjusted Eurodollar Rate.

“Event of Default” has the meaning provided in Section 8.01.

“Event of Loss” means, with respect to any property, (i) the actual or constructive total loss of such property or the use thereof, resulting from destruction, damage beyond repair, or the rendition of such property permanently unfit for normal use from any casualty or similar occurrence whatsoever, (ii) the destruction or damage of a portion of such property from any casualty or similar occurrence whatsoever under circumstances in which such damage cannot reasonably be expected to be repaired, or such property cannot reasonably be expected to be restored to its condition immediately prior to such destruction or damage, within 90 days after the occurrence of such destruction or damage, (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, any property, or (iv) in the case of any property located upon a leasehold, the termination or expiration of such leasehold.

“Existing Credit Agreement” means the Credit Agreement, dated as of December 20, 2005 (as amended), by and among the Borrower, the lenders party thereto and KeyBank National Association, as agent for such lenders.

“Extension Date” has the meaning provided in Section 2.16(b).

“Extension Request Date” has the meaning provided in Section 2.16(a).

“Facility Fee Rate” means 50.00 basis points.

“Facility Fees” has the meaning provided in Section 2.11(a).

“Federal Funds Effective Rate” means, for any period, a fluctuating interest rate equal for each day during such period to the weighted average of the rates on overnight Federal Funds transactions with members of the Federal Reserve System arranged by Federal Funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for such day on such transactions received by the Administrative Agent from three Federal Funds brokers of recognized standing selected by the Administrative Agent.

“Fee Letters” means the letters, (i) dated June 17, 2009, from KeyBank to the Borrower and (ii) dated June 25, 2009, from SunTrust Bank to the Borrower, each of which details certain fees payable by the Borrower in connection with this Agreement.

“Fees” means all amounts payable pursuant to, or referred to in, Section 2.11.

“Financial Projections” has the meaning provided in Section 5.07(b).

“Fixed Rate Loan” means any Eurodollar Loan or Foreign Currency Loan.

“Foreign Currency Loan” means each Revolving Loan denominated in a Designated Foreign Currency and bearing interest at a rate based upon the Adjusted Foreign Currency Rate.

“Foreign Subsidiary” means any Subsidiary that is not a Domestic Subsidiary.

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

“Governmental Authority” means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

“Guarantor” means any of the Subsidiary Guarantors and any other person that executes and delivers a Guaranty to the Administrative Agent

“Guaranty” means any of the following: (i) the guaranty by the Borrower in Section 2.15, (ii) the guaranty by the Subsidiary Guarantors in Article X and (iii) a guaranty, in form and substance reasonably satisfactory to the Administrative Agent, executed by one or more Persons in favor of the Administrative Agent for the benefit of the Creditors under which such Persons guarantee payment and performance of the Obligations.

“Guaranty Obligations” means as to any Person (without duplication) any obligation of such Person guaranteeing any Indebtedness (“primary Indebtedness”) of any other Person (the “primary obligor”) in any manner, whether directly or indirectly, including, without limitation, any obligation of such Person, whether or not contingent, (i) to purchase any such primary Indebtedness or any property constituting direct or indirect security therefor, (ii) to advance or supply funds for the purchase or payment of any such primary Indebtedness or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary Indebtedness of the ability of the primary obligor to make payment of such primary Indebtedness, or (iv) otherwise to assure or hold harmless the owner of such primary Indebtedness against loss in respect thereof, *provided, however*, that the definition of Guaranty Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guaranty Obligation shall be deemed to be an amount equal to the stated or determinable amount of the primary Indebtedness in respect of which such Guaranty Obligation is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder).

“Hazardous Materials” means (i) any petrochemical or petroleum products, radioactive materials, asbestos in any form that is or could become friable, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; and (ii) any chemicals, materials or substances defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” “restricted hazardous materials,” “extremely hazardous wastes,” “restrictive hazardous wastes,” “toxic substances,” “toxic pollutants,” “contaminants” or “pollutants,” or words of similar meaning and regulatory effect, under any applicable Environmental Law.

“Hedge Agreement” means (i) any Interest Rate Protection Agreement, (ii) any currency swap or option agreement, foreign exchange contract, forward currency purchase agreement or similar currency management agreement or arrangement or (iii) any Commodities Hedge Agreement.

“Immaterial Subsidiary” means, for any day, any Subsidiary of the Borrower that the Borrower has designated as an “Immaterial Subsidiary” for purposes of this Agreement in a written notice to the Administrative Agent; *provided* that the following are true on such day: (i) the aggregate assets of all such Subsidiaries (calculated on a book value basis) does not exceed 10% of the aggregate assets (calculated on a book value basis) of the Borrower and its Subsidiaries as of the most recent fiscal quarter-end of the Borrower, and (ii) that portion of Consolidated EBITDA attributable solely to such Subsidiaries for the period of four consecutive fiscal quarters most recently ended prior to such day does not exceed 10% of Consolidated EBITDA for the Borrower and its Subsidiaries for such period; and *further provided* that the Borrower may from time to time, by written notice to the Administrative Agent, cause any Subsidiary that it has designated as an “Immaterial Subsidiary” hereunder to be no longer treated as or deemed an “Immaterial Subsidiary” for purposes of this Agreement.

“Impacted Lender” means any Lender as to which the Administrative Agent, an LC Issuer or the Swing Line Lender has a reasonable belief in good faith that such Lender has defaulted in fulfilling its obligations (as a lender, letter of credit issuer or issuer of bank guarantees and including, but not limited to, funding or paying when due loan requests, swingline participations, letter of credit participations, pro rata sharing obligations and expense and indemnification obligations) under one or more other syndicated credit facilities, unless such potential default by such Lender is the subject of a good faith dispute.

“Increasing Lender” has the meaning provided in Section 2.02(b).

“Indebtedness” of any Person means, without duplication, (i) all indebtedness of such Person for borrowed money; (ii) all bonds, notes, debentures and similar debt securities of such Person; (iii) the deferred purchase price of capital assets or services that in accordance with GAAP would be shown on the liability side of the balance sheet of such Person; (iv) all obligations, contingent or otherwise, of such Person in respect of letters of credit issued for the account of such Person and, without duplication, all drafts drawn thereunder (for the avoidance of doubt, excluding specifically any obligations relating to letters of credit supporting obligations constituting Indebtedness hereunder); (v) all obligations, contingent or otherwise, of such Person in respect of bankers’ acceptances; (vi) all indebtedness of a second Person secured by any Lien on any property owned by such first Person, whether or not such indebtedness has been assumed; (vii) all Capitalized Lease Obligations of such Person; (viii) the present value, determined on the basis of the implicit interest rate, of all basic rental obligations under all Synthetic Leases of such Person; (ix) all obligations of such Person with respect to asset securitization financing; (x) all net obligations of such Person under Hedge Agreements; (xi) the full outstanding balance of trade receivables, notes or other instruments sold with full recourse (and the portion thereof subject to potential recourse, if sold with limited recourse), other than in any such case any thereof sold solely for purposes of collection of delinquent accounts; and (xii) all Guaranty Obligations of such Person; *provided, however*, that (y) neither trade payables, deferred revenue, taxes nor other similar accrued expenses, in each case arising in the ordinary course of business, shall constitute Indebtedness; and (z) the Indebtedness of any Person shall in any event include (without duplication) the Indebtedness of any other entity (including any general partnership in which such Person is a general partner) to the extent such Person is liable thereon as a result of such Person’s ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide expressly that such Person is not liable thereon.

“Indemnitees” has the meaning provided in Section 11.02.

“Insolvency Event” means, with respect to any Person, (i) the commencement of a voluntary case by such Person under the Bankruptcy Code or the seeking of relief by such Person under any bankruptcy or insolvency or analogous law in any jurisdiction outside of the United States; (ii) the commencement of an involuntary case against such Person under the Bankruptcy Code and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of such Person; (iv) such Person commences (including by way of applying for or consenting to the appointment of, or the taking of possession by, a rehabilitator, receiver, custodian, trustee, conservator or liquidator (collectively, a “conservator”) of such Person or all or any substantial portion of its property) any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation, rehabilitation, conservatorship or similar law of any jurisdiction whether now or hereafter in effect relating to such Person; (v) any such proceeding of the type set forth in clause (iv) above is commenced against such Person to the extent such proceeding is consented to by such Person or remains undismissed for a period of 60 days; (vi) such Person is adjudicated insolvent or bankrupt; (vii) any order of relief or other order approving any such case or proceeding is entered; (viii) such Person suffers any appointment of any conservator or the like for it or any substantial part of its property that continues undischarged or unstayed for a period of 60 days; (ix) such Person makes a general assignment for the benefit of creditors or generally does not pay its debts as such debts become due; or (x) any corporate (or similar organizational) action is taken by such Person for the purpose of effecting any of the foregoing.

“Interest Coverage Ratio” means, for any Testing Period, the ratio of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense.

“Interest Period” means, with respect to each Fixed Rate Loan, a period of one, two, three or six months (or nine or twelve months if offered by all Lenders) as selected by the Borrower; *provided, however*, that (i) the initial Interest Period for any Borrowing of such Fixed Rate Loan shall commence on the date of such Borrowing (the date of a Borrowing resulting from a Conversion or Continuation shall be the date of such Conversion or Continuation) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires; (ii) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month; (iii) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day; *provided, however*, that if any Interest Period would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day; (iv) no Interest Period for any Fixed Rate Loan may be selected that would end after the Revolving Facility Termination Date; and (v) if, upon the expiration of any Interest Period, the Borrower has failed to (or may not) elect a new Interest Period to be applicable to the respective Borrowing of Fixed Rate Loans as provided above, the Borrower shall be deemed to have elected to Convert such Borrowing to Base Rate Loans effective as of the expiration date of such current Interest Period or, in the case of any Foreign Currency Loan, the Borrower shall be required to repay the same in full.

“Interest Rate Protection Agreement” means any interest rate swap agreement, any interest rate cap agreement, any interest rate collar agreement or other similar interest rate management agreement or arrangement, in each case providing for the transfer or mitigation of interest risks either generally or under specific contingencies.

“Investment” means (i) any direct or indirect purchase or other acquisition by a Person of any Equity Interest of any other Person; (ii) any loan, advance (other than deposits with financial institutions available for withdrawal on demand) or extension of credit to, guarantee or assumption of debt or purchase or other acquisition of any other Indebtedness of, any Person by any other Person; or (iii) the purchase, acquisition or investment of or in any stocks, bonds, mutual funds, notes, debentures or other securities, or any deposit account, certificate of deposit or other investment of any kind.

“Judgment Amount” has the meaning provided in Section 11.24.

“KeyBank” means KeyBank National Association.

“LC Commitment Amount” means \$60,000,000 or the Dollar Equivalent thereof in Designated Foreign Currency.

“LC Documents” means, with respect to any Letter of Credit, any documents executed in connection with such Letter of Credit, including the Letter of Credit itself.

“LC Fee” means any of the fees payable pursuant to Section 2.11(c) or Section 2.11(d) in respect of Letters of Credit.

“LC Issuance” means the issuance of any Letter of Credit by any LC Issuer for the account of an LC Obligor in accordance with the terms of this Agreement, and shall include any amendment thereto that increases the Stated Amount thereof or extends the expiry date of such Letter of Credit.

“LC Issuer” means KeyBank or any of its Affiliates, or such other Lender that is requested by the Borrower and agrees to be an LC Issuer hereunder and is approved by the Administrative Agent.

“LC Obligor” means, with respect to each LC Issuance, the Borrower or the Subsidiary Guarantor for whose account such Letter of Credit is issued.

“LC Outstandings” means, at any time, the sum, without duplication, of (i) the Dollar Equivalent of the aggregate Stated Amount of all outstanding Letters of Credit and (ii) the Dollar Equivalent of the aggregate amount of all Unreimbursed Drawings with respect to Letters of Credit.

“LC Participant” has the meaning provided in Section 2.05(g)(i).

“LC Participation” has the meaning provided in Section 2.05(g)(i).

“LC Request” has the meaning provided in Section 2.05(b).

“Leaseholds” of any Person means all the right, title and interest of such Person as lessee or licensee in, to and under leases or licenses of land, improvements and/or fixtures.

“Lender” and “Lenders” have the meaning provided in the first paragraph of this Agreement and includes any other Person that becomes a party hereto pursuant to an Assignment Agreement, other than any such Person that ceases to be a party hereto pursuant to an Assignment Agreement. Unless the context otherwise requires, the term “Lenders” includes the Swing Line Lender.

“Lender Register” has the meaning provided in Section 2.08(b).

“Letter of Credit” means any Standby Letter of Credit or Commercial Letter of Credit, in each case issued by any LC Issuer under this Agreement pursuant to Section 2.05 for the account of any LC Obligor.

“Leverage Ratio” means, for any Testing Period, the ratio of (i) Consolidated Total Debt to (ii) Consolidated EBITDA.

“Lien” means any mortgage, pledge, security interest, hypothecation, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing, any conditional sale or other title retention agreement or any lease in the nature thereof).

“Loan” means any Revolving Loan, Competitive Bid Loan or Swing Loan.

“Loan Documents” means this Agreement, the Notes, each Guaranty, each Pledge Agreement (if any), the Fee Letters, each Letter of Credit and each other LC Document.

“Loss” has the meaning provided in Section 11.24.

“Margin Stock” has the meaning provided in Regulation U.

“Material Adverse Effect” means any or all of the following: (i) any material adverse effect on the business, operations, property or financial condition of the Borrower and its Subsidiaries, taken as a whole; (ii) any material adverse effect on the ability of the Borrower or the Credit Parties, taken as a whole, to perform its or their obligations under any of the Loan Documents; (iii) any material adverse effect on the ability of the Borrower and its Subsidiaries, taken as a whole, to pay their liabilities and obligations as they mature or become due; or (iv) any material adverse effect on the validity, effectiveness or enforceability, as against any Credit Party, of any of the Loan Documents to which it is a party; provided, however, that, none of the Disclosed Matters shall be deemed to have had or constitute a

Material Adverse Effect for purposes of the representations and warranties set forth in Section 5.05 and Section 5.13 hereof, or would constitute an Event of Default under Section 8.01(j) hereof, except to the extent that there is a change in the status of such Disclosed Matters after the Closing Date which has had a Material Adverse Effect.

“Material Agreements” means those agreements listed on Schedule 2.

“Material Indebtedness” means, as to the Borrower or any of its Subsidiaries, any particular Indebtedness of the Borrower or such Subsidiary (including any Guaranty Obligations) in excess of the aggregate principal amount of \$25,000,000 (or the Dollar Equivalent thereof).

“Material Indebtedness Agreement” means any agreement governing or evidencing any Material Indebtedness.

“Maximum Rate” has the meaning provided in Section 11.23.

“Minimum Borrowing Amount” means (i) with respect to any Base Rate Loan, \$1,500,000 (or the Dollar Equivalent thereof in any Designated Foreign Currency), with minimum increments thereafter of \$1,000,000 (or the Dollar Equivalent thereof in any Designated Foreign Currency), (ii) with respect to any Eurodollar Loan or Foreign Currency Loan, \$1,500,000 (or the Dollar Equivalent thereof in any Designated Foreign Currency), with minimum increments thereafter of \$1,000,000 (or the Dollar Equivalent thereof in any Designated Foreign Currency), and (iii) with respect to Swing Loans, \$500,000, with minimum increments thereafter of \$100,000.

“Moody’s” means Moody’s Investors Service, Inc. and its successors.

“Multi-Employer Plan” means a multi-employer plan, as defined in Section 4001(a)(3) of ERISA to which the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions or has within any of the preceding five plan years made or accrued an obligation to make contributions.

“Multiple Employer Plan” means an employee benefit plan, other than a Multi-Employer Plan, to which the Borrower or any Subsidiary of the Borrower or any ERISA Affiliate, and one or more employers other than the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate, is making or accruing an obligation to make contributions or, in the event that any such plan has been terminated, to which the Borrower or a Subsidiary of the Borrower or an ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

“1934 Act” means the Securities Exchange Act of 1934, as amended.

“Non-Consenting Lender” has the meaning provided in Section 2.16(b).

“Non-Increasing Lender” has the meaning in Section 2.02(b).

“Note” means a Revolving Facility Note, Competitive Bid Note or a Swing Line Note, as applicable.

“Notice of Borrowing” has the meaning provided in Section 2.06(b).

“Notice of Competitive Bid Borrowing” has the meaning provided in Section 2.03(b).

“Notice of Continuation or Conversion” has the meaning provided in Section 2.10(b).

“Notice of Swing Loan Refunding” has the meaning provided in Section 2.04(b).

“Notice Office” means the office of the Administrative Agent at 127 Public Square, Cleveland, Ohio 44114, Attention: Kathy Koenig (facsimile: (216) 370-6113), or such other office as the Administrative Agent may designate in writing to the Borrower from time to time.

“Obligations” means all amounts, indemnities and reimbursement obligations, direct or indirect, contingent or absolute, of every type or description, and at any time existing, owing by the Borrower or any other Credit Party to the Administrative Agent, any Lender, the Swing Line Lender or any LC Issuer pursuant to the terms of this Agreement or any other Loan Document (including, but not limited to, interest and fees that accrue after the commencement by or against any Credit Party of any insolvency proceeding, regardless of whether allowed or allowable in such proceeding or subject to an automatic stay under Section 362(a) of the Bankruptcy Code).

“Operating Lease” as applied to any Person means any lease of any property (whether real, personal or mixed) by that Person as lessee that, in conformity with GAAP, is not accounted for as a Capital Lease on the balance sheet of that Person.

“Organizational Documents” means, with respect to any Person (other than an individual), such Person’s articles (certificate) of incorporation, or equivalent formation documents, and bylaws (regulations), or equivalent governing documents, and, in the case of any partnership, includes any partnership agreement, and, in the case of any limited liability company, includes any operating agreement, and, in each case, and any amendments to any of the foregoing.

“Original Due Date” has the meaning provided in Section 11.24.

“Payment Office” means the office of the Administrative Agent at 127 Public Square, Cleveland, Ohio 44114, Attention: Kathy Koenig (facsimile: (216) 370-6113), or such other office(s), as the Administrative Agent may designate to the Borrower in writing from time to time.

“PBGC” means the Pension Benefit Guaranty Corporation established pursuant to Section 4002 of ERISA, or any successor thereto.

“Permitted Acquisition” means any Acquisition as to which all of the following conditions are satisfied:

- (i) such Acquisition involves a line or lines of business that is or are, in the good faith discretion of the Borrower’s management, complementary to the lines of business in which the Borrower and its Subsidiaries, considered as an entirety, are engaged on the Closing Date;
- (ii) no Default or Event of Default shall exist prior to or immediately after giving effect to such Acquisition;
- (iii) the Borrower would, after giving effect to such Acquisition, on a *pro forma* basis (as determined in accordance with subpart (v) below), be in compliance with each of the financial covenants contained in Section 7.07;

(iv) the sum of (A) the Borrower's unrestricted cash and Cash Equivalents and (B) the amount of the Unused Commitment shall be equal to or greater than \$5,000,000, both immediately before and after giving effect to such Acquisition; and

(v) at least five Business Days prior to the consummation of any such Acquisition in which the Consideration exceeds \$30,000,000, the Borrower shall have delivered to the Administrative Agent (A) a certificate of an Authorized Officer demonstrating, in reasonable detail, the computation of the financial covenants referred to in Section 7.07 on a *pro forma* basis, such *pro forma* ratios being determined as if (y) such Acquisition had been completed at the beginning of the most recent Testing Period for which financial information for the Borrower and the business or Person to be acquired, is available, and (z) any such Indebtedness, or other Indebtedness incurred to finance such Acquisition, had been outstanding for such entire Testing Period, and (B) historical financial statements relating to the business or Person to be acquired and such other information as the Administrative Agent may reasonably request.

"Permitted Foreign Subsidiary Investments" means Investments by a Credit Party to or in a Foreign Subsidiary made on or after the Closing Date in the ordinary course of business, so long as the aggregate amount of all such Investments by all Credit Parties does not, at any time, exceed \$125,000,000.

"Permitted Lien" means any Lien permitted by Section 7.03.

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

"Plan" means any Multi-Employer Plan or Single-Employer Plan.

"Pledge Agreement" means each pledge agreement, share charge or similar agreement, in each case, in form and substance satisfactory to the Administrative Agent, executed and delivered by the Borrower and/or any Subsidiary Guarantor to the Administrative Agent, for the benefit of the Lenders pursuant to Section 6.08(b).

"primary Indebtedness" has the meaning provided in the definition of "Guaranty Obligations."

"primary obligor" has the meaning provided in the definition of "Guaranty Obligations."

"Purchase Date" has the meaning provided in Section 2.04(c).

"Quoted Rate" means, with respect to any Swing Loan, the interest rate quoted to the Borrower by the Swing Line Lender and agreed to by the Borrower as being the interest rate applicable to such Swing Loan.

"RCRA" means the Resource Conservation and Recovery Act, as the same may be amended from time to time, 42 U.S.C. § 6901 *et. seq.*

"Real Property" of any Person means all of the right, title and interest of such Person in and to land, improvements and fixtures, including Leaseholds.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

“Regulation U” means Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

“Related Parties” means, with respect to any Person, such Person’s Affiliates and the directors, officers, employees, agents and advisors of such Person and of such Person’s Affiliates.

“Release” or “Released” has the meaning stated in Section 101(22) of CERCLA.

“Reportable Event” means an event described in Section 4043 of ERISA or the regulations thereunder with respect to a Plan, other than those events as to which the notice requirement is waived under subsection .22, .23, .25, .27, .28, .29, .30, .31, .32, .34, .35, .62, .63, .64, .65 or .67 of PBGC Regulation Section 4043.

“Required Lenders” means, (i) at any time prior to the date on which the Commitments have been terminated, Lenders whose Credit Facility Exposure and Unused Revolving Commitments constitute more than 50% of the sum of the Aggregate Credit Facility Exposure and the Unused Total Revolving Commitment, and (ii) at any time on or after the date on which the Commitments have been terminated, the Lenders that hold more than 50% of the sum of (A) the Aggregate Revolving Facility Exposure, (B) the outstanding principal amount of Swing Loans, and (C) the outstanding principal amount of Competitive Bid Loans; provided that, as set forth in Section 11.26, the Commitment of, and the portion of the sum of the Aggregate Credit Facility Exposure and the Unused Total Revolving Commitment held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

“Restricted Payment” means (i) any Capital Distribution; or (ii) any amount paid by the Borrower or any of its Subsidiaries in repayment, redemption, retirement, repurchase, direct or indirect, of any Subordinated Indebtedness.

“Revolving Borrowing” means the incurrence of Revolving Loans consisting of one Type of Revolving Loan by the Borrower from all of the Lenders having Revolving Commitments in respect thereof on a *pro rata* basis on a given date (or resulting from Conversions or Continuations on a given date) in the same currency, having in the case of any Fixed Rate Loans the same Interest Period.

“Revolving Commitment” means, with respect to each Lender, the obligation of such Lender to make Revolving Loans and to participate in Letters of Credit in the amount set forth opposite such Lender’s name in Schedule 1 as its “Revolving Commitment” or in the case of any Lender that becomes a party hereto pursuant to an Assignment Agreement, the amount set forth in such Assignment Agreement, as such commitment may be reduced from time to time pursuant to Section 2.12(c) or increased from time to time pursuant to Section 2.02(b) or adjusted from time to time as a result of assignments to or from such Lender pursuant to Section 11.06.

“Revolving Facility Availability Period” means the period from the Closing Date until the Revolving Facility Termination Date.

“Revolving Facility Exposure” means, for any Lender at any time, the Dollar Equivalent of the sum of (i) the principal amount of Revolving Loans made by such Lender and outstanding at such time, and (ii) such Lender’s share of the LC Outstandings at such time.

“Revolving Facility Note” means a promissory note substantially in the form of Exhibit A-1.

“Revolving Facility Percentage” means, at any time for any Lender, the percentage obtained by dividing such Lender’s Revolving Commitment by the Total Revolving Commitment, *provided, however*, that if the Total Revolving Commitment has been terminated, the Revolving Facility Percentage for each Lender shall be determined by dividing such Lender’s Revolving Commitment immediately prior to such termination by the Total Revolving Commitment immediately prior to such termination. The Revolving Facility Percentage of each Lender as of the Closing Date is set forth on Schedule 1.

“Revolving Facility Termination Date” means the earlier of (i) January 29, 2013, or (ii) the date that the Commitments have been terminated pursuant to Section 8.02.

“Revolving Loan” means, with respect to each Lender, any loan made by such Lender pursuant to Section 2.02.

“Sale and Lease-Back Transaction” means any arrangement with any Person providing for the leasing by the Borrower or any Subsidiary of the Borrower of any property (except for temporary leases for a term, including any renewal thereof, of not more than one year and except for leases between the Borrower and a Subsidiary or between Subsidiaries), which property has been or is to be sold or transferred by the Borrower or such Subsidiary to such Person.

“S&P” means Standard & Poor’s Ratings Group, a division of McGraw Hill, Inc., and its successors.

“SEC” means the United States Securities and Exchange Commission.

“SEC Regulation D” means Regulation D as promulgated under the Securities Act of 1933, as amended, as the same may be in effect from time to time.

“Single-Employer Plan” means a single employer plan, as defined in Section 4001(a)(15) of ERISA, to which the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate is making or accruing an obligation to make contributions or, if any such plan has been terminated, to which the Borrower, any Subsidiary of the Borrower or any ERISA Affiliate made or accrued an obligation to make contributions during any of the five plan years preceding the date of termination of such plan.

“Special Subsidiary” means any of (i) Circor German Holdings and (ii) any Subsidiary of the Borrower substantially all of the assets of which are equity interests in one or more Foreign Subsidiaries of the Borrower.

“Specified Restructuring Charges” means, for any period, non-recurring restructuring or special charges taken (in accordance with GAAP) in connection with plant closings and/or the consolidation of operations that consist of (i) charges for severance payments, (ii) charges for moving and relocation expenses, and (iii) non-cash charges for the write-downs of the book value of assets.

“Standard Permitted Lien” means any of the following: (i) Liens for taxes not yet delinquent or Liens for taxes, assessments or governmental charges being contested in good faith and by appropriate proceedings for which adequate reserves in accordance with GAAP have been established; (ii) Liens in respect of property or assets imposed by law that were incurred in the ordinary course of business, such as carriers’, suppliers’, warehousemen’s, materialmen’s and mechanics’ Liens and other similar Liens arising in the ordinary course of business, that do not in the aggregate materially detract from the value of such property or assets or materially impair the use thereof in the operation of the business of the Borrower or any of its Subsidiaries and do not secure any Indebtedness; (iii) Liens created by this Agreement or the other Loan Documents; (iv) Liens arising from judgments, decrees or attachments in

circumstances not constituting an Event of Default under Section 8.01(g); (v) Liens (other than any Lien imposed by ERISA) incurred or deposits made in the ordinary course of business in connection with workers compensation, unemployment insurance and other types of social security, and mechanic's Liens, carrier's Liens, and other Liens to secure the performance of tenders, statutory obligations, contract bids, government contracts, surety, appeal, customs, performance and return-of-money bonds and other similar obligations, incurred in the ordinary course of business (exclusive of obligations in respect of the payment for borrowed money), whether pursuant to statutory requirements, common law or consensual arrangements; (vi) easements, rights-of-way, zoning or other restrictions, charges, encumbrances, defects in title, prior rights of other persons, and obligations contained in similar instruments, in each case that do not secure Indebtedness and do not involve, either individually or in the aggregate, (A) a substantial disruption of the business activities of the Borrower and its Subsidiaries considered as an entirety, or (B) a Material Adverse Effect; (vii) Liens arising from the rights of lessors under leases (including financing statements regarding property subject to lease) not in violation of the requirements of this Agreement, *provided* that such Liens are only in respect of the property subject to, and secure only, the respective lease (and any other lease with the same or an affiliated lessor); and (viii) rights of consignors of goods, whether or not perfected by the filing of a financing statement under the UCC.

“Standby Letter of Credit” means any standby letter of credit issued for the purpose of supporting workers compensation, liability insurance, releases of contract retention obligations, contract performance guarantee requirements and other bonding obligations or for other lawful purposes.

“Stated Amount” of each Letter of Credit means the maximum amount available to be drawn thereunder (regardless of whether any conditions or other requirements for drawing could then be met).

“Subordinated Indebtedness” means any Indebtedness that has been subordinated to the prior payment in full of all of the Obligations pursuant to a written agreement or written terms reasonably acceptable to the Administrative Agent and the Required Lenders.

“Subordinated Obligations” has the meaning provided in Section 10.02.

“Subsidiary” of any Person means (i) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary Voting Power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have Voting Power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries, and (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person directly or indirectly through Subsidiaries, owns more than 50% of the Equity Interests of such Person at the time or in which such Person, one or more other Subsidiaries of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, has the power to direct the policies, management and affairs thereof. Unless otherwise expressly provided, all references herein to “Subsidiary” means a Subsidiary of the Borrower.

“Subsidiary Guarantor” has the meaning provided in the first paragraph of this Agreement.

“Swing Line Commitment” means \$10,000,000.

“Swing Line Facility” means the credit facility established under Section 2.04 pursuant to the Swing Line Commitment of the Swing Line Lender.

“Swing Line Lender” means KeyBank.

“Swing Line Note” means a promissory note substantially in the form of Exhibit A-3.

“Swing Loan” means any loan made by the Swing Line Lender under the Swing Line Facility pursuant to Section 2.04.

“Swing Loan Maturity Date” means, with respect to any Swing Loan, the earlier of (i) the last day of the period for such Swing Loan as established by the Swing Line Lender and agreed to by the Borrower, which shall be less than 15 days, and (ii) the Revolving Facility Termination Date.

“Swing Loan Participation” has the meaning provided in Section 2.04(c).

“Swing Loan Participation Amount” has the meaning provided in Section 2.04(c).

“Synthetic Lease” means any lease (i) that is accounted for by the lessee as an Operating Lease, and (ii) under which the lessee is intended to be the “owner” of the leased property for federal income tax purposes.

“Taxes” has the meaning provided in Section 3.03(a).

“Testing Period” means a single period consisting of the four consecutive fiscal quarters of the Borrower then last ended (whether or not such quarters are all within the same fiscal year), *except* that if a particular provision of this Agreement indicates that a Testing Period shall be of a different specified duration, such Testing Period shall consist of the particular fiscal quarter or quarters then last ended that are so indicated in such provision.

“Total Revolving Commitment” means the sum of the Revolving Commitments of the Lenders as the same may be decreased pursuant to Section 2.12(c) or increased pursuant to Section 2.02(b). As of the Closing Date, the amount of the Total Revolving Commitment is \$190,000,000.

“Type” means any type of Loan determined with respect to the interest option and currency denomination applicable thereto, which in each case shall be a Base Rate Loan, a Eurodollar Loan or a Foreign Currency Loan.

“UCC” means the Uniform Commercial Code as in effect from time to time. Unless otherwise specified, the UCC shall refer to the UCC as in effect in the State of New York.

“United States” and “U.S.” each means United States of America.

“Unreimbursed Drawing” means, with respect to any Letter of Credit, the aggregate Dollar or Dollar Equivalent amount, as applicable, of the draws made on such Letter of Credit that have not been reimbursed by the Borrower or the applicable LC Obligor or converted to a Revolving Loan pursuant to Section 2.05(f)(i), and, in each case, all interest that accrues thereon pursuant to this Agreement.

“Unused Commitment” means, at any time, the excess of (i) the Total Revolving Commitment at such time over (ii) the Aggregate Credit Facility Exposure at such time.

“Unused Revolving Commitment” means, for any Lender at any time, the excess of (i) such Lender’s Revolving Commitment at such time over (ii) such Lender’s Revolving Facility Exposure at such time.

“Unused Total Revolving Commitment” means, at any time, the excess of (i) the Total Revolving Commitment at such time over (ii) the Aggregate Revolving Facility Exposure at such time.

“USA Patriot Act” means the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT Act) Act of 2001.

“Voting Power” means, with respect to any Person, the exclusive ability to control, through the ownership of shares of capital stock, partnership interests, membership interests or otherwise, the election of members of the board of directors or other similar governing body of such Person, and the holding of a designated percentage of Voting Power of a Person means the ownership of shares of capital stock, partnership interests, membership interests or other interests of such Person sufficient to control exclusively the election of that percentage of the members of the board of directors or similar governing body of such Person.

Section 1.02 Computation of Time Periods. In this Agreement in the computation of periods of time from a specified date to a later specified date, the word “from” means “from and including,” the words “to” and “until” each means “to but excluding” and the word “through” means “through and including.”

Section 1.03 Accounting Terms. Except as otherwise specifically provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time.

Section 1.04 Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation.” The word “will” shall be construed to have the same meaning and effect as the word “shall.” Unless the context requires otherwise, (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person’s successors and assigns, (c) the words “herein,” “hereof” and “hereunder,” and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Schedules and Exhibits shall be construed to refer to Sections of, and Schedules and Exhibits to, this Agreement, (e) the words “asset” and “property” shall be construed to have the same meaning and effect and to refer to any and all Real Property, tangible and intangible assets and properties, including cash, securities, accounts and contract rights, and interests in any of the foregoing, and (f) any reference to a statute, rule or regulation is to that statute, rule or regulation as now enacted or as the same may from time to time be amended, re-enacted or expressly replaced.

Section 1.05 Currency Equivalents. Except as otherwise specified herein, all references herein or in any other Loan Document to a dollar amount shall mean such amount in U.S. Dollars or, if the context so requires, the Dollar Equivalent of such amount in any Designated Foreign Currency. The Dollar Equivalent of any amount shall be determined in accordance with the definition of “Dollar Equivalent”; *provided, however*, that notwithstanding the foregoing or anything elsewhere in this Agreement to the contrary, in calculating the Dollar Equivalent of any amount for purposes of determining (i) the Borrower’s obligation to prepay Loans or cash collateralize Letters of Credit pursuant to Section 2.13(b), or (ii) the Borrower’s ability to request additional Loans or Letters of Credit pursuant to the Commitments, the Administrative Agent may, in the case of either of the foregoing, in its discretion, calculate the Dollar Equivalent of such amount on any Business Day selected by the Administrative Agent.

THE TERMS OF THE CREDIT FACILITY

Section 2.01 Establishment of the Credit Facility. On the Closing Date, and subject to and upon the terms and conditions set forth in this Agreement and the other Loan Documents, the Administrative Agent, the Lenders, the Swing Line Lender and each LC Issuer agree to establish the Credit Facility for the benefit of the Borrower; *provided, however*, that at no time will (i) the Aggregate Credit Facility Exposure exceed the Total Revolving Commitment, or (ii) the Credit Facility Exposure of any Lender exceed the aggregate amount of such Lender's Commitment.

Section 2.02 Revolving Facility.

(a) Generally. During the Revolving Facility Availability Period, each Lender severally agrees, on the terms and conditions set forth in this Agreement, to make a Revolving Loan or Revolving Loans to the Borrower from time to time pursuant to such Lender's Revolving Commitment, which Revolving Loans (i) may, except as set forth herein, at the option of the Borrower, be incurred and maintained as, or Converted into, Revolving Loans that are Base Rate Loans, Eurodollar Loans or Foreign Currency Loans, in each case denominated in Dollars or a Designated Foreign Currency, *provided* that all Revolving Loans made as part of the same Revolving Borrowing shall consist of Revolving Loans of the same Type; (ii) may be repaid or prepaid and reborrowed in accordance with the provisions hereof; and (iii) shall not be made if, after giving effect to any such Revolving Loan, (A) the Revolving Facility Exposure of any Lender would exceed such Lender's Revolving Commitment, (B) the sum of (1) the Aggregate Revolving Facility Exposure, (2) the outstanding principal amount of Swing Loans, and (3) the outstanding principal amount of Competitive Bid Loans, would exceed the Total Revolving Commitment, or (C) the Borrower would be required to prepay Loans or cash collateralize Letters of Credit pursuant to Section 2.13(b).

(b) Increase in Revolving Commitments. The Borrower may, by written notice to the Administrative Agent, request that the Total Revolving Commitment be increased by an amount not to exceed \$30,000,000 in the aggregate for all such increases from the Closing Date until the Revolving Facility Termination Date, *provided* that no Default or Event of Default has occurred and is continuing at the time of such request and on the date of any such increase. The Administrative Agent shall deliver a copy of such request to each Lender. The Borrower shall set forth in each such request the amount of the requested increase in the Total Revolving Commitment (which amount shall be in minimum increments of \$10,000,000 and a minimum amount of at least \$10,000,000) and the date on which such increase is requested to become effective (which shall be not less than 10 Business Days nor more than 60 days after the date of such notice and that, in any event, must be at least 180 days prior to the Revolving Facility Termination Date), and shall offer each Lender the opportunity to increase its Revolving Commitment by its Revolving Facility Percentage of the proposed increased amount. Each Lender shall, by notice to the Borrower and the Administrative Agent given not more than 10 days after the date of the Administrative Agent's notice, either agree to increase its Revolving Commitment by all or a portion of the offered amount (each such Lender so agreeing being an "Increasing Lender") or decline to increase its Revolving Commitment (and any such Lender that does not deliver such a notice within such period of 10 days shall be deemed to have declined to increase its Revolving Commitment and each Lender so declining or being deemed to have declined being a "Non-Increasing Lender"). If, on the 10th day after the Administrative Agent shall have delivered notice as set forth above, the Increasing Lenders shall have agreed pursuant to the preceding sentence to increase their Revolving Commitments by an aggregate amount less than the

increase in the Total Revolving Commitment requested by the Borrower, the Borrower may arrange for one or more banks or other entities that are Eligible Assignees, in each case reasonably acceptable to the Administrative Agent (each such Person so agreeing being an “Augmenting Lender”), to commit to making Revolving Loans pursuant to a Revolving Commitment hereunder in an amount no less than \$10,000,000, and the Borrower and each Augmenting Lender shall execute all such documentation as the Administrative Agent shall reasonably specify to evidence its Revolving Commitment and/or its status as a Lender with a Revolving Commitment hereunder. Any increase in the Total Revolving Commitment may be made in an amount that is less than the increase requested by the Borrower if the Borrower is unable to arrange for, or chooses not to arrange for, Augmenting Lenders.

Each of the parties hereto agrees that the Administrative Agent may take any and all actions as may be reasonably necessary to ensure that after giving effect to any increase in the Total Revolving Commitment pursuant to this Section 2.02, the outstanding Revolving Loans (if any) are held by the Lenders with Revolving Commitments in accordance with their new Revolving Facility Percentages. This may be accomplished at the discretion of the Administrative Agent: (w) by requiring the outstanding Loans to be prepaid with the proceeds of new Borrowings; (x) by causing the Non-Increasing Lenders to assign portions of their outstanding Loans to Increasing Lenders and Augmenting Lenders; (y) by permitting the Borrowings outstanding at the time of any increase in the Total Revolving Commitment pursuant to this Section 2.02(b) to remain outstanding until the last days of the respective Interest Periods therefor, even though the Lenders would hold such Borrowings other than in accordance with their new Revolving Facility Percentages; or (z) by any combination of the foregoing. Any prepayment or assignment described in this paragraph (b) shall be subject to Section 3.02, but otherwise without premium or penalty.

Section 2.03 Competitive Bid Loans.

(a) Generally. Each Lender severally agrees that the Borrower may make Competitive Bid Borrowings under this Section 2.03 from time to time on any Business Day during the period from the Closing Date until the date occurring 30 days prior to the Revolving Facility Termination Date in the manner set forth below; *provided* that Borrower shall not be permitted to request any Competitive Bid Borrowing (and no Lender shall be required to make any Competitive Bid Loan) if after giving effect thereto the sum of (1) the Aggregate Revolving Facility Exposure, (2) the outstanding principal amount of Swing Loans, and (3) the outstanding principal amount of Competitive Bid Loans, would exceed the Total Revolving Commitment.

(b) Requests for Competitive Bid Borrowings. The Borrower may request a Competitive Bid Borrowing under this Section 2.03 by delivering to the Administrative Agent a written notice of such request substantially in the form of Exhibit B-2 (each such notice, a “Notice of Competitive Bid Borrowing”), specifying therein the requested (a) date of such proposed Competitive Bid Borrowing, (b) aggregate amount of such proposed Competitive Bid Borrowing, (c) interest rate basis and day count convention to be offered by the Lenders, (d) currency of such proposed Competitive Bid Borrowing, (e) in the case of a Competitive Bid Borrowing consisting of Fixed Rate Loans, the initial Interest Period, or in the case of a Competitive Bid Borrowing consisting of Competitive Bid Fixed Rate Loans, the maturity date for repayment of each Competitive Bid Fixed Rate Loan to be made as part of such Competitive Bid Borrowing (which maturity date may not be earlier than the date occurring seven days after the date of such Competitive Bid Borrowing or later than the earlier of (A) 180 days after the date of such Competitive Bid Borrowing and (B) the Revolving Facility Termination Date), (f) interest payment date or dates relating thereto, (g) location of the Borrower’s account to which funds are to be advanced and (h) other terms (if any) to be applicable to such Competitive Bid Borrowing, not later than (i) 1:00 P.M. (local time at its Notice Office) at least two Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing

that the rates of interest to be offered by the Lenders shall be fixed rates per annum (the Competitive Bid Loans comprising any such Competitive Bid Borrowing being referred to herein as "Competitive Bid Fixed Rate Loans") and that the Competitive Bid Loans comprising such proposed Competitive Bid Borrowing shall be denominated in Dollars, and (ii) 1:00 P.M. (local time at its Notice Office) at least four Business Days prior to the date of the proposed Competitive Bid Borrowing, if the Borrower shall specify in the Notice of Competitive Bid Borrowing that the Competitive Bid Loans comprising such Competitive Bid Borrowing shall be Eurodollar Loans or Competitive Bid Fixed Rate Loans denominated in any Foreign Currency. Each Notice of Competitive Bid Borrowing shall be irrevocable and binding on the Borrower. The Administrative Agent shall promptly notify each Lender of each request for a Competitive Bid Borrowing received by it from the Borrower by sending such Lender a copy of the related Notice of Competitive Bid Borrowing.

(c) Offers to Make Competitive Bid Loans. Upon the Borrower's request in accordance with subpart (b) above, each Lender may, if, in its sole discretion, it elects to do so, irrevocably offer to make one or more Competitive Bid Loans to the Borrower at a rate or rates of interest specified by such Lender in its sole discretion, by notifying the Administrative Agent, (i) before 11:00 A.M. (local time at its Notice Office) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Competitive Bid Fixed Rate Loans denominated in Dollars, and (ii) before 11:00 A.M. (local time at its Notice Office) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Eurodollar Loans or Competitive Bid Fixed Rate Loans denominated in any Foreign Currency, of the minimum amount and maximum amount of each Competitive Bid Loan which such Lender would be willing to make as part of such Competitive Bid Borrowing (which amounts or the Dollar Equivalent thereof may, subject to the proviso to the first sentence of Section 2.03(a), exceed such Lender's Commitment, if any), the rate or rates of interest therefor. Notwithstanding the foregoing, no Lender shall make an offer to make any Competitive Bid Loan pursuant to this Section if the making of such Competitive Bid Loan would result in an obligation by the Borrower to reimburse or otherwise compensate such Lender for any withholding or other tax pursuant to Section 3.03 or otherwise reimburse, compensate or indemnify such Lender for any increased costs pursuant to Section 3.01 or otherwise. If any Lender shall elect not to make such an offer, such Lender shall so notify the Administrative Agent before 10:00 A.M. (local time at its Notice Office) on the date on which notice of such election is to be given to the Administrative Agent by the other Lenders, and such Lender shall not be obligated to, and shall not, make any Competitive Bid Loan as part of such Competitive Bid Borrowing; *provided* that the failure by any Lender to give such notice shall not cause such Lender to be obligated to make any Competitive Bid Loan as part of such proposed Competitive Bid Borrowing.

(d) Acceptance or Cancellation of Competitive Bid Loan.

(i) The Borrower shall, (A) before 1:00 P.M. (local time at its Notice Office) on the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Competitive Bid Fixed Rate Loans denominated in Dollars, and (B) before 1:00 P.M. (local time at its Notice Office) three Business Days before the date of such proposed Competitive Bid Borrowing, in the case of a Competitive Bid Borrowing consisting of Eurodollar Loans or Competitive Bid Fixed Rate Loans denominated in any Foreign Currency, either:

(1) cancel such Competitive Bid Borrowing by giving the Administrative Agent notice to that effect, or

(2) accept one or more of the offers made by any Lender or Lenders pursuant to subpart (c) above, in its sole discretion, by giving notice to the Administrative Agent of the amount of each Competitive Bid Advance (which amount shall be equal to

or greater than the minimum amount, and equal to or less than the maximum amount, notified to the Borrower by the Administrative Agent on behalf of such Lender for such Competitive Bid Loan pursuant to subpart (c) above) to be made by each Lender as part of such Competitive Bid Borrowing, and reject any remaining offers made by Lenders pursuant to subpart (c) above by giving the Administrative Agent notice to that effect. The Borrower shall accept the offers made by any Lender or Lenders to make Competitive Bid Loans in order of the lowest to the highest rates of interest offered by such Lenders. If two or more Lenders have offered the same interest rate, the amount to be borrowed at such interest rate will be allocated among such Lenders in proportion to the amount that each such Lender offered at such interest rate.

(ii) If the Borrower proposing the Competitive Bid Borrowing notifies the Administrative Agent that such Competitive Bid Borrowing is cancelled pursuant to subpart (d)(i)(1) above, the Administrative Agent shall give prompt notice thereof to the Lenders and such Competitive Bid Borrowing shall not be made.

(iii) If the Borrower accepts one or more of the offers made by any Lender or Lenders pursuant to (d)(i)(2) above, the Administrative Agent shall promptly notify (A) each Lender that has made an offer to make a Competitive Bid Loan, of the date and aggregate amount of such Competitive Bid Borrowing and whether or not any such offer or offers made by such Lender have been accepted by the Borrower, (B) each Lender that is to make a Competitive Bid Loan as part of such Competitive Bid Borrowing, of the amount of each Competitive Bid Loan to be made by such Lender as part of such Competitive Bid Borrowing, and (C) each Lender that is to make a Competitive Bid Loan as part of such Competitive Bid Borrowing, upon receipt, that the Administrative Agent has received forms of documents appearing to fulfill the applicable conditions set forth in Article IV.

(iv) If the Borrower notifies the Administrative Agent that it accepts one or more of the offers made by any Lender or Lenders to make a Competitive Bid Loan, such notice of acceptance shall be irrevocable and binding on the Borrower. The Borrower shall indemnify each Lender against any loss, cost or expense incurred by such Lender as a result of any failure to fulfill on or before the date specified in the related Notice of Competitive Bid Borrowing for such Competitive Bid Borrowing the applicable conditions set forth in Article IV, including, without limitation, any loss, cost or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to fund the Competitive Bid Loan to be made by such Lender as part of such Competitive Bid Borrowing when such Competitive Bid Loan, as a result of such failure, is not made on such date.

Section 2.04 Swing Line Facility.

(a) Swing Loans. During the Revolving Facility Availability Period, the Swing Line Lender agrees, on the terms and conditions set forth in this Agreement, to make a Swing Loan or Swing Loans to the Borrower from time to time, which Swing Loans (i) shall be payable on the Swing Loan Maturity Date applicable to each such Swing Loan; (ii) shall be made only in U.S. Dollars; (iii) may be repaid or prepaid and reborrowed in accordance with the provisions hereof; (iv) may only be made if after giving effect thereto (A) the aggregate principal amount of Swing Loans outstanding does not exceed the Swing Line Commitment, and (B) the sum of (1) the Aggregate Revolving Facility Exposure, (2) the outstanding principal amount of Swing Loans, and (3) the outstanding principal amount of Competitive Bid Loans, would exceed the Total Revolving Commitment; (v) shall not be made if, after giving effect thereto, the Borrower would be required to prepay Loans or cash collateralize Letters of Credit pursuant to Section 2.13(b); and (vi) shall not be made if the proceeds thereof would be used to repay, in whole or in part, any outstanding Swing Loan.

(b) Swing Loan Refunding. The Swing Line Lender may at any time, in its sole and absolute discretion, direct that the Swing Loans owing to it be refunded by delivering a notice to such effect to the Administrative Agent, specifying the aggregate principal amount thereof (a "Notice of Swing Loan Refunding"). Promptly upon receipt of a Notice of Swing Loan Refunding, the Administrative Agent shall give notice of the contents thereof to the Lenders with Revolving Commitments and, unless an Event of Default specified in Section 8.01(h) in respect of the Borrower has occurred, the Borrower. Each such Notice of Swing Loan Refunding shall be deemed to constitute delivery by the Borrower of a Notice of Borrowing requesting Revolving Loans consisting of Base Rate Loans in the amount of the Swing Loans to which it relates. Each Lender with a Revolving Commitment (including the Swing Line Lender) hereby unconditionally agrees (notwithstanding that any of the conditions specified in Section 4.02 or elsewhere in this Agreement shall not have been satisfied, but subject to the provisions of paragraph (d) below) to make a Revolving Loan to the Borrower in the amount of such Lender's Revolving Facility Percentage of the aggregate amount of the Swing Loans to which such Notice of Swing Loan Refunding relates. Each such Lender shall make the amount of such Revolving Loan available to the Administrative Agent in immediately available funds at the Payment Office not later than 1:00 P.M. (local time at the Payment Office), if such notice is received by such Lender prior to 11:00 A.M. (local time at its Domestic Lending Office), or not later than 1:00 P.M. (local time at the Payment Office) on the next Business Day, if such notice is received by such Lender after such time. The proceeds of such Revolving Loans shall be made immediately available to the Swing Line Lender and applied by it to repay the principal amount of the Swing Loans to which such Notice of Swing Loan Refunding relates.

(c) Swing Loan Participation. If prior to the time a Revolving Loan would otherwise have been made as provided above as a consequence of a Notice of Swing Loan Refunding, any of the events specified in Section 8.01(h) shall have occurred in respect of the Borrower or one or more of the Lenders with Revolving Commitments shall determine that it is legally prohibited from making a Revolving Loan under such circumstances, each Lender (other than the Swing Line Lender), or each Lender (other than such Swing Line Lender) so prohibited, as the case may be, shall, on the date such Revolving Loan would have been made by it (the "Purchase Date"), purchase an undivided participating interest (a "Swing Loan Participation") in the outstanding Swing Loans to which such Notice of Swing Loan Refunding relates, in an amount (the "Swing Loan Participation Amount") equal to such Lender's Revolving Facility Percentage of such outstanding Swing Loans. On the Purchase Date, each such Lender or each such Lender so prohibited, as the case may be, shall pay to the Swing Line Lender, in immediately available funds, such Lender's Swing Loan Participation Amount, and promptly upon receipt thereof the Swing Line Lender shall, if requested by such other Lender, deliver to such Lender a participation certificate, dated the date of the Swing Line Lender's receipt of the funds from, and evidencing such Lender's Swing Loan Participation in, such Swing Loans and its Swing Loan Participation Amount in respect thereof. If any amount required to be paid by a Lender to the Swing Line Lender pursuant to the above provisions in respect of any Swing Loan Participation is not paid on the date such payment is due, such Lender shall pay to the Swing Line Lender on demand interest on the amount not so paid at the overnight Federal Funds Effective Rate from the due date until such amount is paid in full. Whenever, at any time after the Swing Line Lender has received from any other Lender such Lender's Swing Loan Participation Amount, the Swing Line Lender receives any payment from or on behalf of the Borrower on account of the related Swing Loans, the Swing Line Lender will promptly distribute to such Lender its ratable share of such amount based on its Revolving Facility Percentage of such amount on such date on account of its Swing Loan Participation (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded); *provided, however*, that if such payment received by the Swing Line Lender is required to be returned, such Lender will return to the Swing Line Lender any portion thereof previously distributed to it by the Swing Line Lender.

(d) **Obligations Unconditional.** Each Lender's obligation to make Revolving Loans pursuant to Section 2.04(b) and/or to purchase Swing Loan Participations in connection with a Notice of Swing Loan Refunding shall be subject to the conditions that (i) such Lender shall have received a Notice of Swing Loan Refunding complying with the provisions hereof and (ii) at the time the Swing Loans that are the subject of such Notice of Swing Loan Refunding were made, the Swing Line Lender making the same had no actual written notice from another Lender that an Event of Default had occurred and was continuing, but otherwise shall be absolute and unconditional, shall be solely for the benefit of the Swing Line Lender that gives such Notice of Swing Loan Refunding, and shall not be affected by any circumstance, including, without limitation, (A) any set-off, counterclaim, recoupment, defense or other right that such Lender may have against any other Lender, any Credit Party, or any other Person, or any Credit Party may have against any Lender or other Person, as the case may be, for any reason whatsoever; (B) the occurrence or continuance of a Default or Event of Default; (C) any event or circumstance involving a Material Adverse Effect; (D) any breach of any Loan Document by any party thereto; or (E) any other circumstance, happening or event, whether or not similar to any of the foregoing.

Section 2.05 **Letters of Credit.**

(a) **LC Issuances.** During the Revolving Facility Availability Period, the Borrower may request an LC Issuance at any time and from time to time to issue, for the account of the Borrower or any Subsidiary Guarantor, and subject to and upon the terms and conditions herein set forth, each LC Issuer agrees to issue from time to time Letters of Credit denominated and payable in Dollars or any Designated Foreign Currency and in each case in such form as may be approved by such LC Issuer and the Administrative Agent; *provided, however*, that notwithstanding the foregoing, no LC Issuance shall be made if, after giving effect thereto, (i) the LC Outstandings would exceed the LC Commitment Amount, (ii) the Revolving Facility Exposure of any Lender would exceed such Lender's Revolving Commitment, (iii) the sum of (A) the Aggregate Revolving Facility Exposure, (B) the outstanding principal amount of Swing Loans, and (C) the outstanding principal amount of Competitive Bid Loans, would exceed the Total Revolving Commitment, (iv) the Borrower would be required to prepay Loans or cash collateralize Letters of Credit pursuant to Section 2.13(b) or (v) any Lender is at such time a Defaulting Lender or an Impacted Lender hereunder, unless such LC Issuer has entered into arrangements satisfactory to such LC Issuer (in its sole discretion) with the Borrower or such Defaulting Lender or Impacted Lender to eliminate such LC Issuer's actual or potential risk with respect to such Lender's LC Participation. Subject to Section 2.05(c) below, each Letter of Credit shall have an expiry date (including any renewal periods) occurring not later than the earlier of (y) one year from the date of issuance thereof, or (z) 30 Business Days prior to the Revolving Facility Termination Date.

(b) **LC Requests.** Whenever the Borrower desires that a Letter of Credit be issued for its account or the account of any eligible LC Obligor, the Borrower shall give the Administrative Agent and the applicable LC Issuer written or telephonic notice (in the case of telephonic notice, promptly confirmed in writing if so requested by the Administrative Agent) which, if in the form of written notice, shall be substantially in the form of Exhibit B-4 (each such request, a "**LC Request**"), or transmit by electronic communication (if arrangements for doing so have been approved by the applicable LC Issuer), prior to 11:00 A.M. (local time at the Notice Office) at least three Business Days (or such shorter period as may be reasonably acceptable to the relevant LC Issuer) prior to the proposed date of issuance (which shall be a Business Day), which LC Request shall include such supporting documents that such LC Issuer customarily requires in connection therewith (including, in the case of a Letter of Credit for an account party other than the Borrower, an application for, and if applicable a reimbursement agreement with respect to, such Letter of Credit). In the event of any inconsistency between any of the terms or provisions of any LC Document and the terms and provisions of this Agreement respecting Letters of Credit, the terms and provisions of this Agreement shall control.

(c) Auto-Renewal Letters of Credit. If an LC Obligor so requests in any applicable LC Request, each LC Issuer shall agree to issue a Letter of Credit that has automatic renewal provisions; *provided, however*, that any Letter of Credit that has automatic renewal provisions must permit such LC Issuer to prevent any such renewal at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Once any such Letter of Credit that has automatic renewal provisions has been issued, the Lenders shall be deemed to have authorized (but may not require) such LC Issuer to permit the renewal of such Letter of Credit at any time to an expiry date not later than 30 Business Days prior to the Revolving Facility Termination Date; *provided, however*, that such LC Issuer shall not permit any such renewal if (i) such LC Issuer has determined that it would have no obligation at such time to issue such Letter of Credit in its renewed form under the terms hereof, or (ii) it has received notice (which may be by telephone or in writing) on or before the day that is two Business Days before the date that such LC Issuer is permitted to send a notice of non-renewal from the Administrative Agent, any Lender or the Borrower that one or more of the applicable conditions specified in Section 4.02 is not then satisfied.

(d) Applicability of ISP98. Unless otherwise expressly agreed by the applicable LC Issuer and the applicable LC Obligor, when a Letter of Credit is issued, (i) the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance) shall apply to each Standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance (including the International Chamber of Commerce's decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each Commercial Letter of Credit.

(e) Notice of LC Issuance. Each LC Issuer shall, on the date of each LC Issuance by it, give the Administrative Agent, each applicable Lender and the Borrower written notice of such LC Issuance, accompanied by a copy to the Administrative Agent of the Letter of Credit or Letters of Credit issued by it. Each LC Issuer shall provide to the Administrative Agent a quarterly (or monthly if requested by any applicable Lender) summary describing each Letter of Credit issued by such LC Issuer and then outstanding and an identification for the relevant period of the daily aggregate LC Outstandings represented by Letters of Credit issued by such LC Issuer.

(f) Reimbursement Obligations.

(i) The Borrower hereby agrees to reimburse (or cause any LC Obligor for whose account a Letter of Credit was issued to reimburse) each LC Issuer, by making payment directly to such LC Issuer in immediately available funds at the payment office of such LC Issuer, for any Unreimbursed Drawing with respect to any Letter of Credit immediately after, and in any event on the date on which, such LC Issuer notifies the Borrower (or any such other LC Obligor for whose account such Letter of Credit was issued) of such payment or disbursement (which notice to the Borrower (or such other LC Obligor) shall be delivered reasonably promptly after any such payment or disbursement), such payment to be made in Dollars or in the applicable Designated Foreign Currency in which such Letter of Credit is denominated, with interest on the amount so paid or disbursed by such LC Issuer. The Borrower will be deemed to have given a Notice of Borrowing for Revolving Loans that are Base Rate Loans in an aggregate Dollar Equivalent principal amount sufficient to reimburse such Unreimbursed Drawing (and the Administrative Agent shall promptly give notice to the Lenders of such deemed Notice of Borrowing), the Lenders shall, unless they are legally prohibited from doing so, make the Revolving Loans contemplated by such deemed Notice of Borrowing (which Revolving Loans shall be considered

made under Section 2.02), and the proceeds of such Revolving Loans shall be disbursed directly to the applicable LC Issuer to the extent necessary to effect such reimbursement and repayment of the Unreimbursed Drawing, with any excess proceeds to be made available to the Borrower in accordance with the applicable provisions of this Agreement. To the extent such Unreimbursed Drawing is not reimbursed prior to 1:00 P.M. (local time at the payment office of the applicable LC Issuer) on the date of such payment or disbursement, interest on such Unreimbursed Drawing shall accrue, from and including the date paid or disbursed to but not including the date such LC Issuer is reimbursed therefor at a rate per annum that shall be the rate then applicable to Revolving Loans pursuant to Section 2.09(a)(i) that are Base Rate Loans or, if not reimbursed on the date of such payment or disbursement because the Aggregate Revolving Facility Exposure exceeds the Revolving Commitment, then at the Default Rate, any such interest also to be payable on demand.

(ii) Obligations Absolute. Each LC Obligor's obligation under this Section to reimburse each LC Issuer with respect to Unreimbursed Drawings (including, in each case, interest thereon) shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that such LC Obligor may have or have had against such LC Issuer, the Administrative Agent or any Lender, including, without limitation, any defense based upon the failure of any drawing under a Letter of Credit to conform to the terms of the Letter of Credit or any non-application or misapplication by the beneficiary of the proceeds of such drawing; *provided, however*, that no LC Obligor shall be obligated to reimburse an LC Issuer for any wrongful payment made by such LC Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such LC Issuer.

(g) LC Participations.

(i) Immediately upon each LC Issuance, the LC Issuer of such Letter of Credit shall be deemed to have sold and transferred to each Lender with a Revolving Commitment, and each such Lender (each an "LC Participant") shall be deemed irrevocably and unconditionally to have purchased and received from such LC Issuer, without recourse or warranty, an undivided interest and participation (an "LC Participation"), to the extent of such Lender's Revolving Facility Percentage of the Stated Amount of such Letter of Credit in effect at such time of issuance, in such Letter of Credit, each substitute Letter of Credit, each drawing made thereunder, the obligations of any LC Obligor under this Agreement with respect thereto (although LC Fees relating thereto shall be payable directly to the Administrative Agent for the account of the Lenders as provided in Section 2.11 and the LC Participants shall have no right to receive any portion of any fees of the nature contemplated by Section 2.11(c), (d) or (e)), the obligations of any LC Obligor under any LC Documents pertaining thereto, and any security for, or guaranty pertaining to, any of the foregoing.

(ii) In determining whether to pay under any Letter of Credit, an LC Issuer shall not have any obligation relative to the LC Participants other than to determine that any documents required to be delivered under such Letter of Credit have been delivered and that they appear to comply on their face with the requirements of such Letter of Credit. Any action taken or omitted to be taken by an LC Issuer under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall not create for such LC Issuer any resulting liability.

(iii) If an LC Issuer makes any payment under any Letter of Credit and the applicable LC Obligor shall not have reimbursed such amount in full to such LC Issuer pursuant to Section 2.05(f), such LC Issuer shall promptly notify the Administrative Agent, and the Administrative Agent shall promptly notify each LC Participant of such failure, and each LC Participant shall promptly and unconditionally pay to the Administrative Agent for the account of such LC Issuer, the amount of such LC Participant's Revolving Facility Percentage of such payment in Dollars or in the applicable Designated Foreign Currency in which such Letter of Credit is denominated and in same-day funds; *provided, however*, that no LC Participant shall be obligated to pay to the Administrative Agent its Revolving Facility Percentage of such unreimbursed amount for any wrongful payment made by such LC Issuer under a Letter of Credit as a result of acts or omissions constituting willful misconduct or gross negligence on the part of such LC Issuer. If the Administrative Agent so notifies any LC Participant required to fund a payment under a Letter of Credit prior to 11:00 A.M. (local time at its Notice Office) on any Business Day, such LC Participant shall make available to the Administrative Agent for the account of the relevant LC Issuer such LC Participant's Revolving Facility Percentage of the amount of such payment on such Business Day in same-day funds. If and to the extent such LC Participant shall not have so made its Revolving Facility Percentage of the amount of such payment available to the Administrative Agent for the account of the relevant LC Issuer, such LC Participant agrees to pay to the Administrative Agent for the account of such LC Issuer, forthwith on demand, such amount, together with interest thereon, for each day from such date until the date such amount is paid to the Administrative Agent for the account of such LC Issuer at the Federal Funds Effective Rate. The failure of any LC Participant to make available to the Administrative Agent for the account of the relevant LC Issuer its Revolving Facility Percentage of any payment under any Letter of Credit shall not relieve any other LC Participant of its obligation hereunder to make available to the Administrative Agent for the account of such LC Issuer its Revolving Facility Percentage of any payment under any Letter of Credit on the date required, as specified above, but no LC Participant shall be responsible for the failure of any other LC Participant to make available to the Administrative Agent for the account of such LC Issuer such other LC Participant's Revolving Facility Percentage of any such payment.

(iv) Whenever an LC Issuer receives a payment of a reimbursement obligation as to which the Administrative Agent has received for the account of such LC Issuer any payments from the LC Participants pursuant to subpart (iii) above, such LC Issuer shall pay to the Administrative Agent and the Administrative Agent shall promptly pay to each LC Participant that has paid its Revolving Facility Percentage thereof, in same-day funds, an amount equal to such LC Participant's Revolving Facility Percentage of the principal amount thereof and interest thereon accruing after the purchase of the respective LC Participations, as and to the extent so received.

(v) The obligations of the LC Participants to make payments to the Administrative Agent for the account of each LC Issuer with respect to Letters of Credit shall be irrevocable and not subject to counterclaim, set-off or other defense or any other qualification or exception whatsoever and shall be made in accordance with the terms and conditions of this Agreement under all circumstances, including, without limitation, any of the following circumstances:

(A) any lack of validity or enforceability of this Agreement or any of the other Loan Documents;

(B) the existence of any claim, set-off defense or other right that any LC Obligor may have at any time against a beneficiary named in a Letter of Credit, any transferee of any Letter of Credit (or any Person for whom any such transferee may be acting), the Administrative Agent, any LC Issuer, any Lender, or other Person, whether in connection with this Agreement, any Letter of Credit, the transactions contemplated

herein or any unrelated transactions (including any underlying transaction between the applicable LC Obligor and the beneficiary named in any such Letter of Credit), other than any claim that the applicable LC Obligor may have against any applicable LC Issuer for gross negligence or willful misconduct of such LC Issuer in making payment under any applicable Letter of Credit;

(C) any draft, certificate or other document presented under the Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect;

(D) the surrender or impairment of any security for the performance or observance of any of the terms of any of the Loan Documents; or

(E) the occurrence of any Default or Event of Default.

(vi) To the extent any LC Issuer is not indemnified by the Borrower or any LC Obligor, the LC Participants will reimburse and indemnify such LC Issuer, in proportion to their respective Revolving Facility Percentages, for and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements of whatsoever kind or nature that may be imposed on, asserted against or incurred by such LC Issuer in performing its respective duties in any way related to or arising out of LC Issuances by it; *provided, however*, that no LC Participants shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, claims, actions, judgments, costs, expenses or disbursements resulting from such LC Issuer's gross negligence or willful misconduct.

Section 2.06 Notice of Borrowing.

(a) Time of Notice. Each Borrowing of a Loan (other than a Continuation or Conversion) shall be made upon notice in the form provided for below which shall be provided by the Borrower to the Administrative Agent at its Notice Office not later than (i) in the case of each Borrowing of a Fixed Rate Loan, 1:00 P.M. (local time at its Notice Office) at least three Business Days' prior to the date of such Borrowing, (ii) in the case of each Borrowing of a Base Rate Loan, prior to 1:00 P.M. (local time at its Notice Office) on the proposed date of such Borrowing, and (iii) in the case of any Borrowing under the Swing Line Facility, prior to 1:00 P.M. (local time at its Notice Office) on the proposed date of such Borrowing.

(b) Notice of Borrowing. Each request for a Borrowing (other than a Competitive Bid Borrowing or a Continuation or Conversion) shall be made by an Authorized Officer of the Borrower by delivering written notice of such request substantially in the form of Exhibit B-1 (each such notice, a "Notice of Borrowing") or by telephone (to be confirmed immediately in writing by delivery by an Authorized Officer of the Borrower of a Notice of Borrowing), and in any event each such request shall be irrevocable and shall specify (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (ii) the date of the Borrowing (which shall be a Business Day), (iii) the Type of Loans such Borrowing will consist of, and (iv) if applicable, the initial Interest Period, the Swing Loan Maturity Date (which shall be less than 15 days) and Designated Foreign Currency applicable thereto. Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice permitted to be given hereunder, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer of the Borrower entitled to give telephonic notices under this Agreement on behalf of the Borrower. In each such case, the Administrative Agent's record of the terms of such telephonic notice shall be conclusive absent manifest error.

(c) Minimum Borrowing Amount. The aggregate principal amount of each Borrowing by the Borrower shall not be less than the Minimum Borrowing Amount.

(d) Maximum Borrowings. More than one Borrowing may be incurred by the Borrower on any day; *provided, however*, that (i) if there are two or more Borrowings on a single day by the Borrower that consist of Fixed Rate Loans, each such Borrowing shall have a different initial Interest Period, (ii) at no time shall there be more than seven Borrowings of Fixed Rate Loans outstanding hereunder, (iii) at no time shall there be more than two Borrowings of Swing Loans outstanding hereunder, and (iv) at no time shall there be more than 10 Borrowings outstanding hereunder.

Section 2.07 Funding Obligations; Disbursement of Funds.

(a) Several Nature of Funding Obligations. The Commitments of each Lender hereunder and the obligation of each Lender to make Loans, acquire and fund Swing Loan Participations, and LC Participations, as the case may be, are several and not joint obligations. No Lender shall be responsible for any default by any other Lender in its obligation to make Loans or fund any participation hereunder and each Lender shall be obligated to make the Loans provided to be made by it and fund its participations required to be funded by it hereunder, regardless of the failure of any other Lender to fulfill any of its Commitments hereunder. Nothing herein and no subsequent termination of the Commitments pursuant to Section 2.12 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder and in existence from time to time or to prejudice any rights that the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(b) Borrowings Pro Rata. Except with respect to the making of Swing Loans by the Swing Line Lender and the making of Competitive Bid Loans, all Loans hereunder shall be made and LC Participations acquired by each Lender on a *pro rata* basis based upon each Lender's Revolving Facility Percentage of the amount of such Revolving Borrowing or Letter of Credit in effect on the date the applicable Revolving Borrowing is to be made or the Letter of Credit is to be issued.

(c) Notice to Lenders. The Administrative Agent shall promptly give each Lender, as applicable, written notice (or telephonic notice promptly confirmed in writing) of each proposed Borrowing, or Conversion or Continuation thereof, and LC Issuance, and of such Lender's proportionate share thereof or participation therein and of the other matters covered by the Notice of Borrowing, Notice of Continuation or Conversion, or LC Request, as the case may be, relating thereto.

(d) Funding of Loans.

(i) Loans Generally. No later than 1:00 P.M. (local time at the Payment Office) on the date specified in each Notice of Borrowing or Notice of Competitive Bid Borrowing, each Lender (or, in the case of any such Notice of Competitive Bid Borrowing, each Lender selected by the Borrower to make a Competitive Bid Loan, which has agreed to make such Loan in accordance with Section 2.03) will make available its amount, if any, of each Borrowing requested to be made on such date to the Administrative Agent at the Payment Office in Dollars or the applicable Designated Foreign Currency and in immediately available funds and the Administrative Agent promptly will make available to the Borrower by depositing to its account at the Payment Office (or such other account as the Borrower shall specify) the aggregate of the amounts so made available in the type of funds received.

(ii) Swing Loans. No later than 1:00 P.M. (local time at the Payment Office) on the date specified in each Notice of Borrowing, the Swing Line Lender will make available to the Borrower by depositing to its account at the Payment Office (or such other account as the Borrower shall specify) the aggregate of Swing Loans requested in such Notice of Borrowing.

(e) Advance Funding. Unless the Administrative Agent shall have been notified by any Lender prior to the date of Borrowing that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made the same available to the Borrower, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Lender or the Borrower, as the case may be, interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower to the date such corresponding amount is recovered by the Administrative Agent at a rate per annum equal to (i) if paid by such Lender, the overnight Federal Funds Effective Rate or (ii) if paid by the Borrower, the then applicable rate of interest, calculated in accordance with Section 2.09, for the respective Loans (but without any requirement to pay any amounts in respect thereof pursuant to Section 3.02).

Section 2.08 Evidence of Obligations.

(a) Loan Accounts of Lenders. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the Obligations of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(b) Loan Accounts of Administrative Agent; Lender Register. The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan and Borrowing made hereunder, the Type thereof, the currency in which such Loan is denominated, the Interest Period and applicable interest rate and, in the case of a Swing Loan, the Swing Loan Maturity Date applicable thereto, (ii) the amount and other details with respect to each Letter of Credit issued hereunder, (iii) the amount of any principal due and payable or to become due and payable from the Borrower to each Lender hereunder, (iv) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof, and (v) the other details relating to the Loans, Letters of Credit and other Obligations. In addition, the Administrative Agent, on behalf of the Borrower, shall maintain a register (the "Lender Register") on or in which it will record the names and addresses of the Lenders, and the Commitments, and principal amount of the Loans owing to each of the Lenders pursuant to the terms hereof from time to time. Notwithstanding notice to the contrary, each Person whose name is recorded in the Lender Register pursuant to the terms hereof shall be treated as a Lender for all purposes hereunder. The Administrative Agent will make the Lender Register available to any Lender or the Borrower upon its request.

(c) Effect of Loan Accounts, etc. The entries made in the accounts maintained pursuant to Section 2.08(b) shall be *prima facie* evidence of the existence and amounts of the Obligations recorded therein; *provided*, that the failure of the Administrative Agent to maintain such accounts or any error (other than manifest error) therein shall not in any manner affect the obligation of any Credit Party to repay or prepay the Loans or the other Obligations in accordance with the terms of this Agreement.

(d) Notes. Upon request of any Lender or the Swing Line Lender, the Borrower will execute and deliver to such Lender or the Swing Line Lender, as the case may be, (i) a Revolving Facility Note with blanks appropriately completed in conformity herewith to evidence the Borrower's obligation to pay the principal of, and interest on, the Revolving Loans made to it by such Lender, and (ii) a Swing Line Note with blanks appropriately completed in conformity herewith to evidence the Borrower's obligation to pay the principal of, and interest on, the Swing Loans made to it by the Swing Line Lender; *provided, however*, that the decision of any Lender or the Swing Line Lender to not request a Note shall in no way detract from the Borrower's obligation to repay the Loans and other amounts owing by the Borrower to such Lender or the Swing Line Lender. The indebtedness of the Borrower resulting from each Competitive Bid Loan shall be evidenced by a separate Competitive Bid Note of the Borrower payable to the order of the Lender making such Competitive Bid Loan.

Section 2.09 Interest; Default Rate.

(a) Interest on Revolving Loans. The outstanding principal amount of each Revolving Loan made by each Lender shall bear interest at a fluctuating rate per annum that shall at all times be equal to (i) during such periods as such Revolving Loan is a Base Rate Loan, the Base Rate plus the Applicable Margin in effect from time to time, (ii) during such periods as such Revolving Loan is a Eurodollar Loan, the relevant Adjusted Eurodollar Rate for such Eurodollar Loan for the applicable Interest Period plus the Applicable Margin in effect from time to time, and (iii) during such periods as a Revolving Loan is a Foreign Currency Loan, the relevant Adjusted Foreign Currency Rate for such Foreign Currency Loan for the applicable Interest Period plus the Applicable Margin in effect from time to time.

(b) Interest on Competitive Bid Loans. The outstanding principal amount of each Competitive Bid Loan shall bear interest from the date on which such Competitive Bid Loan was made to the date on which the principal amount of such Competitive Bid Loan is repaid in full, at the rate of interest for such Competitive Bid Loan specified by the Lender making such Competitive Bid Loan in its notice with respect thereto delivered pursuant to Section 2.03(a), payable on the interest payment date or dates specified by the Borrower for such Competitive Bid Loan in the related Notice of Competitive Bid Borrowing, as provided in the Competitive Bid Note evidencing such Competitive Bid Loan.

(c) Interest on Swing Loans. The outstanding principal amount of each Swing Loan shall bear interest from the date of the Borrowing at a rate per annum that shall be equal to the Quoted Rate applicable thereto plus the Applicable Margin for Fixed Rate Loans. Each Swing Loan shall bear interest for a minimum of one day. Interest on all Swing Loans shall be paid on the last day of each month and on the Revolving Facility Termination Date.

(d) Default Interest. Notwithstanding the above provisions, if an Event of Default is in existence, upon written notice by the Administrative Agent (which notice the Administrative Agent shall give at the direction of the Required Lenders), (i) all outstanding amounts of principal and, to the extent permitted by law, all overdue interest, in respect of each Loan shall bear interest, payable on demand, at a rate per annum equal to the Default Rate, and (ii) the LC Fees shall be increased by an additional 2% per annum in excess of the LC Fees otherwise applicable thereto. In addition, if any amount (other than amounts as to which the foregoing subparts (i) and (ii) are applicable) payable by the Borrower under the Loan Documents is not paid when due, upon written notice by the Administrative Agent (which notice the Administrative Agent shall give at the direction of the Required Lenders), such amount shall bear interest, payable on demand, at a rate per annum equal to the Default Rate.

(e) Accrual and Payment of Interest. Interest shall accrue from and including the date of any Borrowing to but excluding the date of any prepayment or repayment thereof and shall be payable by the Borrower as follows: (i) in respect of each Base Rate Loan, quarterly in arrears on the last Business Day

of each March, June, September and December, (ii) in respect of each Fixed Rate Loan, on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in excess of three months, on the dates that are successively three months after the commencement of such Interest Period, (iii) in respect of any Swing Loan, on the Swing Loan Maturity Date applicable thereto, and (iv) in respect of all other Loans, on (A) the date of any repayment or prepayment (other than a repayment or prepayment of a Revolving Loan that is a Base Rate Loan prior to the Revolving Facility Termination Date) on the amount repaid or prepaid, (B) the date of any Conversion on the amount Converted, and (C) the Revolving Facility Termination Date, (v) in respect of any interest not paid when due pursuant to any of the foregoing subparts, on demand, and (vi) in respect of any interest payable pursuant to Section 2.09(c), as set forth in Section 2.09(c).

(f) Computations of Interest. All computations of interest on Fixed Rate Loans and Swing Loans hereunder shall be made on the actual number of days elapsed over a year of 360 days. All computations of interest on Base Rate Loans and Unreimbursed Drawings hereunder shall be made on the actual number of days elapsed over a year of 365 or 366 days, as applicable. Notwithstanding the foregoing, all computations of interest in respect of Competitive Bid Loans shall be made as specified in the applicable Notice of Competitive Bid Borrowing.

(g) Information as to Interest Rates. The Administrative Agent, upon determining the interest rate for any Borrowing, shall promptly notify the Borrower and the Lenders thereof. Any changes in the Applicable Margin shall be determined by the Administrative Agent in accordance with the provisions set forth in the definition of "Applicable Margin" and the Administrative Agent will promptly provide notice of such determinations to the Borrower and the Lenders. Any such determination by the Administrative Agent shall be conclusive and binding absent manifest error.

Section 2.10 Conversion and Continuation of Loans.

(a) Conversion and Continuation of Revolving Loans. The Borrower shall have the right, subject to the terms and conditions of this Agreement, to (i) Convert all or a portion of the outstanding principal amount of Loans of one Type made to it into a Borrowing or Borrowings of another Type of Loans that can be made to it pursuant to this Agreement and (ii) Continue a Borrowing of Eurodollar Loans or Foreign Currency Loans, as the case may be, at the end of the applicable Interest Period as a new Borrowing of Eurodollar Loans or Foreign Currency Loans (in the same Designated Foreign Currency as the original Foreign Currency Loan) with a new Interest Period; *provided, however*, that (A) no Foreign Currency Loan may be Converted into a Base Rate Loan, Eurodollar Loan or a Foreign Currency Loan that is denominated in a different Designated Foreign Currency, and (B) any Conversion of Eurodollar Loans into Base Rate Loans shall be made on, and only on, the last day of an Interest Period for such Eurodollar Loans.

(b) Notice of Continuation and Conversion. Each Continuation or Conversion of a Loan shall be made upon notice in the form provided for below provided by the Borrower to the Administrative Agent at its Notice Office not later than (i) in the case of each Continuation of or Conversion into a Fixed Rate Loan, prior to 1:00 P.M. (local time at its Notice Office) at least three Business Days' prior to the date of such Continuation or Conversion, and (ii) in the case of each Conversion to a Base Rate Loan, prior to 1:00 P.M. (local time at its Notice Office) on the proposed date of such Conversion. Each such request shall be made by an Authorized Officer of the Borrower delivering written notice of such request substantially in the form of Exhibit B-3 (each such notice, a "Notice of Continuation or Conversion") or by telephone (to be confirmed immediately in writing by delivery by an Authorized Officer of the Borrower of a Notice of Continuation or Conversion), and in any event each such request shall be irrevocable and shall specify (A) the Borrowings to be Continued or Converted, (B) the date of the Continuation or Conversion (which shall be a Business Day), and (C) the Interest Period or, in the case of

a Continuation, the new Interest Period. Without in any way limiting the obligation of the Borrower to confirm in writing any telephonic notice permitted to be given hereunder, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer of the Borrower entitled to give telephonic notices under this Agreement on behalf of the Borrower. In each such case, the Administrative Agent's record of the terms of such telephonic notice shall be conclusive absent manifest error.

Section 2.11 Fees.

(a) Facility Fees. The Borrower agrees to pay to the Administrative Agent, for the ratable benefit of each Lender based upon each such Lender's Revolving Facility Percentage (except as otherwise provided in Section 26 with respect to Defaulting Lenders), as consideration for the Revolving Commitments of the Lenders, facility fees (the "Facility Fees") for the period from the Closing Date to, but not including, the Revolving Facility Termination Date, computed for each day at a rate per annum equal to (i) the Facility Fee Rate times (ii) the Total Revolving Commitment in effect on such day. Accrued Facility Fees shall be due and payable in arrears on the last Business Day of each December, March, June and September and on the Revolving Facility Termination Date.

(b) **[Reserved.]**

(c) LC Fees.

(i) Standby Letters of Credit. The Borrower agrees to pay to the Administrative Agent, for the ratable benefit of each Lender with a Revolving Commitment based upon each such Lender's Revolving Facility Percentage (except as otherwise provided in Section 26 with respect to Defaulting Lenders), a fee in respect of each Letter of Credit issued hereunder that is a Standby Letter of Credit for the period from the date of issuance of such Letter of Credit until the expiration date thereof (including any extensions of such expiration date that may be made at the election of the account party or the beneficiary), computed for each day at a rate per annum equal to (A) the Applicable Margin for Revolving Loans that are Eurodollar Loans in effect on such day times (B) the Stated Amount of such Letter of Credit on such day. The foregoing fees shall be payable quarterly in arrears on the last Business Day of each March, June, September and December and on the Revolving Facility Termination Date.

(ii) Commercial Letters of Credit. The Borrower agrees to pay to the Administrative Agent for the ratable benefit of each Lender based upon each such Lender's Revolving Facility Percentage (except as otherwise provided in Section 26 with respect to Defaulting Lenders), a fee in respect of each Letter of Credit issued hereunder that is a Commercial Letter of Credit in an amount equal to (A) the Applicable Margin for Revolving Loans that are Eurodollar Loans in effect on the date of issuance times (B) the Stated Amount of such Letter of Credit. The foregoing fees shall be payable on the date of issuance of such Letter of Credit.

(d) Fronting Fees. The Borrower agrees to pay directly to each LC Issuer, for its own account, a fee in respect of each Letter of Credit issued by it, payable on the date of issuance (or any increase in the amount, or renewal or extension) thereof, computed at the rate of 0.25% per annum on the Stated Amount thereof for the period from the date of issuance (or increase, renewal or extension) to the expiration date thereof (including any extensions of such expiration date which may be made at the election of the beneficiary thereof). The foregoing fees shall be payable quarterly in arrears on the last Business Day of each of March, June, September and December and on the Revolving Facility Termination Date.

(e) Additional Charges of LC Issuer. The Borrower agrees to pay directly to each LC Issuer upon each LC Issuance, drawing under, or amendment, extension, renewal or transfer of, a Letter of Credit issued by it such amount as shall at the time of such LC Issuance, drawing under, amendment, extension, renewal or transfer be the processing charge that such LC Issuer is customarily charging for issuances of, drawings under or amendments, extensions, renewals or transfers of, letters of credit issued by it.

(f) Administrative Agent and Lender Fees. The Borrower shall pay to the Administrative Agent, on the Closing Date and thereafter, for its own account and for the benefit of the Lenders, and shall pay to SunTrust Bank, for its own account, the fees set forth in the Fee Letters.

(g) Computations of Fees. All computations of Facility Fees, LC Fees and other Fees hereunder shall be made on the actual number of days elapsed over a year of 360 days.

Section 2.12 Termination and Reduction of Revolving Commitments.

(a) Mandatory Termination of Revolving Commitments. All of the Revolving Commitments shall terminate on the Revolving Facility Termination Date.

(b) Voluntary Termination of the Total Revolving Commitment. Upon at least three Business Days' prior irrevocable written notice (or telephonic notice confirmed in writing) to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right to terminate in whole the Total Revolving Commitment, *provided* that (i) all outstanding Revolving Loans and Unreimbursed Drawings are contemporaneously prepaid in accordance with Section 2.13 and (ii) either there are no outstanding Letters of Credit or the Borrower shall contemporaneously cause all outstanding Letters of Credit to be surrendered for cancellation (any such Letters of Credit to be replaced by letters of credit issued by other financial institutions reasonably acceptable to each LC Issuer and the Revolving Lenders), *provided further*, that a notice of termination of the Total Revolving Commitment may state that such notice is conditioned on the effectiveness of other credit facilities, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied.

(c) Partial Reduction of Total Revolving Commitment. Upon at least three Business Days' prior irrevocable written notice (or telephonic notice confirmed in writing) to the Administrative Agent at its Notice Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Borrower shall have the right to partially and permanently reduce the Unused Total Revolving Commitment; *provided, however*, that (i) any such reduction shall apply to proportionately, except as set forth in Sections 11.26 and 11.27 (based on each Lender's Revolving Facility Percentage) and permanently reduce the Revolving Commitment of each Lender, (ii) such reduction shall apply to proportionately, except as set forth in Sections 11.26 and 11.27, and permanently reduce the LC Commitment Amount, but only to the extent that the Unused Total Revolving Commitment would be reduced below any such limits, (iii) no such reduction shall be permitted if the Borrower would be required to make a mandatory prepayment of Loans or cash collateralize Letters of Credit pursuant to Section 2.13, and (iv) any partial reduction shall be in the amount of at least \$5,000,000 (or, if greater, in integral multiples of \$1,000,000); *provided further* that the Unused Total Revolving Commitment shall not be reduced to an amount that is less than the aggregate principal amount of Competitive Bid Loans then outstanding.

Section 2.13 Voluntary, Scheduled and Mandatory Prepayments of Loans.

(a) Voluntary Prepayments. The Borrower shall have the right to prepay from time to time any of the Loans (other than Competitive Bid Loans) owing by it, in whole or in part, without premium or penalty (except as specified in subparts (c) and (d) below). The Borrower shall give the Administrative Agent at the Notice Office written or telephonic notice (in the case of telephonic notice, promptly confirmed in writing if so requested by the Administrative Agent) of its intent to prepay the Loans, the amount of such prepayment and (in the case of Fixed Rate Loans) the specific Borrowing(s) pursuant to which the prepayment is to be made, which notice shall be received by the Administrative Agent by (y) 11:00 A.M. (local time at the Notice Office) two Business Days prior to the date of such prepayment, in the case of any prepayment of Fixed Rate Loans, or (z) 11:00 A.M. (local time at the Notice Office) on the date of such prepayment, in the case of any prepayment of Base Rate Loans, and which notice shall promptly be transmitted by the Administrative Agent to each of the affected Lenders, *provided that*:

(i) each partial prepayment shall be in an aggregate principal amount of at least (A) in the case of any prepayment of a Fixed Rate Loan, \$5,000,000 (or, if less, the full amount of such Borrowing) or the Dollar Equivalent thereof, or an integral multiple of \$1,000,000 or the Dollar Equivalent thereof in excess thereof, (B) in the case of any prepayment of a Base Rate Loan, \$5,000,000 (or, if less, the full amount of such Borrowing) or the Dollar Equivalent thereof, or an integral multiple of \$1,000,000 or the Dollar Equivalent thereof in excess thereof, and (C) in the case of any prepayment of a Swing Loan, in the full amount thereof; and

(ii) no partial prepayment of any Loans made pursuant to a Borrowing shall reduce the aggregate principal amount of such Loans outstanding pursuant to such Borrowing to an amount less than the Minimum Borrowing Amount applicable thereto,

(b) Mandatory Payments. The Loans shall be subject to mandatory repayment or prepayment (in the case of any partial prepayment conforming to the requirements as to the amounts of partial prepayments set forth in Section 2.13(a) above), and the LC Outstandings shall be subject to cash collateralization requirements, in accordance with the following provisions:

(i) Maturity. The entire principal amount of all outstanding Revolving Loans shall be repaid in full on the Revolving Facility Termination Date. The Borrower shall repay each Competitive Bid Loan to the Administrative Agent for the account of the Lender that has made such Competitive Bid Loan, on the maturity date applicable to such Competitive Bid Loan, the then unpaid principal amount of such Competitive Bid Loan.

(ii) Loans Exceed the Commitments. If on any date (after giving effect to any other payments on such date) (A) the Revolving Facility Exposure of any Lender exceeds such Lender's Revolving Commitment, (B) the sum of (1) the Aggregate Revolving Facility Exposure, (2) the outstanding principal amount of Swing Loans, and (3) the outstanding principal amount of Competitive Bid Loans, exceeds the Total Revolving Commitment, or (C) the aggregate principal amount of Swing Loans outstanding exceeds the Swing Line Commitment, *then*, in the case of each of the foregoing, the Borrower shall, on such day, prepay on such date the principal amount of Loans and, after Loans have been paid in full, Unreimbursed Drawings, in an aggregate amount at least equal to such excess.

(iii) LC Outstandings Exceed LC Commitment If on any date the LC Outstandings exceed the LC Commitment Amount, *then* the applicable LC Obligor or the Borrower shall, on such day, pay to the Administrative Agent an amount in cash equal to such excess and the Administrative Agent shall hold such payment as security for the reimbursement obligations of

the applicable LC Obligors hereunder in respect of Letters of Credit pursuant to a cash collateral agreement to be entered into in form and substance reasonably satisfactory to the Administrative Agent, each LC Issuer and the Borrower (which shall permit certain investments in Cash Equivalents reasonably satisfactory to the Administrative Agent, each LC Issuer and the Borrower until the proceeds are applied to any Unreimbursed Drawing or to any other Obligations in accordance with any such cash collateral agreement and which shall provide for regular remittance to the Borrower of any interest accrued on such cash collateral amount).

(c) Particular Loans to be Prepaid. With respect to each repayment or prepayment of Loans made or required by this Section, the Borrower shall designate the Types of Loans that are to be repaid or prepaid and the specific Borrowing(s) pursuant to which such repayment or prepayment is to be made; *provided, however,* that (i) the Borrower shall first so designate all Loans that are Base Rate Loans and Fixed Rate Loans with Interest Periods ending on the date of repayment or prepayment prior to designating any other Fixed Rate Loans for repayment or prepayment, and (ii) if the outstanding principal amount of Fixed Rate Loans made pursuant to a Borrowing is reduced below the applicable Minimum Borrowing Amount as a result of any such repayment or prepayment, then all the Loans outstanding pursuant to such Borrowing shall, in the case of Eurodollar Loans, be Converted into Base Rate Loans and, in the case of Foreign Currency Loans, be repaid in full. In the absence of a designation by the Borrower as described in the preceding sentence, the Administrative Agent shall, subject to the above, make such designation in its sole discretion with a view, but no obligation, to minimize breakage costs owing under Article III.

(d) Breakage and Other Compensation. Any prepayment made pursuant to this Section 2.13 shall be accompanied by any amounts payable in respect thereof under Article III.

Section 2.14 Method and Place of Payment.

(a) Generally. All payments made by the Borrower hereunder (including any payments made with respect to the Borrower Guaranteed Obligations under Article X) under any Note or any other Loan Document, shall be made without setoff, counterclaim or other defense.

(b) Application of Payments. Except as specifically set forth elsewhere in this Agreement and subject to Section 8.03, (i) all payments and prepayments of Revolving Loans and Unreimbursed Drawings with respect to Letters of Credit shall be applied by the Administrative Agent on a *pro rata* basis based upon each Lender's Revolving Facility Percentage of the amount of such prepayment, and (ii) all payments or prepayments of Swing Loans shall be applied by the Administrative Agent to pay or prepay such Swing Loans.

(c) Payment of Obligations. Except as specifically set forth elsewhere in this Agreement, all payments under this Agreement with respect to any of the Obligations shall be made to the Administrative Agent on the date when due and shall be made at the Payment Office in immediately available funds and, except as set forth in the next sentence, shall be made in Dollars. With respect to any Foreign Currency Loan, all payments (including prepayments) to any Lender of the principal or of interest on such Foreign Currency Loan shall be made in the same Designated Foreign Currency as the original Loan and with respect to any Letter of Credit issued in a Designated Foreign Currency, all Unreimbursed Drawings with respect to each such Letter of Credit shall be made in the same Designated Foreign Currency in which each such Letter of Credit was issued.

(d) Timing of Payments. Any payments under this Agreement that are made later than 11:00 A.M. (local time at the Payment Office) shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable during such extension at the applicable rate in effect immediately prior to such extension.

(e) Distribution to Lenders. Upon the Administrative Agent's receipt of payments hereunder, the Administrative Agent shall immediately distribute to each Lender or the applicable LC Issuer, as the case may be, its ratable share, if any, of the amount of principal, interest, and Fees received by it for the account of such Lender. Payments received by the Administrative Agent in Dollars shall be delivered to the Lenders or the applicable LC Issuer, as the case may be, in Dollars in immediately available funds. Payments received by the Administrative Agent in any Designated Foreign Currency shall be delivered to the Lenders or the applicable LC Issuer, as the case may be, in such Designated Foreign Currency in same-day funds; *provided, however*, that if at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, Unreimbursed Drawings, interest and Fees then due hereunder then, except as specifically set forth elsewhere in this Agreement and subject to Section 8.03, such funds shall be applied, *first*, towards payment of interest and Fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and Fees then due to such parties, and *second*, towards payment of principal and Unreimbursed Drawings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and Unreimbursed Drawings then due to such parties.

Section 2.15 Guaranty by the Borrower.

(a) Borrower Guaranteed Obligations. The Borrower hereby unconditionally guarantees, for the benefit of the Benefited Creditors, all of the following (collectively, the "Borrower Guaranteed Obligations"): all amounts, indemnities and reimbursement obligations, direct or indirect, contingent or absolute, of every type or description, and at any time existing owing by any Subsidiary of the Borrower under any Designated Hedge Agreement or any other document or agreement executed and delivered in connection therewith to any Designated Hedge Creditor, in all cases whether now existing or hereafter incurred or arising, including any such interest or other amounts incurred or arising during the pendency of any bankruptcy, insolvency, reorganization, receivership or similar proceeding, regardless of whether allowed or allowable in such proceeding or subject to an automatic stay under Section 362(a) of the Bankruptcy Code). Upon failure by any Credit Party to pay punctually any of the Borrower Guaranteed Obligations, the Borrower shall forthwith on demand by the Administrative Agent pay the amount not so paid at the place and in the currency and otherwise in the manner specified in this Agreement or any other applicable agreement or instrument.

(b) Additional Undertaking. As a separate, additional and continuing obligation, the Borrower unconditionally and irrevocably undertakes and agrees, for the benefit of the Benefited Creditors that, should any Borrower Guaranteed Obligations not be recoverable from the Borrower under Section 2.15(a) for any reason whatsoever (including, without limitation, by reason of any provision of any Loan Document or any other agreement or instrument executed in connection therewith being or becoming void, unenforceable, or otherwise invalid under any applicable law) then, notwithstanding any notice or knowledge thereof by any Lender, the Administrative Agent, any of their respective Affiliates, or any other person, at any time, the Borrower as sole, original and independent obligor, upon demand by the Administrative Agent, will make payment to the Administrative Agent, for the account of the Benefited Creditors, of all such obligations not so recoverable by way of full indemnity, in such currency and otherwise in such manner as is provided in the Loan Documents or any other applicable agreement or instrument.

(c) Guaranty Unconditional. The obligations of the Borrower under this Section 2.15 shall be unconditional and absolute and, without limiting the generality of the foregoing shall not be released, discharged or otherwise affected by the occurrence, one or more times, of any of the following:

(i) any extension, renewal, settlement, compromise, waiver or release in respect to the Borrower Guaranteed Obligations under any agreement or instrument, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to this Agreement, any Note, any other Loan Document, or any agreement or instrument evidencing or relating to any Borrower Guaranteed Obligation;

(iii) any release, non-perfection or invalidity of any direct or indirect security for the Borrower Guaranteed Obligations under any agreement or instrument evidencing or relating to any Borrower Guaranteed Obligations;

(iv) any change in the corporate existence, structure or ownership of any Credit Party or other Subsidiary or any insolvency, bankruptcy, reorganization or other similar proceeding affecting any Credit Party or other Subsidiary or its assets or any resulting release or discharge of any obligation of any Credit Party or other Subsidiary contained in any agreement or instrument evidencing or relating to any of the Borrower Guaranteed Obligations;

(v) the existence of any claim, set-off or other rights which the Borrower may have at any time against any other Credit Party, the Administrative Agent, any Lender, any Affiliate of any Lender or any other Person, whether in connection herewith or any unrelated transactions;

(vi) any invalidity or unenforceability relating to or against any other Credit Party for any reason of any agreement or instrument evidencing or relating to any of the Borrower Guaranteed Obligations, or any provision of applicable law or regulation purporting to prohibit the payment by any Credit Party of any of the Borrower Guaranteed Obligations; or

(vii) any other act or omission of any kind by any other Credit Party, the Administrative Agent, any Lender or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 2.15, constitute a legal or equitable discharge of the Borrower's obligations under this Section other than the irrevocable payment in full of all Borrower Guaranteed Obligations.

(d) Borrower Obligations to Remain in Effect; Restoration. The Borrower's obligations under this Section 2.15 shall remain in full force and effect until the Commitments shall have terminated, and the principal of and interest on the Notes and other Borrower Guaranteed Obligations, and all other amounts payable by the Borrower, any other Credit Party or other Subsidiary, under the Loan Documents or any other agreement or instrument evidencing or relating to any of the Borrower Guaranteed Obligations, shall have been paid in full. If at any time any payment of any of the Borrower Guaranteed Obligations is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Credit Party, the Borrower's obligations under this Section 2.15 with respect to such payment shall be reinstated at such time as though such payment had been due but not made at such time.

(e) Waiver of Acceptance, etc. The Borrower irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any person against any other Credit Party or any other Person, or against any collateral or guaranty of any other Person.

(f) Subrogation. Until the indefeasible payment in full of all of the Obligations and the termination of the Commitments hereunder, the Borrower shall have no rights, by operation of law or otherwise, upon making any payment under this Section to be subrogated to the rights of the payee against any other Credit Party with respect to such payment or otherwise to be reimbursed, indemnified or exonerated by any such Credit Party in respect thereof.

(g) Effect of Stay. If acceleration of the time for payment of any amount payable by any Credit Party under any of the Borrower Guaranteed Obligations is stayed upon insolvency, bankruptcy or reorganization of such Credit Party, all such amounts otherwise subject to acceleration under the terms of any applicable agreement or instrument evidencing or relating to any of the Borrower Guaranteed Obligations shall nonetheless be payable by the Borrower under this Section 2.15 forthwith on demand by the Administrative Agent.

Section 2.16 Extension of Termination Date. (a) At least 45 days but not more than 90 days prior to the date which is one year prior to the Revolving Facility Termination Date then in effect (such date, the “Extension Request Date”), the Borrower, by written notice to the Administrative Agent, may request an extension of the Revolving Facility Termination Date in effect at such time by one year from its then scheduled expiration. The Administrative Agent shall promptly (and in any case, within 5 Business Days of its receipt of such notice), notify each Lender of such request, and each Lender shall in turn, in its sole discretion, at least 30 days prior to the Extension Request Date, notify the Borrower and the Administrative Agent in writing as to whether such Lender will consent to such extension. If any Lender shall fail to notify the Administrative Agent and the Borrower in writing of its consent to any such request for extension of the Revolving Facility Termination Date at least 20 days prior to the Revolving Facility Termination Date, such Lender shall be deemed to be a Non-Consenting Lender with respect to such extension request. The Administrative Agent shall notify the Borrower not later than 15 days prior to the Extension Request Date of the decision of the Lenders regarding the Borrower’s request for an extension of the Revolving Facility Termination Date.

(b) If all the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.16, the Revolving Facility Termination Date in effect at such time shall, effective as at the Extension Request Date (the “Extension Date”), be extended for one year; *provided* that on each Extension Date the applicable conditions set forth in Section 4.02 shall be satisfied. If less than all of the Lenders consent in writing to any such request in accordance with subsection (a) of this Section 2.16, the Revolving Facility Termination Date in effect at such time shall, effective as at the applicable Extension Date and subject to subsection (d) of this Section 2.16, be extended as to those Lenders that so consented (each a “Consenting Lender”) but shall not be extended as to any other Lender (each a “Non-Consenting Lender”). To the extent that the Revolving Facility Termination Date is not extended as to any Lender pursuant to this Section 2.16 and the Commitment of such Lender is not assumed in accordance with subsection (c) of this Section 2.16 on or prior to the applicable Extension Date, the Commitment of such Non-Consenting Lender shall automatically terminate in whole on such unextended Revolving Facility Termination Date without any further notice or other action by the Borrower, such Lender or any other Person; *provided* that such Non-Consenting Lender’s rights under Sections 3.01, 11.01 or 11.02, and its obligations under Section 9.09, shall survive the Revolving Facility Termination Date for such Lender as to matters occurring prior to such date. It is understood and agreed that no Lender shall have any obligation whatsoever to agree to any request made by the Borrower for any requested extension of the Revolving Facility Termination Date.

(c) If less than all of the Lenders consent to any such request pursuant to subsection (a) of this Section 2.16, the Administrative Agent shall promptly so notify the Consenting Lenders, and each Consenting Lender may, in its sole discretion, give written notice to the Administrative Agent not later than 10 days prior to the Revolving Facility Termination Date of the amount of the Non-Consenting Lenders' Commitments for which it is willing to accept an assignment. If the Consenting Lenders notify the Administrative Agent that they are willing to accept assignments of Commitments in an aggregate amount that exceeds the amount of the Commitments of the Non-Consenting Lenders, such Commitments shall be allocated among the Consenting Lenders willing to accept such assignments in such amounts as are agreed between the Borrower and the Administrative Agent. If after giving effect to the assignments of Commitments described above there remains any Commitments of Non-Consenting Lenders, the Borrower may arrange for one or more Consenting Lenders or other Eligible Assignees (each, an "Assuming Lender") to assume, effective as of the Extension Date, any Non-Consenting Lender's Commitment and all of the obligations of such Non-Consenting Lender under this Agreement thereafter arising, without recourse to or warranty by, or expense to, such Non-Consenting Lender; *provided, however*, that the amount of the Commitment of any such Assuming Lender as a result of such substitution shall in no event be less than \$10,000,000 unless the amount of the Commitment of such Non-Consenting Lender is less than \$10,000,000, in which case such Assuming Lender shall assume all of such lesser amount; and *provided further* that:

(i) any such Consenting Lender or Assuming Lender shall have paid to such Non-Consenting Lender (A) the aggregate principal amount of, and any interest accrued and unpaid to the effective date of the assignment on, the Revolving Credit Exposure, if any, of such Non-Consenting Lender plus (B) any accrued but unpaid Fees owing to such Non-Consenting Lender as of the effective date of such assignment;

(ii) all additional costs reimbursements, expense reimbursements and indemnities payable to such Non-Consenting Lender, and all other accrued and unpaid amounts owing to such Non-Consenting Lender hereunder, as of the effective date of such assignment shall have been paid to such Non-Consenting Lender; and

(iii) with respect to any such Assuming Lender, the applicable processing and recordation fee required under Section 11.06(c)(i)(D) for such assignment shall have been paid;

provided further that such Non-Consenting Lender's rights under Sections 3.01, 11.01 or 11.02, and its obligations under Section 9.09, shall survive such substitution as to matters occurring prior to the date of substitution. At least three Business Days prior to any Extension Date, (A) each such Assuming Lender, if any, shall have delivered to the Borrower and the Administrative Agent an Assumption Agreement, duly executed by such Assuming Lender, such Non-Consenting Lender, the Borrower and the Administrative Agent, (B) any such Consenting Lender shall have delivered confirmation in writing satisfactory to the Borrower and the Administrative Agent as to the increase in the amount of its Commitment and (C) each Non-Consenting Lender being replaced pursuant to this Section 2.16 shall have delivered to the Administrative Agent any Note or Notes held by such Non-Consenting Lender. Upon the payment or prepayment of all amounts referred to in clauses (i), (ii) and (iii) of the immediately preceding sentence, each such Consenting Lender or Assuming Lender, as of the Extension Date, will be substituted for such Non-Consenting Lender under this Agreement and shall be a Lender for all purposes of this Agreement, without any further acknowledgment by or the consent of the other Lenders, and the obligations of each such Non-Consenting Lender hereunder shall, by the provisions hereof, be released and discharged.

(d) If (after giving effect to any assignments or assumptions pursuant to subsection (c) of this Section 2.16) Lenders having Commitments equal to at least 50% of the Commitments in effect immediately prior to the Extension Date consent in writing to a requested extension (whether by execution or delivery of an Assumption Agreement or otherwise) not later than one Business Day prior to such Extension Date, the Administrative Agent shall so notify the Borrower, and, subject to the satisfaction of the applicable conditions in Section 4.02, the Revolving Facility Termination Date then in effect shall be extended for the additional one-year period as described in subsection (a) of this Section 2.16, and all references in this Agreement, and in the Notes, if any, to the "Revolving Facility Termination Date" shall, with respect to each Consenting Lender and each Assuming Lender for such Extension Date, refer to the Revolving Facility Termination Date as so extended. Promptly following each Extension Date, the Administrative Agent shall notify the Lenders (including, without limitation, each Assuming Lender) of the extension of the scheduled Revolving Facility Termination Date in effect immediately prior thereto and shall thereupon record in the Lender Register the relevant information with respect to each such Consenting Lender and each such Assuming Lender.

ARTICLE III.

INCREASED COSTS, ILLEGALITY AND TAXES

Section 3.01 Increased Costs, Illegality, etc.

(a) Subject to Section 3.05, if (y) in the case of clause (i) below, the Administrative Agent or (z) in the case of clauses (ii) and (iii) below, any Lender, shall have determined on a reasonable basis (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the interest rate applicable to any Fixed Rate Loan for any Interest Period that, by reason of any changes arising after the Closing Date, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in this Agreement for such Fixed Rate Loan; or

(ii) at any time, that such Lender shall incur increased costs or reductions in the amounts received or receivable by it hereunder in an amount that such Lender deems material with respect to any Fixed Rate Loans (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in the rate of taxes or similar charges) because of (x) any change since the date such Lender becomes party to this Agreement in any applicable law, governmental rule, regulation, guideline, order or request (whether or not having the force of law), or in the interpretation or administration thereof and including the introduction of any new law or governmental rule, regulation, guideline, order or request (such as, for example, but not limited to, a change in official reserve requirements, but, in all events, excluding reserves already includable in the interest rate applicable to such Fixed Rate Loan pursuant to this Agreement) or (y) other circumstances arising after the date such Lender becomes party to this Agreement adversely affecting the London interbank market or the position of such Lender in any such market; or

(iii) at any time, that the making or continuance of any Fixed Rate Loan has become unlawful by compliance by such Lender in good faith with any change since the date such Lender becomes party to this Agreement in any law, governmental rule, regulation, guideline or order, or the interpretation or application thereof, or would conflict with any thereof not having the force of law but with which such Lender customarily complies, or has become impracticable as a result of a contingency occurring after the date such Lender becomes party to this Agreement that materially adversely affects the London interbank market;

then, and in each such event, such Lender (or the Administrative Agent in the case of clause (i) above) shall (1) on or promptly following such date or time and (2) within 10 Business Days of the date on which such event no longer exists give notice (by telephone confirmed in writing) to the Borrower and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, the affected Type of Fixed Rate Loans shall no longer be available until such time as the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist, and any Notice of Borrowing, Notice of Competitive Bid Borrowing or Notice of Continuation or Conversion given by the Borrower with respect to such Type of Fixed Rate Loans that have not yet been incurred, Converted or Continued shall be deemed rescinded by the Borrower or, in the case of a Notice of Borrowing other than a Borrowing of Foreign Currency Loans, shall, at the option of the Borrower, be deemed converted into a Notice of Borrowing for Base Rate Loans to be made on the date of Borrowing contained in such Notice of Borrowing, (y) in the case of clause (ii) above, the Borrower shall pay to such Lender, upon written demand therefor, such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (a written notice as to the additional amounts owed to such Lender, showing the basis for the calculation thereof, which basis must be reasonable, submitted to the Borrower by such Lender shall, absent manifest error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrower shall take one of the actions specified in Section 3.01(b) as promptly as possible and, in any event, within the time period required by law.

(b) At any time that any Fixed Rate Loan is affected by the circumstances described in Section 3.01(a)(ii) or (iii), the Borrower may (and in the case of a Fixed Rate Loan affected pursuant to Section 3.01(a)(iii) the Borrower shall) either (i) if the affected Fixed Rate Loan is then being made pursuant to a Borrowing, by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Borrower was notified by a Lender pursuant to Section 3.01(a)(ii) or (iii), cancel said Borrowing, or, in the case of any Borrowing other than a Borrowing of Foreign Currency Loans, convert the related Notice of Borrowing into one requesting a Borrowing of Base Rate Loans or require the affected Lender to make its requested Loan as a Base Rate Loan, or (ii) if the affected Fixed Rate Loan is then outstanding, upon at least one Business Day's notice to the Administrative Agent, require the affected Lender to Convert each such Fixed Rate Loan into a Base Rate Loan or, in the case of a Foreign Currency Loan, prepay in full such Foreign Currency Loan; *provided, however*, that if more than one Lender is affected at any time, then all affected Lenders must be treated the same pursuant to this Section 3.01(b).

(c) If any Lender shall have determined that after the date such Lender becomes party to this Agreement, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged by law with the interpretation or administration thereof, or compliance by such Lender or its parent corporation with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank, or comparable agency, in each case made subsequent to the date such Lender becomes party to this Agreement, has or would have the effect of reducing by an amount reasonably deemed by such Lender to be material to the rate of return on such Lender's or its parent corporation's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent corporation could have achieved but for such adoption, effectiveness, change or compliance (taking into consideration such Lender's or its parent corporation's policies with respect to capital adequacy), then from time to time, within 15 days after demand by such Lender (with a copy to the Administrative Agent), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent corporation for such reduction. Any affected Lender, upon

determining in good faith that any additional amounts are payable pursuant to this Section 3.01(c), will give prompt written notice thereof to the Borrower, which notice shall set forth, in reasonable detail, the basis of the calculation of such additional amounts, which basis must be reasonable, although the failure to give any such notice shall not release or diminish any of the Borrower's obligations to pay additional amounts pursuant to this Section 3.01(c) upon the subsequent receipt of such notice.

(d) Notwithstanding anything in this Agreement to the contrary, (i) no Lender shall be entitled to compensation or payment or reimbursement of other amounts under Section 3.01 or Section 3.04 for any amounts incurred or accruing more than 90 days prior to the giving of notice to the Borrower of additional costs or other amounts of the nature described in such Sections, and (ii) no Lender shall demand compensation for any reduction referred to in Section 3.01(c) or payment or reimbursement of other amounts under Section 3.04 if it shall not at the time be the general policy or practice of such Lender to demand such compensation, payment or reimbursement of borrowers in similar circumstances under comparable provisions of other credit agreements.

Section 3.02 Breakage Compensation. The Borrower shall compensate any Lender (including the Swing Line Lender), upon its written request (which request shall set forth the detailed basis for requesting and the method of calculating such compensation), for all reasonable losses, costs, expenses and liabilities (including, without limitation, any loss, cost, expense or liability incurred by reason of the liquidation or reemployment of deposits or other funds required by such Lender to fund its Fixed Rate Loans or Swing Loans and costs associated with foreign currency hedging obligations incurred by such Lender in connection with any Fixed Rate Loan) which such Lender has incurred in connection with any of the following: (i) if for any reason (other than a default by such Lender or the Administrative Agent) a Borrowing of Fixed Rate Loans or Swing Loans does not occur on a date specified therefor in a Notice of Borrowing, a Notice of Competitive Bid Borrowing or a Notice of Continuation or Conversion (whether or not withdrawn by the Borrower or deemed withdrawn pursuant to Section 3.01(a)); (ii) if any repayment, prepayment, Conversion or Continuation of any Fixed Rate Loan occurs on a date that is not the last day of an Interest Period applicable thereto or any Swing Loan is paid prior to the Swing Loan Maturity Date applicable thereto; (iii) if any prepayment of any of its Fixed Rate Loans is not made on any date specified in a notice of prepayment given by the Borrower; (iv) as a result of an assignment by a Lender of any Fixed Rate Loan other than on the last day of the Interest Period applicable thereto pursuant to a request by the Borrower pursuant to Section 3.05(b); or (v) as a consequence of (y) any other default by the Borrower to repay or prepay any Fixed Rate Loans when required by the terms of this Agreement or (z) an election made pursuant to Section 3.05(b). The written request of any affected Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such request within 10 days after receipt thereof.

Section 3.03 Net Payments.

(a) Except as provided for in Section 3.03(b), all payments made by the Borrower hereunder, under any Note or any other Loan Document, including all payments made by the Borrower pursuant to its guaranty obligations under Section 2.15, will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, with respect to the Administrative Agent, any Lender, or any other recipient of any payment made by the Borrower hereunder, (i) any tax imposed on or measured by the net income or net profits of such Person and franchise taxes imposed on it pursuant to the laws of the jurisdiction under which such Lender is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender,

as applicable, is located or in which it is otherwise doing business or any subdivision thereof or therein, and (ii) any branch profits or similar taxes imposed by any jurisdiction in which such Person is located) and all interest, penalties or similar liabilities with respect to such non-excluded taxes, levies imposts, duties, fees, assessments or other charges other than those resulting from the gross negligence or willful misconduct of the Administrative Agent, any Lender, or any other recipient of any payment made by the Borrower hereunder (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as “Taxes”). If any Taxes are so levied or imposed, the Borrower agrees to pay the full amount of such Taxes and such additional amounts (including additional amounts to compensate for withholding on amounts paid pursuant to this Section 3.03) as may be necessary so that every payment by it of all amounts due hereunder, under any Note or under any other Loan Document, after withholding or deduction of any Taxes will not be less than the amount provided for herein or in such Note or in such other Loan Document. The Borrower will indemnify and hold harmless any Lender, and reimburse such Lender upon its written request, for the amount of any Taxes imposed on and paid by such Lender. The Borrower will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes, or any withholding or deduction on account thereof, is due pursuant to applicable law certified copies of tax receipts, or other evidence reasonably satisfactory to the respective Lender, evidencing such payment by the Borrower.

(b) Each Lender that is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for federal income tax purposes and that is entitled to claim an exemption from or reduction in United States withholding tax with respect to a payment by Borrower agrees to provide to the Borrower and the Administrative Agent on or prior to the Closing Date, or in the case of a Lender that is an assignee or transferee of an interest under this Agreement pursuant to Section 11.06 (unless the respective Lender was already a Lender hereunder immediately prior to such assignment or transfer and such Lender is in compliance with the provisions of this Section), on or prior to the date of such assignment or transfer to such Lender, and from time to time thereafter if required by the Borrower or the Administrative Agent two accurate and complete original signed copies of Internal Revenue Service Forms W-8BEN, W-8ECI, W-8EXP or W-8IMY (or successor, substitute or other appropriate forms and, in the case of Form W-8IMY, complete with accompanying Forms W-8BEN with respect to beneficial owners of the payment) certifying to such Lender’s entitlement to exemption from or a reduced rate of withholding of United States withholding tax with respect to payments to be made under this Agreement, any Note or any other Loan Document, along with any other appropriate documentation establishing such exemption or reduction (such as statements certifying qualification for exemption with respect to portfolio interest). In addition, each Lender agrees that from time to time after the Closing Date, when a lapse in time or change in circumstances renders the previous certification obsolete or inaccurate in any material respect, it will deliver to the Borrower and the Administrative Agent two new accurate and complete original signed copies of the applicable Internal Revenue Service form establishing such exemption or reduction (such as statements certifying qualification for exemption with respect to portfolio interest) and any related documentation as may be required to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax if the Lender continues to be so entitled. No Lender shall be required by this Section 3.03(b) to deliver a form or certificate that it is not legally entitled to deliver. The Borrower shall not be obligated pursuant to Section 3.03(a) to pay additional amounts on account of or indemnify with respect to Taxes to the extent that such Taxes arise solely due to a Lender’s failure to deliver forms that it was legally entitled to but failed to deliver under this Section 3.03(b). The Borrower agrees to pay additional amounts and indemnify each Lender in the manner set forth in Section 3.03(a) in respect of any Taxes deducted or withheld by it as a result of any changes after the date such Lender becomes party to this Agreement in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of income or similar Taxes.

(c) Each Lender or Administrative Agent that is a United States person (as such term is defined in Section 7701(a)(30) of the Code) for federal income tax purposes shall deliver at the time(s) and in the manner(s) prescribed by applicable law, to the Borrower and the Administrative Agent (as applicable), a properly completed and duly executed Internal Revenue Service Form W-9 or any successor form, certifying that such Person is exempt from United States backup withholding tax on payments made hereunder. The Borrower shall not be obligated pursuant to Section 3.03(a) to pay additional amounts on account of or indemnify with respect to Taxes to the extent that such Taxes arise solely due to a Person's failure to deliver forms that it was legally entitled to but failed to deliver under this Section 3.03(c).

(d) If any Lender, in its reasonable discretion, determines that it has finally and irrevocably received or been granted a refund in respect of any Taxes as to which indemnification has been paid by the Borrower pursuant to this Section 3.03, it shall promptly remit such refund (including any interest received in respect thereof), net of all out-of-pocket costs and expenses to the Borrower; *provided, however*, that the Borrower agrees to promptly return any such refund (plus interest) to such Lender in the event such Lender is required to repay such refund to the relevant taxing authority. Any such Lender shall provide the Borrower with a copy of any notice of assessment from the relevant taxing authority (redacting any unrelated confidential information contained therein) requiring repayment of such refund. Nothing contained herein shall impose an obligation on any Lender to apply for any such refund.

Section 3.04 Increased Costs to LC Issuers. If after the date an LC Issuer or Lender becomes party to this Agreement, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any LC Issuer or any Lender with any request or directive (whether or not having the force of law) by any such authority, central bank or comparable agency (in each case made subsequent to the Closing Date) shall either (i) impose, modify or make applicable any reserve, deposit, capital adequacy or similar requirement against Letters of Credit issued by such LC Issuer or such Lender's participation therein, or (ii) impose on such LC Issuer or any Lender any other conditions affecting this Agreement, any Letter of Credit or such Lender's participation therein; and the result of any of the foregoing is to increase the cost to such LC Issuer or such Lender of issuing, maintaining or participating in any Letter of Credit, or to reduce the amount of any sum received or receivable by such LC Issuer or such Lender hereunder (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in the rate of taxes or similar charges), then, upon demand to the Borrower by such LC Issuer or such Lender (a copy of which notice shall be sent by such LC Issuer or such Lender to the Administrative Agent), the Borrower shall pay to such LC Issuer or such Lender such additional amount or amounts as will compensate any such LC Issuer or such Lender for such increased cost or reduction. A certificate submitted to the Borrower by any affected LC Issuer or Lender, as the case may be (a copy of which certificate shall be sent by such LC Issuer or such Lender to the Administrative Agent), setting forth, in reasonable detail, the basis for the determination of such additional amount or amounts necessary to compensate such LC Issuer or such Lender as aforesaid shall be conclusive and binding on the Borrower absent manifest error, although the failure to deliver any such certificate shall not release or diminish the Borrower's obligations to pay additional amounts pursuant to this Section 3.04.

Section 3.05 Change of Lending Office; Replacement of Lenders.

(a) Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Sections 3.01(a)(ii) or (iii), 3.01(c), 3.03 or 3.04 requiring the payment of additional amounts to the Lender, such Lender will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another Applicable Lending Office for any Loans or

Commitments affected by such event; *provided, however*, that such designation is made on such terms that such Lender and its Applicable Lending Office suffer no economic, legal or regulatory disadvantage, with the object of avoiding the consequence of the event giving rise to the operation of any such Section.

(b) If (i) any Lender requests any compensation, reimbursement or other payment under Sections 3.01(a)(ii) or (iii), 3.01(c) or 3.04 with respect to such Lender, (ii) the Borrower is required to pay any additional amount to any Lender or Governmental Authority pursuant to Section 3.03, or (iii) if any Lender is a Defaulting Lender or an Impacted Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with the restrictions contained in Section 11.06(c)), all its interests, rights and obligations under this Agreement to an Eligible Assignee that shall assume such obligations; *provided, however*, that (1) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld or delayed, (2) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts, including any breakage compensation under Section 3.02), and (3) in the case of any such assignment resulting from a claim for compensation, reimbursement or other payments required to be made under Section 3.01(a)(ii) or (iii), Section 3.01(c) or Section 3.04 with respect to such Lender, or resulting from any required payments to any Lender or Governmental Authority pursuant to Section 3.03, such assignment will result in a reduction in such compensation, reimbursement or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(c) Nothing in this Section 3.05 shall affect or postpone any of the obligations of the Borrower or the right of any Lender provided in Sections 3.01, 3.03 or 3.04.

ARTICLE IV.

CONDITIONS PRECEDENT

Section 4.01 Conditions Precedent at Closing Date. The obligation of the Lenders to make Loans, and of any LC Issuer to issue Letters of Credit, is subject to the satisfaction of each of the following conditions on or prior to the Closing Date:

(i) Credit Agreement. This Agreement shall have been executed by the Borrower, the Subsidiary Guarantors, the Administrative Agent, each LC Issuer and each of the Lenders.

(ii) Notes. The Borrower shall have executed and delivered to the Administrative Agent the appropriate Note or Notes for the account of each Lender that has requested the same.

(iii) Fees. The Borrower shall have paid (A) to the Administrative Agent, for its own account, the fees required to be paid by it on the Closing Date described in the Fee Letters, (B) all fees payable to the Lenders on the Closing Date agreed to by the Borrower on or prior to the Closing Date, and (C) all reasonable fees and expenses of the Administrative Agent and of special counsel to the Administrative Agent that have been invoiced on or prior to the Closing Date in connection with the preparation, execution and delivery of this Agreement and the other Loan Documents and the consummation of the transactions contemplated hereby and thereby.

(iv) Corporate Resolutions and Approvals. The Administrative Agent shall have received certified copies of the resolutions of the Board of Directors of the Borrower and each Subsidiary Guarantor approving the Loan Documents to which the Borrower or any such Subsidiary Guarantor, as the case may be, is or may become a party, and of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to the execution, delivery and performance by the Borrower or any such Subsidiary Guarantor of the Loan Documents to which it is or may become a party.

(v) Incumbency Certificates. The Administrative Agent shall have received a certificate of the Secretary or an Assistant Secretary of the Borrower and of each Subsidiary Guarantor certifying the names and true signatures of the officers of the Borrower or such Subsidiary Guarantor, as the case may be, authorized to sign the Loan Documents to which the Borrower or such Subsidiary Guarantor is a party and any other documents to which the Borrower or any such other Subsidiary Guarantor is a party that may be executed and delivered in connection herewith.

(vi) Opinions of Counsel. The Administrative Agent shall have received such opinions of counsel from counsel to the Borrower and the Subsidiary Guarantors as the Administrative Agent shall request, each of which shall be addressed to the Administrative Agent and each of the Lenders and dated the Closing Date and in form and substance reasonably satisfactory to the Administrative Agent.

(vii) Search Reports. The Administrative Agent shall have received the results of UCC and other search reports from one or more commercial search firms reasonably acceptable to the Administrative Agent, listing all of the effective financing statements filed against any Credit Party, together with copies of such financing statements.

(viii) Corporate Charter and Good Standing Certificates. The Administrative Agent shall have received: (A) an original certified copy of the Certificate or Articles of Incorporation or equivalent formation document of the Borrower and any and all amendments and restatements thereof, certified as of a recent date by the relevant Secretary of State; (B) an original good standing certificate for each Credit Party from the Secretary of State of the state of its incorporation or formation, dated as of a recent date, listing all charter documents affecting such Credit Party and certifying as to the good standing of such Credit Party; and (C) copies of the Certificate or Articles of Incorporation or equivalent formation document of each Credit Party and any and all amendments and restatement thereof, certified by the Secretary (or equivalent officer) of such Credit Party.

(ix) Closing Certificate. The Administrative Agent shall have received a certificate substantially in the form of Exhibit D, dated the Closing Date, of an Authorized Officer of the Borrower, certifying that, at and as of the Closing Date, (A) both before and after giving effect to the initial Borrowings hereunder and the application of the proceeds thereof, (1) no Default or Event of Default has occurred or is continuing and (2) all representations and warranties of the Credit Parties contained herein or in the other Loan Documents are true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is true and correct in all respects); and (B) attached as Annex 1 to such certificate is the list of Immaterial Subsidiaries (which annex shall include calculations demonstrating that such Subsidiaries comply with the definition of "Immaterial Subsidiary" in Section 1.01).

(x) Existing Indebtedness. On the Closing Date, after giving effect to the transactions contemplated herein, the Borrower and its Subsidiaries shall have outstanding no Indebtedness other than (A) the Loans and (B) Indebtedness permitted under Section 7.04. All other Indebtedness and agreements in respect thereof, including, without limitation, the Existing Credit Agreement, shall be terminated and all Liens securing such Indebtedness shall be released or arrangements, to the satisfaction of the Administrative Agent, shall have been made for such release.

(xi) Material Agreements, etc. The Borrower shall have delivered to the Administrative Agent copies of any and all Material Agreements, and the Administrative Agent shall be satisfied with such agreements.

(xii) Proceedings and Documents. All corporate and other proceedings and all documents incidental to the transactions contemplated hereby shall be in form and substance reasonably satisfactory to the Administrative Agent and the Lenders and the Administrative Agent and its special counsel and the Lenders shall have received all such counterpart originals or certified or other copies of such documents as the Administrative Agent or its special counsel or any Lender may reasonably request.

(xiii) Miscellaneous. The Credit Parties shall have provided to the Administrative Agent and the Lenders such other items and shall have satisfied such other conditions as may be reasonably required by the Administrative Agent or the Lenders.

Section 4.02 Conditions Precedent to All Credit Events. The obligations of the Lenders, the Swing Line Lender and each LC Issuer to make or participate in each Credit Event is subject, at the time thereof, to the satisfaction of the following conditions:

(a) Notice. The Administrative Agent (and in the case of subpart (iii) below, the applicable LC Issuer) shall have received, as applicable, (i) a Notice of Borrowing meeting the requirements of Section 2.06(b) with respect to any Borrowing (other than a Continuation or Conversion), (ii) a Notice of Continuation or Conversion meeting the requirements of Section 2.10(b) with respect to a Continuation or Conversion, or (iii) an LC Request meeting the requirements of Section 2.05(b) with respect to each LC Issuance.

(b) No Default; Representations and Warranties. At the time of each Credit Event and also after giving effect thereto, (i) there shall exist no Default or Event of Default and (ii) all representations and warranties of the Credit Parties contained herein or in the other Loan Documents shall be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such Credit Event, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties shall have been true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) as of the date when made.

The acceptance of the benefits of each Credit Event shall constitute a representation and warranty by the Borrower to the Administrative Agent, the Swing Line Lender, each LC Issuer and each of the Lenders that all of the applicable conditions specified in Section 4.01 and Section 4.02 have been satisfied as of the times referred to in such Sections.

Section 4.03 Conditions Precedent to Each Competitive Bid Borrowing. The obligation of each Lender that is to make a Competitive Bid Loan on the occasion of a Competitive Bid Borrowing to make such Competitive Bid Loan as part of such Competitive Bid Borrowing is subject, at the time thereof, to the satisfaction of the following conditions:

(a) the Administrative Agent shall have received a Notice of Competitive Bid Borrowing meeting the requirements of Section 2.03(b) with respect to such Competitive Bid Borrowing;

(b) on or before the date of such Competitive Bid Borrowing, but prior to such Competitive Bid Borrowing, the Administrative Agent shall have received a Competitive Bid Note payable to the order of such Lender for each of the one or more Competitive Bid Loans to be made by such Lender as part of such Competitive Bid Borrowing, in a principal amount equal to the principal amount of the Competitive Bid Loan to be evidenced thereby and otherwise on such terms as were agreed to for such Competitive Bid Loan in accordance with Section 2.03; and

(c) at the time of the making of each Competitive Bid Loan and also after giving effect thereto, (i) there shall exist no Default or Event of Default and (ii) all representations and warranties of the Credit Parties contained herein or in the other Loan Documents shall be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) with the same effect as though such representations and warranties had been made on and as of the date of such Competitive Bid Loan, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties shall have been true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty shall be true and correct in all respects) as of the date when made.

The acceptance of the benefits of each Competitive Bid Loan shall constitute a representation and warranty by the Borrower to the Administrative Agent, the Swing Line Lender, each LC Issuer and each of the Lenders that all of the applicable conditions specified in Section 4.01 and Section 4.03 have been satisfied as of the times referred to in such Sections.

ARTICLE V.

REPRESENTATIONS AND WARRANTIES

To induce the Administrative Agent, the Lenders and each LC Issuer to enter into this Agreement and to make the Loans and to issue and to participate in the Letters of Credit provided for herein, the Borrower and the other Credit Parties each makes the following representations and warranties to, and agreements with, the Administrative Agent, the Lenders and each LC Issuer, all of which shall survive the execution and delivery of this Agreement and each Credit Event:

Section 5.01 Corporate Status. Each of the Borrower and its Subsidiaries (other than any Immaterial Subsidiaries) (i) is a duly organized or formed and validly existing corporation, partnership or limited liability company, as the case may be, in good standing or in full force and effect under the laws of the jurisdiction of its formation and has the corporate, partnership or limited liability company power and authority, as applicable, to own its property and assets and to transact the business in which it is engaged and presently proposes to engage, and (ii) has duly qualified and is authorized to do business in all jurisdictions where it is required to be so qualified or authorized except where the failure to be so qualified would not have a Material Adverse Effect. Schedule 5.01 lists, as of the Closing Date, each Subsidiary of the Borrower (and the direct and indirect ownership interest of the Borrower therein).

Section 5.02 Corporate Power and Authority. Each Credit Party has the corporate or other organizational power and authority to execute, deliver and carry out the terms and provisions of the Loan Documents to which it is party and has taken all necessary corporate or other organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is party. Each Credit Party has duly executed and delivered each Loan Document to which it is party and each Loan Document to which it is party constitutes the legal, valid and binding agreement and obligation of such Credit Party enforceable in accordance with its terms, except to the extent that the enforceability thereof may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws generally affecting creditors' rights and by equitable principles (regardless of whether enforcement is sought in equity or at law).

Section 5.03 No Violation. Neither the execution, delivery and performance by any Credit Party of the Loan Documents to which it is party nor compliance with the terms and provisions thereof (i) will contravene any provision of any law, statute, rule, regulation, order, writ, injunction or decree of any Governmental Authority applicable to such Credit Party, (ii) will conflict with or result in any breach of, any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of (or the obligation to create or impose) any Lien upon any of the property or assets of such Credit Party pursuant to the terms of any promissory note, bond, debenture, indenture, mortgage, deed of trust, credit or loan agreement, or any other Material Agreement, or (iii) will violate any provision of the Organizational Documents of such Credit Party.

Section 5.04 Governmental Approvals. No order, consent, approval, license, authorization, or validation of, or filing, recording or registration with, or exemption by, any Governmental Authority is required to authorize or is required as a condition to (i) the execution, delivery and performance by any Credit Party of any Loan Document to which it is a party or any of its obligations thereunder, or (ii) the legality, validity, binding effect or enforceability of any Loan Document to which any Credit Party is a party.

Section 5.05 Litigation. There are no actions, suits or proceedings pending or, to the knowledge of the Borrower, threatened with respect to the Borrower or any of its Subsidiaries (i) that have had, or could reasonably be expected to have, a Material Adverse Effect, or (ii) that question the validity or enforceability of any of the Loan Documents, or of any action to be taken by the Borrower or any of the other Credit Parties pursuant to any of the Loan Documents.

Section 5.06 Use of Proceeds; Margin Regulations.

(a) The proceeds of all Loans and LC Issuances shall be utilized to refinance Indebtedness under the Existing Credit Agreement, provide funds for Permitted Acquisitions and provide working capital and funds for general corporate purposes, in each case, not inconsistent with the terms of this Agreement.

(b) No part of the proceeds of any Credit Event will be used directly or indirectly to purchase or carry Margin Stock, or to extend credit to others for the purpose of purchasing or carrying any Margin Stock, in violation of any of the provisions of Regulations T, U or X of the Board of Governors of the Federal Reserve System. The Borrower is not engaged in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. At no time would more than 25% of the value of the assets of the Borrower or of the Borrower and its consolidated Subsidiaries that are subject to any "arrangement" (as such term is used in Section 221.2(g) of such Regulation U) hereunder be represented by Margin Stock.

Section 5.07 Financial Statements.

(a) The Borrower has furnished to the Administrative Agent and the Lenders complete and correct copies of (i) the audited consolidated balance sheets of the Borrower and its consolidated Subsidiaries for the fiscal year ended December 31, 2008 and the related audited consolidated statements of income, shareholders' equity, and cash flows of the Borrower and its consolidated Subsidiaries for the fiscal year of the Borrower then ended, accompanied by the report thereon of Grant Thornton LLP; and (ii) the condensed consolidated balance sheets of the Borrower and its consolidated Subsidiaries for the fiscal quarter ended March 29, 2009 and the related condensed consolidated statements of income of cash flows of the Borrower and its consolidated Subsidiaries for each of the fiscal periods then ended. All such financial statements have been prepared in accordance with GAAP, consistently applied (except as stated therein), and fairly present the financial position of the Borrower and its Subsidiaries as of the respective dates indicated and the consolidated results of their operations and cash flows for the respective periods indicated, subject in the case of any such financial statements that are unaudited, to normal audit adjustments, none of which shall be material. The Borrower and its Subsidiaries did not have, as of the date of the latest financial statements referred to above, and will not have as of the Closing Date after giving effect to the incurrence of Loans or LC Issuances hereunder, any material or significant contingent liability or liability for taxes, long-term lease or unusual forward or long-term commitment that is not reflected in the foregoing financial statements or the notes thereto in accordance with GAAP and that in any such case is material in relation to the business, operations, properties, assets, financial or other condition or prospects of the Borrower and its Subsidiaries.

(b) The financial projections of the Borrower and its Subsidiaries for the fiscal years 2009 through 2012 prepared by the Borrower and delivered to the Administrative Agent and the Lenders (the "Financial Projections") were prepared on behalf of the Borrower in good faith after taking into account historical levels of business activity of the Borrower and its Subsidiaries, known trends, including general economic trends, and all other information, assumptions and estimates considered by management of the Borrower and its Subsidiaries to be pertinent thereto; *provided, however*, that no representation or warranty is made as to the impact of future general economic conditions or as to whether the Borrower's projected consolidated results as set forth in the Financial Projections will actually be realized, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results for the periods covered by the Financial Projections may differ materially from the Financial Projections. No facts are known to the Borrower as of the Closing Date which, if reflected in the Financial Projections, would result in a material adverse change in the assets, liabilities, results of operations or cash flows reflected therein.

Section 5.08 Solvency. The Borrower has received consideration that is the reasonable equivalent value of the obligations and liabilities that the Borrower has incurred to the Administrative Agent, each LC Issuer and the Lenders under the Loan Documents. The Borrower now has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is now solvent and able to pay its debts as they mature and the Borrower, as of the Closing Date, owns property having a value, both at fair valuation and at present fair salable value, greater than the amount required to pay the Borrower's debts; and the Borrower is not entering into the Loan Documents with the intent to hinder, delay or defraud its creditors.

Section 5.09 No Material Adverse Change. Since May 31, 2009, there has been no change in the financial condition, business or operations of the Borrower and its Subsidiaries taken as a whole, *except* for changes none of which, individually or in the aggregate, has had or could reasonably be expected to have, a Material Adverse Effect.

Section 5.10 Tax Returns and Payments. The Borrower and each of its Subsidiaries has filed all federal income tax returns and all other tax returns, domestic and foreign, required to be filed by it and has paid all material taxes and assessments payable by it that have become due, other than those not yet delinquent and except for those contested in good faith. The Borrower and each of its Subsidiaries has established on its books such charges, accruals and reserves in respect of taxes, assessments, fees and other governmental charges for all fiscal periods as are required by GAAP.

Section 5.11 Title to Properties, etc. The Borrower and each of its Subsidiaries has good and marketable title, in the case of Real Property, and good title (or valid Leaseholds, in the case of any leased property), in the case of all other property, to all properties and assets necessary to the conduct of its respective business free and clear of Liens other than Permitted Liens.

Section 5.12 Lawful Operations, etc. The Borrower and each of its Subsidiaries: (i) hold all necessary foreign, federal, state, local and other governmental licenses, registrations, certifications, permits and authorizations necessary to conduct its business; and (ii) is in compliance with all requirements imposed by law, regulation or rule, whether foreign, federal, state or local, that are applicable to it, its operations, or its properties and assets, including, without limitation, applicable requirements of Environmental Laws, *except*, in each case, for any failure to obtain and maintain in effect, or noncompliance that, individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect.

Section 5.13 Environmental Matters.

(a) The Borrower and each of its Subsidiaries is in compliance with all applicable Environmental Laws, *except* to the extent that any such failure to comply (together with any resulting penalties, fines or forfeitures) is not reasonably likely to have a Material Adverse Effect. All licenses, permits, registrations or approvals required for the conduct of the business of the Borrower and its Subsidiaries under any Environmental Law have been secured and the Borrower and its Subsidiaries are in substantial compliance therewith, *except* for such licenses, permits, registrations or approvals the failure to secure or to comply therewith is not reasonably likely to have a Material Adverse Effect. Neither the Borrower nor any of its Subsidiaries has received written notice, or otherwise knows, that it is in any respect in noncompliance with, breach of or default under any applicable writ, order, judgment, injunction, or decree to which the Borrower or such Subsidiary is a party or that would affect the ability of the Borrower or such Subsidiary to operate any Real Property and no event has occurred and is continuing that, with the passage of time or the giving of notice or both, would constitute noncompliance, breach of or default thereunder, *except* in each such case, such noncompliance, breaches or defaults as are not reasonably likely to, in the aggregate, have a Material Adverse Effect. There are no Environmental Claims pending or, to the best knowledge of any Borrower, threatened against the Borrower or any of its Subsidiaries or any Real Property of the Borrower or any of its Subsidiaries wherein an unfavorable decision, ruling or finding is reasonably likely to have a Material Adverse Effect. There are no facts, circumstances, conditions or occurrences on any Real Property now or at any time owned, leased or operated by the Borrower or any of its Subsidiaries or on any property adjacent to any such Real Property, that are known by the Borrower or as to which the Borrower or any such Subsidiary has received written notice, that are reasonably likely: (i) to form the basis of an Environmental Claim against the Borrower or any of its Subsidiaries or any Real Property of the Borrower or any of its Subsidiaries; or (ii) to cause such Real Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Real Property under any Environmental Law, *except* in each such case, such Environmental Claims or restrictions that individually or in the aggregate are not reasonably likely to have a Material Adverse Effect.

(b) Hazardous Materials have not at any time been (i) generated, used, treated or stored on, or transported to or from, any Real Property of the Borrower or any of its Subsidiaries or (ii) Released on any such Real Property, in each case where such occurrence or event is not in compliance with Environmental Laws and is reasonably likely to have a Material Adverse Effect.

Section 5.14 Compliance with ERISA. Compliance by the Borrower with the provisions hereof and Credit Events contemplated hereby will not involve any prohibited transaction within the meaning of ERISA or Section 4975 of the Code. Except as set forth on Schedule 5.14, the Borrower and each of its Subsidiaries and each ERISA Affiliate (i) has fulfilled all obligations under the minimum funding standards of ERISA and the Code with respect to each Plan that is not a Multi-Employer Plan or a Multiple Employer Plan, (ii) has satisfied all contribution obligations in respect of each Multi-Employer Plan and each Multiple Employer Plan, (iii) is in compliance in all material respects with all other applicable provisions of ERISA and the Code with respect to each Plan, that is not a Multi-Employer Plan or a Multiple Employer Plan, and (iv) has not incurred any liability under Title IV of ERISA to the PBGC with respect to any Plan, any Multi-Employer Plan, any Multiple Employer Plan, or any trust established thereunder. No Plan or trust created thereunder has been terminated, and there have been no Reportable Events, with respect to any Plan or trust created thereunder or with respect to any Multi-Employer Plan or Multiple Employer Plan, which termination or Reportable Event will or could result in the termination of such Plan, Multi-Employer Plan or Multiple Employer Plan give rise to a material liability of the Borrower or any ERISA Affiliate in respect thereof. Except as set forth on Schedule 5.14, neither the Borrower nor any Subsidiary of the Borrower nor any ERISA Affiliate is at the date hereof, or has been at any time within the five years preceding the date hereof, an employer required to contribute to any Multi-Employer Plan or Multiple Employer Plan, or a “contributing sponsor” (as such term is defined in Section 4001 of ERISA) in any Multi-Employer Plan or Multiple Employer Plan. Neither the Borrower nor any Subsidiary of the Borrower nor any ERISA Affiliate has any contingent liability with respect to any post-retirement “welfare benefit plan” (as such term is defined in ERISA) except as has been disclosed to the Administrative Agent and the Lenders in writing.

Section 5.15 Intellectual Property, etc. The Borrower and each of its Subsidiaries has obtained or has the right to use all material patents, trademarks, service marks, trade names, copyrights, licenses and other rights with respect to the foregoing necessary for the present and planned future conduct of its business, without any known conflict with the rights of others, *except* for such patents, trademarks, service marks, trade names, copyrights, licenses and rights, the loss of which, and such conflicts which, in any such case individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect.

Section 5.16 Investment Company Act, etc. Neither the Borrower nor any of its Subsidiaries is subject to regulation with respect to the creation or incurrence of Indebtedness under the Investment Company Act of 1940, as amended, the Interstate Commerce Act, as amended, the Federal Power Act, as amended, or any applicable state public utility law.

Section 5.17 Insurance. The Borrower and each of its Subsidiaries maintains insurance coverage by such insurers and in such forms and amounts and against such risks as are generally consistent with industry standards and in each case in compliance with the terms of Section 6.03.

Section 5.18 True and Complete Disclosure. All factual information (taken as a whole) furnished by or on behalf of the Borrower or any of its Subsidiaries in writing to the Administrative Agent or any Lender in connection with this Agreement, other than the Financial Projections (as to which representations are made only as provided in Section 5.07(b)), is true and accurate in all material respects on the date as of which such information is dated or certified and not incomplete by omitting to state any material fact necessary to make such information (taken as a whole) not misleading at such time in light

of the circumstances under which such information was provided, except that any such future information consisting of financial projections prepared by the Borrower or any of its Subsidiaries is only represented herein as being based on good faith estimates and assumptions believed by such persons to be reasonable at the time made, it being recognized by the Lenders that such projections as to future events are not to be viewed as facts and that actual results during the period or periods covered by any such projections may differ materially from the projected results.

Section 5.19 Defaults. No Default or Event of Default exists as of the Closing Date hereunder, nor will any Default or Event of Default begin to exist immediately after the execution and delivery hereof.

Section 5.20 Anti-Terrorism Law Compliance. Neither the Borrower nor any of its Subsidiaries is in violation of any law or regulation, or is identified in any list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act), in each case, that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits any Lender or LC Issuer from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower.

Section 5.21 Indebtedness Agreements and Liens.

(a) A complete and correct list, as of the date of this Agreement, of each credit agreement, loan agreement, indenture, purchase agreement, guarantee, letter of credit or other arrangement providing for or otherwise relating to any Indebtedness or any extension of credit (or commitment for any extension of credit) to, or guarantee by, the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary) (other than any agreements or arrangements relating to Indebtedness or extensions of credit between the Borrower and any Subsidiary or any Subsidiary with any other Subsidiary), in each case in respect of Indebtedness not less than \$1,000,000 and the aggregate principal or face amount outstanding or that may become outstanding under each such arrangement is correctly described in Schedule 5.21(a).

(b) A complete and correct list, as of the date of this Agreement, of each Lien securing Indebtedness in excess of \$1,000,000 of any Person and covering any property of the Borrower or any of its Subsidiaries (other than any Immaterial Subsidiary), and the aggregate Indebtedness secured (or that may be secured) by each such Lien and the property covered by each such Lien is correctly described in Schedule 5.21(b).

ARTICLE VI.

AFFIRMATIVE COVENANTS

The Borrower and the other Credit Parties each hereby covenants and agrees that on the Closing Date and thereafter, so long as this Agreement is in effect and until such time as the Commitments have been terminated, no Notes remain outstanding and the Loans, together with interest, Fees and all other Obligations incurred hereunder and under the other Loan Documents, have been paid in full, as follows:

Section 6.01 Reporting Requirements. The Borrower will furnish to the Administrative Agent and each Lender:

(a) Annual Financial Statements. As soon as available and in any event within 90 days after the close of each fiscal year of the Borrower, the consolidated balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated statements of

income, of stockholders' equity and of cash flows for such fiscal year, in each case setting forth comparative figures for the preceding fiscal year, all in reasonable detail and accompanied by the opinion with respect to such consolidated financial statements of independent public accountants of recognized national standing selected by the Borrower, which opinion shall be unqualified and shall (i) state that such accountants audited such consolidated financial statements in accordance with generally accepted auditing standards, that such accountants believe that such audit provides a reasonable basis for their opinion, and that in their opinion such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Borrower and its consolidated subsidiaries as at the end of such fiscal year and the consolidated results of their operations and cash flows for such fiscal year in conformity with generally accepted accounting principles, or (ii) contain such statements as are customarily included in unqualified reports of independent accountants in conformity with the recommendations and requirements of the American Institute of Certified Public Accountants (or any successor organization); *provided, however*, that the Borrower may also comply with this subpart by publishing such statements and reports on its internet website or in another publicly accessible electronic database and giving the Administrative Agent and each Lender notice thereof.

(b) Quarterly Financial Statements. As soon as available and in any event within 50 days after the close of each of the quarterly accounting periods in each fiscal year of the Borrower, the unaudited consolidated balance sheets of the Borrower and its consolidated Subsidiaries as at the end of such quarterly period and the related unaudited consolidated statements of income and of cash flows for such quarterly period and/or for the fiscal year to date, and setting forth, in the case of such unaudited consolidated statements of income and of cash flows, comparative figures for the related periods in the prior fiscal year, and which shall be certified on behalf of the Borrower by the Chief Financial Officer of the Borrower, subject to changes resulting from normal year-end audit adjustments; *provided, however*, that the Borrower may also comply with this subpart by publishing such statements and reports on its internet website or in another publicly accessible electronic database and giving the Administrative Agent and each Lender notice thereof.

(c) Officer's Compliance Certificates. At the time of the delivery of the financial statements provided for in subparts (a) and (b) above, a certificate (a "Compliance Certificate"), substantially in the form of Exhibit C, signed by the Chief Financial Officer or Corporate Controller of the Borrower to the effect that (i) no Default or Event of Default exists or, if any Default or Event of Default does exist, specifying the nature and extent thereof and the actions the Borrower has taken or proposes to take with respect thereto, and (ii) the representations and warranties of the Credit Parties are true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is true and correct in all respects), except to the extent that any relate to an earlier specified date, in which case, such representations were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all respects) as of the date made, which certificate shall set forth the calculations required to establish compliance with the provisions of Section 7.07.

(d) Budgets and Forecasts. Not later than 90 days after the commencement of any fiscal year of the Borrower and its Subsidiaries, commencing with the fiscal year ending December 31, 2009, a consolidated budget in reasonable detail for each of the four fiscal quarters of such fiscal year, and (if and to the extent prepared by management of the Borrower) for any subsequent fiscal years, as customarily prepared by management for its internal use, setting forth, with appropriate discussion, the forecasted balance sheet, income statement, operating cash flows and capital expenditures of the Borrower and its Subsidiaries for the period covered thereby, and the principal assumptions upon which forecasts and budget are based.

(e) Notices. Promptly, and in any event within three Business Days, after the Borrower obtains knowledge thereof, notice of:

(i) the occurrence of any event that constitutes a Default or Event of Default, which notice shall specify the nature thereof, the period of existence thereof and what action the Borrower proposes to take with respect thereto; and/or

(ii) the commencement of, or any other material development concerning, any litigation or governmental or regulatory proceeding pending against the Borrower or any of its Subsidiaries or the occurrence of any other event, if the same would be reasonably likely to have a Material Adverse Effect.

(f) ERISA. As soon as possible, and in any event within 30 days after the Borrower knows or has reason to believe that any of the events or conditions specified below with respect to any Plan or Multi-Employer Plan has occurred or exists, a statement signed by an Authorized Officer of the Borrower setting forth details respecting such event or condition and the action, if any, that the Borrower or its ERISA Affiliate proposes to take with respect thereto (and a copy of any report or notice required to be filed with or given to PBGC by the Borrower or an ERISA Affiliate with respect to such event or condition):

(i) any reportable event, as defined in Section 4043(c) of ERISA and the regulations issued thereunder, with respect to a Plan, as to which PBGC has not by regulation waived the requirement of Section 4043(a) of ERISA that it be notified within 30 days of the occurrence of such event (*provided* that a failure to meet the minimum funding standard of Section 412 of the Code or Section 302 of ERISA, including, without limitation, the failure to make on or before its due date a required installment under Section 412(m) of the Code or Section 302(e) of ERISA, shall be a reportable event regardless of the issuance of any waivers in accordance with Section 412(d) of the Code); and any request for a waiver under Section 412(d) of the Code for any Plan;

(ii) the distribution under Section 4041 of ERISA of a notice of intent to terminate any Plan or any action taken by the Borrower or an ERISA Affiliate to terminate any Plan;

(iii) the institution by PBGC of proceedings under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or the receipt by the Borrower or any ERISA Affiliate of a notice from a Multi-Employer Plan that such action has been taken by PBGC with respect to such Multi-Employer Plan;

(iv) the complete or partial withdrawal from a Multi-Employer Plan by the Borrower or any ERISA Affiliate that results in liability under Section 4201 or 4204 of ERISA (including the obligation to satisfy secondary liability as a result of a purchaser default) or the receipt by the Borrower or any ERISA Affiliate of notice from a Multi-Employer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA;

(v) the institution of a proceeding by a fiduciary of any Multi-Employer Plan against the Borrower or any ERISA Affiliate to enforce Section 515 of ERISA, which proceeding is not dismissed within 30 days; and

(vi) the adoption of an amendment to any Plan that, pursuant to Section 401(a)(29) of the Code or Section 307 of ERISA, would result in the loss of tax-exempt status of the trust of which such Plan is a part if the Borrower or an ERISA Affiliate fails to timely provide security to the Plan in accordance with the provisions of said Sections.

(g) SEC Reports and Registration Statements. Promptly after transmission thereof or other filing with the SEC, copies of all registration statements (other than the exhibits thereto and any registration statement on Form S-8 or its equivalent) and all annual, quarterly or current reports that the Borrower or any of its Subsidiaries files with the SEC on Form 10-K, 10-Q or 8-K (or any successor forms); *provided, however*, that the Borrower may also comply with this subpart by publishing such statements and reports on its internet website or in another publicly accessible electronic database and giving the Administrative Agent and each Lender notice thereof.

(h) Annual, Quarterly and Other Reports. Promptly after transmission thereof to its stockholders, copies of all annual, quarterly and other reports and all proxy statements that the Borrower furnishes to its stockholders generally; *provided, however*, that the Borrower may also comply with this subpart by publishing such statements and reports on its internet website or in another publicly accessible electronic database and giving the Administrative Agent and each Lender notice thereof.

(i) Auditors' Internal Control Comment Letters, etc. Promptly upon receipt thereof, a copy of each letter or memorandum commenting on internal accounting controls and/or accounting or financial reporting policies followed by the Borrower and/or any of its Subsidiaries which is submitted to the Borrower by its independent accountants in connection with any annual or interim audit made by them of the books of the Borrower or any of its Subsidiaries.

(j) Other Notices. Promptly after the transmission or receipt thereof, as applicable, copies of all notices received or sent by the Borrower or any Subsidiary to or from the holders of any Material Indebtedness or any trustee with respect thereto.

(k) Other Information. Within 10 days after a request therefor, such other information or documents (financial or otherwise) relating to the Borrower or any of its Subsidiaries as the Administrative Agent or any Lender may reasonably request from time to time.

Section 6.02 Books, Records and Inspections.

(a) The Borrower will, and will cause each of its Subsidiaries (other than any Immaterial Subsidiaries) to, (i) keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower or such Subsidiary, as the case may be, in accordance with GAAP.

(b) The Borrower will, and will cause each of its Subsidiaries to, permit officers and designated representatives of the Administrative Agent or any of the Lenders to visit and inspect any of the properties or assets of the Borrower and its Subsidiaries in whomsoever's possession (but only to the extent the Borrower or such Subsidiary has the right to do so to the extent in the possession of another Person), to examine the books of account of the Borrower and any of its Subsidiaries, and make copies thereof and take extracts therefrom, and to discuss the affairs, finances and accounts of the Borrower and of its Subsidiaries with, and be advised as to the same by, its and their officers and independent accountants and independent actuaries, if any, all to the extent reasonably requested in advance by the Administrative Agent or any of the Lenders and in any event no more than one time per year during normal business hours (*provided* that no such restrictions shall apply when an Event of Default has occurred and is continuing, except that any such visit or inspection must be during normal business hours).

Section 6.03 Insurance. The Borrower will, and will cause each of its Subsidiaries to, (i) maintain insurance coverage by such insurers and in such forms and amounts and against such risks as are generally consistent with the insurance coverage maintained by the Borrower and its Subsidiaries as of the Closing Date, and (ii) forthwith upon the Administrative Agent's or any Lender's written request, furnish to the Administrative Agent or such Lender such information about such insurance as the Administrative Agent or such Lender may from time to time reasonably request, which information shall be prepared in form and detail reasonably satisfactory to the Administrative Agent or such Lender and certified by an Authorized Officer of the Borrower.

Section 6.04 Payment of Taxes and Claims. The Borrower will pay and discharge, and will cause each of its Subsidiaries to pay and discharge, all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits, or upon any properties belonging to it, prior to the date on which penalties attach thereto, and all lawful claims that, if unpaid, might become a Lien or charge upon any properties of the Borrower or any of its Subsidiaries; *provided, however*, that neither the Borrower nor any of its Subsidiaries shall be required to pay any such tax, assessment, charge, levy or claim that is being contested in good faith and by proper proceedings if it has maintained adequate reserves with respect thereto in accordance with GAAP. Without limiting the generality of the foregoing, the Borrower will, and will cause each of its Subsidiaries to, pay in full all of its wage obligations to its employees in accordance with the Fair Labor Standards Act (29 U.S.C. Sections 206-207) and any comparable provisions of applicable law.

Section 6.05 Corporate Franchises. The Borrower will do, and will cause each of its Subsidiaries (other than any Immaterial Subsidiaries) to do, or cause to be done, all things necessary to preserve and keep in full force and effect its corporate existence, rights and authority; *provided, however*, that nothing in this Section shall be deemed to prohibit any transaction permitted by Section 7.02.

Section 6.06 Compliance with Statutes, etc. The Borrower will, and will cause each of its Subsidiaries to, comply with all applicable statutes, regulations and orders of, and all applicable restrictions imposed by, all Governmental Authorities in respect of the conduct of its business and the ownership of its property, other than those the noncompliance with which would not be reasonably expected to have a Material Adverse Effect.

Section 6.07 Compliance with Environmental Laws. Without limitation of the covenants contained in Section 6.06:

(a) The Borrower will comply in all material respects, and will cause each of its Subsidiaries to comply in all material respects, with all Environmental Laws applicable to its or their ownership, lease or use of all Real Property now or hereafter owned, leased or operated by the Borrower or any of its Subsidiaries, and will promptly pay or cause to be paid all costs and expenses incurred in connection with such compliance, *except* to the extent that such compliance with Environmental Laws is being contested in good faith and by appropriate proceedings and for which adequate reserves have been established to the extent required by GAAP, and an adverse outcome in such proceedings is not reasonably likely to have a Material Adverse Effect.

(b) The Borrower will keep or cause to be kept, and will cause each of its Subsidiaries to keep or cause to be kept, all Real Property now or hereafter owned by the Borrower or any of its Subsidiaries free and clear of any Liens imposed pursuant to Environmental Laws other than Permitted Liens.

(c) Neither the Borrower nor any of its Subsidiaries will generate, use, treat, store, Release or dispose of Hazardous Materials on any Real Property now or hereafter owned, leased or operated by the Borrower or any of its Subsidiaries or transport or arrange for transport of Hazardous Materials to or from any such Real Property other than in compliance with applicable Environmental Laws and in the ordinary course of business, except for such noncompliance as is not reasonably likely to have a Material Adverse Effect.

(d) If required to do so under any applicable order issued under any Environmental Law by any Governmental Authority, the Borrower will undertake, and cause each of its Subsidiaries to undertake, any clean up, removal, remedial or other action necessary to remove and clean up any Hazardous Materials from any Real Property owned, leased or operated by the Borrower or any of its Subsidiaries in accordance with, in all material respects, the requirements of all applicable Environmental Laws and in accordance with, in all material respects, such orders of all Governmental Authorities, except to the extent that the Borrower or such Subsidiary is contesting such order in good faith and by appropriate proceedings and for which adequate reserves have been established to the extent required by GAAP.

Section 6.08 Additional Subsidiary Guarantors and Foreign Pledges.

(a) The Borrower will take such action, and will cause each of its Subsidiaries to take such action, from time to time as shall be necessary to ensure that all Subsidiaries of the Borrower (other than Foreign Subsidiaries, Immaterial Subsidiaries and Special Subsidiaries) are Subsidiary Guarantors. Without limiting the generality of the foregoing, if the Borrower or any of its Subsidiaries shall form or acquire any new Subsidiary (other than Foreign Subsidiaries, Immaterial Subsidiaries and Special Subsidiaries), the Borrower or the respective Subsidiary will cause such new Subsidiary to become a "Subsidiary Guarantor" hereunder pursuant to a written instrument in form and substance reasonably satisfactory to the Administrative Agent, and to deliver such proof of corporate action, incumbency of officers, opinions of counsel and other documents as is consistent with those delivered by each Subsidiary Guarantor pursuant to Section 4.01 on the Closing Date or as the Administrative Agent shall have reasonably requested.

(b) If at any time the Leverage Ratio is equal to or greater than 2.50 to 1.00, then each (i) Domestic Credit Party and/or (ii) Domestic Subsidiary that is a Special Subsidiary (other than Circor German Holdings), which creates, acquires or directly holds a Foreign Subsidiary on or after such time shall immediately execute and deliver to the Administrative Agent a Pledge Agreement pursuant to which such Domestic Credit Party or Special Subsidiary, as applicable, shall pledge to the Administrative Agent, for the benefit of the Lenders, 65% of the capital stock or other equity interests of each such Foreign Subsidiary and shall take all actions necessary to ensure that such pledge provides the Administrative Agent, for the benefit of the Lenders, with a first priority perfected Lien (including, without limitation, delivery of all certificates that evidence such stock or other equity interests and transfer powers duly executed in blank, any registration or notarization required under the laws of the jurisdiction of organization of any applicable Foreign Subsidiary and delivery of legal opinions, in form and substance reasonably satisfactory to the Administrative Agent, by counsel that is authorized to practice law in such foreign jurisdiction, regarding, among other things, the enforceability of such pledge under the laws of such foreign jurisdiction). In addition, each such Domestic Credit Party or Special Subsidiary, as applicable, shall authorize the Administrative Agent to file UCC financing statements, in form and substance reasonably satisfactory to the Administrative Agent, with respect to the collateral pledged under the Pledge Agreement that such Domestic Credit Party or Special Subsidiary has executed.

Section 6.09 Senior Debt. The Obligations shall, and the Borrower shall take all necessary action to ensure that the Obligations shall, at all times rank at least *pari passu* in right of payment (to the fullest extent permitted by law) with all other senior Indebtedness of the Borrower and its Subsidiaries.

ARTICLE VII.

NEGATIVE COVENANTS

The Borrower and the other Credit Parties each hereby covenants and agrees that on the Closing Date and thereafter, so long as this Agreement is in effect and until such time as the Commitments have been terminated, no Notes remain outstanding and the Loans, together with interest, Fees and all other Obligations incurred hereunder and under the other Loan Documents, have been paid in full, as follows:

Section 7.01 Changes in Business. Neither the Borrower nor any of its Subsidiaries will engage in any business if, as a result, the general nature of the business, taken on a consolidated basis, which would then be engaged in by the Borrower and its Subsidiaries, would be substantially changed from the general nature of the business engaged in by the Borrower and its Subsidiaries on the Closing Date.

Section 7.02 Consolidation, Merger, Acquisitions, Asset Sales, etc. The Borrower will not, and will not permit any Subsidiary to, (i) wind up, liquidate or dissolve its affairs, (ii) enter into any transaction of merger or consolidation, (iii) make or otherwise effect any Acquisition, (iv) make or otherwise effect any Asset Sale, or (v) agree to do any of the foregoing at any future time, *except* that, if no Default or Event of Default shall have occurred and be continuing or would result therefrom, each of the following shall be permitted:

(a) the merger, consolidation or amalgamation of (i) any Subsidiary of the Borrower with or into the Borrower, *provided* the Borrower is the surviving or continuing or resulting corporation; (ii) any Immaterial Subsidiary into any other Immaterial Subsidiary, *provided* that if any such Immaterial Subsidiary is a Subsidiary Guarantor, such Subsidiary Guarantor shall be the surviving or continuing or resulting Person; (iii) any Subsidiary of the Borrower with or into any other Subsidiary (other than an Immaterial Subsidiary), *provided* that the surviving or continuing or resulting Person is not a Foreign Subsidiary and is or becomes a Subsidiary Guarantor; or (iv) any Foreign Subsidiary of the Borrower with or into any other Foreign Subsidiary of the Borrower;

(b) any Asset Sale by (i) the Borrower to any other Domestic Credit Party, (ii) any Subsidiary of the Borrower to any Domestic Credit Party; (iii) any Domestic Credit Party (other than the Borrower) to any Foreign Subsidiary of the Borrower, *provided* that the aggregate fair market value of all such Asset Sales shall not at any time exceed \$75,000,000; (iv) any Immaterial Subsidiary that is not a Subsidiary Guarantor to any other Immaterial Subsidiary or any Foreign Subsidiary; or (v) any Foreign Subsidiary of the Borrower to any other Foreign Subsidiary of the Borrower;

(c) the Borrower or any Subsidiary may make any Acquisition that is a Permitted Acquisition, *provided* that all of the conditions contained in the definition of the term Permitted Acquisition are satisfied; and

(d) the Borrower or any Subsidiary may consummate any Asset Sale of any Real Property which is not necessary to the conduct of its respective business;

(e) in addition to any Asset Sale permitted above, the Borrower or any of its Subsidiaries may consummate any Asset Sale, *provided* that (i) the consideration for each such Asset Sale represents fair value and at least 90% of such consideration consists of cash; (ii) in the case of any Asset Sale involving consideration in excess of \$25,000,000, at least five Business Days prior to the date of completion of such Asset Sale, the Borrower shall have delivered to the Administrative Agent an officer's certificate executed by an Authorized Officer, which certificate shall contain (A) a description of the

proposed transaction, the date such transaction is scheduled to be consummated, the estimated sale price or other consideration for such transaction, and (B) a certification that no Default or Event of Default has occurred and is continuing, or would result from consummation of such transaction; and (iii) the aggregate amount of all Asset Sales made pursuant to this subpart after the Closing Date shall not exceed \$100,000,000 at any time; and

(f) any Immaterial Subsidiary may be dissolved or wound up.

Section 7.03 Liens. The Borrower will not, and will not permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Lien upon or with respect to any property or assets of any kind of the Borrower or any such Subsidiary whether now owned or hereafter acquired, *except*:

(a) any Standard Permitted Lien;

(b) Liens in existence on the Closing Date that are listed in Schedule 7.03;

(c) Liens (i) that are placed upon fixed or capital assets, acquired, constructed or improved by the Borrower or any Subsidiary, *provided* that (A) such Liens only secure Indebtedness permitted by Section 7.04(c), (B) such Liens and the Indebtedness secured thereby are incurred prior to or within 120 days after such acquisition or the completion of such construction or improvement, (C) the Indebtedness secured thereby does not exceed 80% of the cost of acquiring, constructing or improving such fixed or capital assets; and (D) such Liens shall not apply to any other property or assets of the Borrower or any Subsidiary; or (ii) arising out of the refinancing, extension, renewal or refunding of any Indebtedness secured by any such Liens, *provided* that the principal amount of such Indebtedness is not increased and such Indebtedness is not secured by any additional assets;

(d) any Lien granted to the Administrative Agent securing any of the Obligations or any other Indebtedness of the Credit Parties under the Loan Documents or any Indebtedness under any Designated Hedge Agreement;

(e) Liens on property of any Person that becomes a Subsidiary of the Borrower after the Closing Date pursuant to a Permitted Acquisition, *provided* that such Liens are in existence at the time such Person becomes a Subsidiary of the Borrower and were not created in anticipation thereof;

(f) in addition to any Lien permitted above, Liens created after the Closing Date, *provided* that the aggregate outstanding amount of Indebtedness secured thereby and incurred after the Closing Date shall not exceed \$10,000,000 at any time; and

(g) Liens securing Indebtedness permitted by Section 7.04(c)(i) and Liens securing Investments permitted by Section 7.05(f)(i), (ii) or (iii) hereof.

Section 7.04 Indebtedness. The Borrower will not, and will not permit any of its Subsidiaries to, contract, create, incur, assume or suffer to exist any Indebtedness of the Borrower or any of its Subsidiaries, *except*:

(a) Indebtedness incurred under this Agreement and the other Loan Documents;

(b) the Indebtedness in existence on the Closing Date and identified in Schedule 7.04, and any refinancing, extension, renewal or refunding of any such Indebtedness not involving an increase in the principal amount thereof;

(c) any intercompany loans (i) made by the Borrower or any Subsidiary of the Borrower to any Domestic Credit Party; (ii) made by any Domestic Credit Party to any Foreign Subsidiary not at any time in excess of \$25,000,000, in the aggregate (other than in connection with a Permitted Foreign Subsidiary Investment), (iii) made by any Foreign Subsidiary of the Borrower to any other Foreign Subsidiary of the Borrower, or (iv) in connection with any Permitted Foreign Subsidiary Investment.

(d) Guaranty Obligations permitted by Section 7.05 that constitute Indebtedness;

(e) Indebtedness of any Person that becomes a Subsidiary of the Borrower after the Closing Date pursuant to a Permitted Acquisition, *provided* that such Indebtedness is in existence at the time such Person becomes a Subsidiary of the Borrower and was not created in anticipation thereof; and

(f) and additional Indebtedness of the Borrower or any of its Subsidiaries to the extent not permitted by any of the foregoing clauses (including, without limitation, Capital Lease Obligations and other Indebtedness secured by Liens referred to in Section 7.03(c)), *provided* that (i) the aggregate outstanding principal amount of all such Indebtedness does not exceed \$80,000,000 at any time, (ii) no Default or Event of Default shall exist or immediately after incurring any such Indebtedness shall begin to exist, and (iii) the Borrower shall be in compliance with the financial covenants set forth in Section 7.07 after giving *pro forma* effect to the incurrence of any such Indebtedness.

Section 7.05 Investments and Guaranty Obligations. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, (i) make or commit to make any Investment or (ii) be or become obligated under any Guaranty Obligations, *except*:

(a) Investments in cash and Cash Equivalents;

(b) any endorsement of a check or other medium of payment for deposit or collection, or any similar transaction in the normal course of business;

(c) to the extent not permitted by any of the other subparts in this Section, Investments existing as of the Closing Date and described in Schedule 7.05;

(d) any Guaranty Obligations of the Borrower or any Subsidiary in favor of the Administrative Agent, each LC Issuer, the Lenders and/or the Designated Hedge Creditors pursuant to the Loan Documents;

(e) Investments in Interest Rate Protection Agreements;

(f) Investments (i) of the Borrower or any of its Subsidiaries in any Subsidiary existing as of the Closing Date, (ii) of the Borrower in any Domestic Credit Party made after the Closing Date, (iii) of any Domestic Credit Party in any other Domestic Credit Party (other than the Borrower) made after the Closing Date, or (iv) Investments of any Foreign Subsidiary in any other Subsidiary of the Borrower;

(g) Permitted Foreign Subsidiary Investments;

(h) intercompany loans permitted by Section 7.04(c);

(i) the Acquisitions permitted by Section 7.02;

(j) any Guaranty Obligation incurred by any Domestic Credit Party with respect to Indebtedness of another Domestic Credit Party which Indebtedness is permitted by Section 7.04;

(k) any Guaranty Obligation incurred by any Foreign Subsidiary with respect to Indebtedness of another Foreign Subsidiary; and

(l) other Investments by the Borrower or any Subsidiary of the Borrower in any other Person (other than the Borrower or any of its Subsidiaries) made after the Closing Date and not permitted pursuant to the foregoing subparts, *provided* that (i) at the time of making any such Investment no Default or Event of Default shall have occurred and be continuing, or would result therefrom, and (ii) the maximum cumulative amount of all such Investments that are so made pursuant to this subpart and outstanding at any time shall not exceed an aggregate of \$5,000,000, taking into account the repayment of any loans or advances comprising such Investments.

Section 7.06 Restricted Payments. The Borrower will not, and will not permit any of its Subsidiaries to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, *except*:

(a) the Borrower or any of its Subsidiaries may declare and pay or make Capital Distributions that are payable solely in additional shares of its common stock (or warrants, options or other rights to acquire additional shares of its common stock);

(b) (i) any Subsidiary of the Borrower may declare and pay or make Capital Distributions to any Domestic Credit Party, and (ii) any Foreign Subsidiary of the Borrower may declare and pay or make Capital Distributions to any other Foreign Subsidiary, any Special Subsidiary or any Domestic Credit Party; and

(c) the Borrower may declare and pay or make Cash Dividends and may repurchase capital stock or other equity interests of the Borrower or its Subsidiaries, *provided* that (i) no Default or Event of Default shall have occurred and be continuing or would result therefrom.

Section 7.07 Financial Covenants.

(a) Leverage Ratio. The Borrower will not permit at any time the Leverage Ratio to be greater than 3.00 to 1.00.

(b) Interest Coverage Ratio. The Borrower will not permit at any time the Interest Coverage Ratio to be less than 3.00 to 1.00.

Section 7.08 Limitation on Certain Restrictive Agreements. The Borrower will not, and will not permit any of its Subsidiaries to, directly or indirectly, enter into, incur or permit to exist or become effective, any “negative pledge” covenant or other agreement, restriction or arrangement that prohibits, restricts or imposes any condition upon (a) the ability of the Borrower or any Subsidiary to create, incur or suffer to exist any Lien upon any of its property or assets as security for Indebtedness, or (b) the ability of any such Subsidiary to make Capital Distributions or any other interest or participation in its profits owned by the Borrower or any Subsidiary of the Borrower, or pay any Indebtedness owed to the Borrower or a Subsidiary of the Borrower, or to make loans or advances to the Borrower or any of the Borrower’s other Subsidiaries, or transfer any of its property or assets to the Borrower or any of the Borrower’s other Subsidiaries, *except* for such restrictions existing under or by reason of (i) applicable law, (ii) this Agreement and the other Loan Documents, (iii) customary provisions restricting subletting or assignment of any lease governing a leasehold interest, (iv) customary provisions restricting assignment of any licensing agreement entered into in the ordinary course of business, (v) customary provisions restricting the transfer or further encumbering of assets subject to Liens permitted under Section 7.03(c), (vi) customary restrictions affecting only a Subsidiary of the Borrower under any

agreement or instrument governing any of the Indebtedness of a Subsidiary permitted pursuant to Section 7.04, (vii) restrictions affecting any Foreign Subsidiary of the Borrower under any agreement or instrument governing any Indebtedness of such Foreign Subsidiary permitted pursuant to Section 7.04, and customary restrictions contained in “comfort” letters and guarantees of any such Indebtedness, (viii) any document relating to Indebtedness secured by a Lien permitted by Section 7.03, insofar as the provisions thereof limit grants of junior liens on the assets securing such Indebtedness, and (ix) any Operating Lease or Capital Lease, insofar as the provisions thereof limit grants of a security interest in, or other assignments of, the related leasehold interest to any other Person.

Section 7.09 Transactions with Affiliates. The Borrower will not, and will not permit any Subsidiary to, enter into any transaction or series of transactions with any Affiliate (other than, in the case of the Borrower, any Subsidiary, and in the case of a Subsidiary, the Borrower or another Subsidiary) other than in the ordinary course of business of and pursuant to the reasonable requirements of the Borrower’s or such Subsidiary’s business and upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than would be obtained in a comparable arm’s-length transaction with a Person other than an Affiliate, *except* (i) sales of goods to an Affiliate for use or distribution outside the United States that in the good faith judgment of the Borrower comply with any applicable legal requirements of the Code, (ii) agreements and transactions with and payments to officers, directors and shareholders that are either (A) entered into in the ordinary course of business and not prohibited by any of the provisions of this Agreement, or (B) entered into outside the ordinary course of business, approved by the directors or shareholders of the Borrower, and not prohibited by any of the provisions of this Agreement or in violation of any law, rule or regulation, and (iii) repurchases of capital stock or other equity interests of the Borrower or its Subsidiaries as permitted pursuant to Section 7.06.

Section 7.10 Plan Terminations, Minimum Funding, etc. The Borrower will not, and will not permit any Subsidiary of the Borrower or ERISA Affiliate to, (i) terminate any Single-Employer Plan or Multiple Employer Plan so as to result in liability of the Borrower or any ERISA Affiliate to the PBGC in excess of, in the aggregate, the amount that is equal to 5% of the Borrower’s Consolidated Net Worth as of the date of the then most recent financial statements furnished to the Lenders pursuant to the provisions of this Agreement, (ii) permit to exist one or more events or conditions that present a material risk of the termination by the PBGC of any Single-Employer Plan or Multiple Employer Plan with respect to which the Borrower or any Subsidiary of the Borrower or ERISA Affiliate would, in the event of such termination, incur liability to the PBGC in excess of such amount in the aggregate, (iii) fail to comply with the minimum funding standards of ERISA and the Code with respect to any Plan, or (iv) except as set forth on Schedule 5.14, have an obligation to contribute to, or become a contributing sponsor (as such term is defined in Section 4001 of ERISA) in, any Multi-Employer Plan or Multiple Employer Plan.

Section 7.11 Anti-Terrorism Laws. Neither the Borrower nor any of its Subsidiaries shall be subject to or in violation of any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list, Executive Order No. 13224 or the USA Patriot Act) that prohibits or limits the conduct of business with or the receiving of funds, goods or services to or for the benefit of certain Persons specified therein or that prohibits or limits any Lender or LC Issuer from making any advance or extension of credit to the Borrower or from otherwise conducting business with the Borrower.

Section 7.12 Material Agreements. The Borrower will not, nor will it permit any of its Subsidiaries to, consent to any modification, supplement or waiver of any of the provisions of any Material Agreement, which modification, supplement or waiver is materially adverse to the interests of any Lender, without the prior consent of the Administrative Agent (with the approval of the Required Lenders).

ARTICLE VIII.

EVENTS OF DEFAULT

Section 8.01 Events of Default. Any of the following specified events shall constitute an Event of Default (each an “Event of Default”):

(a) Payments: the Borrower shall (i) default in the payment when due (whether at maturity, on a date fixed for a scheduled repayment, on a date on which a required prepayment is to be made, upon acceleration or otherwise) of any principal of the Loans or any reimbursement obligation in respect of any Unreimbursed Drawing; or (ii) default, and such default shall continue for three or more days, in the payment when due of any interest on the Loans, any Fees or any other Obligations; or

(b) Representations, etc.: any representation, warranty or statement made by the Borrower or any other Credit Party herein or in any other Loan Document or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto shall prove to be untrue in any material respect on the date as of which made or deemed made; or

(c) Certain Covenants: the Borrower shall default in the due performance or observance by it of any term, covenant or agreement contained in Sections 6.01, 6.02(b), 6.03 or 6.09 or Article VII; or

(d) Other Covenants: any Credit Party shall default in the due performance or observance by it of any term, covenant or agreement contained in this Agreement or any other Loan Document (other than those referred to in Section 8.01(a) or (b) or (c) above) and such default is not remedied within 30 days after the earlier of (i) an Authorized Officer of any Credit Party obtaining knowledge of such default or (ii) the Borrower receiving written notice of such default from the Administrative Agent or the Required Lenders; or

(e) Cross Default Under Other Agreements: the Borrower or any of its Subsidiaries shall (i) default in any payment with respect to any Material Indebtedness (other than the Obligations), and such default shall continue after the applicable grace period, if any, specified in the agreement or instrument relating to such Material Indebtedness, or (ii) default in the observance or performance of any agreement or condition relating to any such Material Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto (and all grace periods applicable to such observance, performance or condition shall have expired), or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or holders of such Material Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause any such Material Indebtedness to become due prior to its stated maturity; or any such Material Indebtedness of the Borrower or any of its Subsidiaries shall be declared to be due and payable, or shall be required to be prepaid (other than by a regularly scheduled required prepayment or redemption, prior to the stated maturity thereof); or (iii) without limitation of the foregoing clauses, default in any payment obligation under a Designated Hedge Agreement, and such default shall continue after the applicable grace period, if any, specified in such Designated Hedge Agreement or any other agreement or instrument relating thereto; or

(f) Invalidity of Loan Documents: any provision of any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or under such Loan Document or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Credit Party or any other Person contests in any manner the validity or enforceability of any provision of any Loan Document; or any Credit Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(g) Judgments: (i) one or more judgments, orders or decrees shall be entered against the Borrower and/or any of its Subsidiaries involving a liability (other than a liability covered by insurance, as to which the carrier has adequate claims paying ability and has not denied coverage) of \$20,000,000 or more in the aggregate for all such judgments, orders and decrees for the Borrower and its Subsidiaries, and any such judgments or orders or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days from the entry thereof; or (ii) one or more judgments, orders or decrees shall be entered against the Borrower and/or any of its Subsidiaries involving a required divestiture of any material properties, assets or business reasonably estimated to have a fair value in excess of \$20,000,000, and any such judgments, orders or decrees shall not have been vacated, discharged or stayed or bonded pending appeal within 30 days (or such longer period, not in excess of 60 days, during which enforcement thereof, and the filing of any judgment lien, is effectively stayed or prohibited) from the entry thereof; or

(h) Insolvency Event: any Insolvency Event shall occur with respect to the Borrower or any of its Subsidiaries (other than an Immaterial Subsidiary); or

(i) ERISA: an event or condition specified in Section 6.01(f) shall occur or exist with respect to any Plan or Multiple Employer Plan and as a result of such event or condition, together with all other such events or conditions, the Borrower or any ERISA Affiliate shall incur a liability to a Plan, a Multiple Employer Plan or PBGC (or any combination of the foregoing) that, in the reasonable determination of the Required Lenders, would (either individually or in the aggregate) have a Material Adverse Effect; or

(j) Environmental Claim: there shall have been asserted against the Borrower or any of its Subsidiaries, or any predecessor in interest of the Borrower or any of its Subsidiaries or Affiliates, an Environmental Claim that in the reasonable judgment of the Required Lenders is reasonably likely to be determined adversely to the Borrower or any of its Subsidiaries, and the amount thereof (either individually or in the aggregate) is reasonably likely to have a Material Adverse Effect (insofar as such amount is payable by the Borrower or any of its Subsidiaries but after deducting any portion thereof that is reasonably expected to be paid by other creditworthy Persons jointly and severally liable therefor); or

(k) Change of Control: if there occurs a Change of Control.

Section 8.02 Remedies. Upon the occurrence of any Event of Default, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Required Lenders, by written notice to the Borrower, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower or any other Credit Party in any manner permitted under applicable law:

(a) declare the Commitments terminated, whereupon the Commitment of each Lender shall forthwith terminate immediately without any other notice of any kind;

(b) declare the principal of and any accrued interest in respect of all Loans, all Unreimbursed Drawings and all other Obligations owing hereunder and/or under any other Loan Document to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower;

(c) terminate any Letter of Credit that may be terminated in accordance with its terms; or

(d) exercise any other right or remedy available under any of the Loan Documents or applicable law;

provided that, if an Event of Default specified in Section 8.01(h) shall occur, the result that would occur upon the giving of written notice by the Administrative Agent as specified in clauses (a) and (b) above shall occur automatically without the giving of any such notice.

Section 8.03 Application of Certain Payments and Proceeds. All payments and other amounts received by the Administrative Agent or any Lender through the exercise of remedies hereunder or under the other Loan Documents shall, unless otherwise required by the terms of the other Loan Documents or by applicable law, be applied as follows:

- (i) *first*, to the payment of that portion of the Obligations constituting fees, indemnities and expenses and other amounts (including attorneys' fees and amounts due under Article III) payable to the Administrative Agent in its capacity as such;
- (ii) *second*, to the payment of that portion of the Obligations constituting fees, indemnities and expenses (including attorneys' fees and amounts due under Article III) payable to each Lender or each LC Issuer, ratably among them in proportion to the aggregate of all such amounts;
- (iii) *third*, to the payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and Unreimbursed Drawings with respect to Letters of Credit, ratably among the Lenders in proportion to the aggregate of all such amounts;
- (iv) *fourth, pro rata* to the payment of (A) that portion of the Obligations constituting unpaid principal of the Loans and Unreimbursed Drawings, ratably among the Lenders and each LC Issuer in proportion to the aggregate of all such amounts, and (B) the amounts due to Designated Hedge Creditors under Designated Hedge Agreements subject to confirmation by the Administrative Agent that any calculations of termination or other payment obligations are being made in accordance with normal industry practice;
- (v) *fifth*, to the Administrative Agent for the benefit of each LC Issuer to cash collateralize the Stated Amount of outstanding Letters of Credit;
- (vi) *sixth*, to the payment of all other Obligations of the Credit Parties owing under or in respect of the Loan Documents that are then due and payable to the Administrative Agent, each LC Issuer, the Swing Line Lender, and the Lenders, ratably based upon the respective aggregate amounts of all such Obligations owing to them on such date; and
- (vii) *finally*, any remaining surplus after all of the Obligations have been paid in full, to the Borrower or to whomsoever shall be lawfully entitled thereto.

ARTICLE IX.

THE ADMINISTRATIVE AGENT

Section 9.01 Appointment. Each Lender hereby irrevocably designates and appoints KeyBank to act as specified herein and in the other Loan Documents, and each such Lender hereby irrevocably authorizes KeyBank as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. The Administrative Agent agrees to act as such upon the express conditions contained in this

Article. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein or in the other Loan Documents, nor any fiduciary relationship with any Lender or LC Issuer, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent. The provisions of this Article are solely for the benefit of the Administrative Agent and the Lenders, and no Credit Party shall have any rights as a third-party beneficiary of any of the provisions hereof. In performing its functions and duties under this Agreement, the Administrative Agent shall act solely as agent of the Lenders and does not assume and shall not be deemed to have assumed any obligation or relationship of agency or trust with or for the Borrower or any of its Subsidiaries.

Section 9.02 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, sub-agents or attorneys-in-fact, and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents, sub-agents or attorneys-in-fact selected by it with reasonable care except to the extent otherwise required by Section 9.03.

Section 9.03 Exculpatory Provisions. Neither the Administrative Agent nor any of its Related Parties shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except for its or such Related Parties' own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower or any of its Subsidiaries or any of their respective officers contained in this Agreement, any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document or for any failure of the Borrower or any Subsidiary of the Borrower or any of their respective officers to perform its obligations hereunder or thereunder. The Administrative Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any Subsidiary of the Borrower. The Administrative Agent shall not be responsible to any Lender for the effectiveness, genuineness, validity, enforceability, collectibility or sufficiency of this Agreement or any Loan Document or for any representations, warranties, recitals or statements made herein or therein or made in any written or oral statement or in any financial or other statements, instruments, reports, certificates or any other documents in connection herewith or therewith furnished or made by the Administrative Agent to the Lenders or by or on behalf of the Borrower or any of its Subsidiaries to the Administrative Agent or any Lender or be required to ascertain or inquire as to the performance or observance of any of the terms, conditions, provisions, covenants or agreements contained herein or therein or as to the use of the proceeds of the Loans or of the existence or possible existence of any Default or Event of Default.

Section 9.04 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any note, writing, resolution, notice, consent, certificate, affidavit, letter, cablegram, telegram, e-mail or other electronic transmission, facsimile transmission, telex or teletype message, statement, order or other document or conversation believed by it, in good faith, to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including, without limitation, counsel to the Borrower or any of its Subsidiaries), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate or it shall first be indemnified to its

satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders or all of the Lenders, as applicable, as to any matter that, pursuant to Section 11.12, can only be effectuated with the consent of all Required Lenders, or all applicable Lenders, as the case may be), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

Section 9.05 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a “notice of default.” If the Administrative Agent receives such a notice, the Administrative Agent shall give prompt notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders; *provided, however*, that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

Section 9.06 Non-Reliance. Each Lender expressly acknowledges that neither the Administrative Agent nor any of its Related Parties has made any representations or warranties to it and that no act by the Administrative Agent hereinafter taken, including, without limitation, any review of the affairs of the Borrower or any of its Subsidiaries, shall be deemed to constitute any representation or warranty by the Administrative Agent to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent, or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower and its Subsidiaries and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent, or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, and to make such investigation as it deems necessary to inform itself as to the business, assets, operations, property, financial and other conditions, prospects and creditworthiness of the Borrower and its Subsidiaries. The Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, assets, property, financial and other conditions, prospects or creditworthiness of the Borrower or any of its Subsidiaries that may come into the possession of the Administrative Agent or any of its Related Parties.

Section 9.07 No Reliance on Administrative Agent’s Customer Identification Program. Each Lender acknowledges and agrees that neither such Lender, nor any of its Affiliates, participants or assignees, may rely on the Administrative Agent to carry out such Lender’s, Affiliate’s, participant’s or assignee’s customer identification program, or other obligations required or imposed under or pursuant to the USA Patriot Act or the regulations thereunder, including the regulations contained in 31 CFR 103.121 (as hereafter amended or replaced, the “CIP Regulations”), or any other Anti-Terrorism Law, including any programs involving any of the following items relating to or in connection with the Borrower or any of its Subsidiaries, any of their respective Affiliates or agents, the Loan Documents or the transactions hereunder: (a) any identity verification procedures, (b) any record keeping, (c) any comparisons with government lists, (d) any customer notices or (e) any other procedures required under the CIP Regulations or such other laws.

Section 9.09 Indemnification. The Lenders agree to indemnify the Administrative Agent and its Related Parties, ratably according to their *pro rata* share of the Aggregate Credit Facility Exposure (excluding Swing Loans), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, reasonable expenses or disbursements of any kind whatsoever that may at any time (including, without limitation, at any time following the payment of the Obligations) be imposed on, incurred by or asserted against the Administrative Agent or such Related Parties in any way relating to or arising out of this Agreement or any other Loan Document, or any documents contemplated by or referred to herein or the transactions contemplated hereby or any action taken or omitted to be taken by the Administrative Agent or such Related Parties under or in connection with any of the foregoing, but only to the extent that any of the foregoing is not paid by the Borrower; *provided, however*, that no Lender shall be liable to the Administrative Agent or any of its Related Parties for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting solely from the Administrative Agent's or such Related Parties' gross negligence or willful misconduct. If any indemnity furnished to the Administrative Agent or any such Related Parties for any purpose shall, in the opinion of the Administrative Agent, be insufficient or become impaired, the Administrative Agent may call for additional indemnity and cease, or not commence, to do the acts indemnified against until such additional indemnity is furnished. The agreements in this Section shall survive the payment of all Obligations.

Section 9.10 The Administrative Agent in Individual Capacity. The Administrative Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with the Borrower, its Subsidiaries and their Affiliates as though not acting as Administrative Agent hereunder. With respect to the Loans made by it and all Obligations owing to it, the Administrative Agent shall have the same rights and powers under this Agreement as any Lender and may exercise the same as though it were not the Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

Section 9.11 Successor Administrative Agent. The Administrative Agent may resign at any time upon not less than 30 days notice to the Lenders, each LC Issuer and the Borrower. Upon receipt of any such notice of resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. If no such successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may on behalf of the Lenders and each LC Issuer, appoint a successor Administrative Agent; *provided, however*, that if the Administrative Agent shall notify the Borrower and the Lenders that no such successor is willing to accept such appointment, then such resignation shall nonetheless become effective in accordance with such notice and (i) the retiring Administrative Agent shall be discharged from its duties and obligations hereunder and under the other Loan Documents (except that in the case of any collateral security held by the Administrative Agent on behalf of the Lenders or any LC Issuer under any of the Loan Documents, the retiring Administrative Agent shall continue to hold such collateral security until such time as a successor Administrative Agent is appointed) and (ii) all payments, communications and determinations provided to be made by, to or through the Administrative Agent shall instead be made by or to each Lender and LC Issuer directly, until such time as the Required Lenders appoint a successor Administrative Agent as provided for above in this paragraph. Upon the acceptance of a successor's appointment as Administrative Agent hereunder, such successor shall succeed to and become vested with all of the rights, powers, privileges and duties of the retiring (or retired) Administrative Agent, and the retiring Administrative Agent shall be discharged from all of its duties and obligations hereunder or under the other Loan Documents (if not already discharged therefrom as provided above in this paragraph). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to

its predecessor unless otherwise agreed between the Borrower and such successor. After the retiring Administrative Agent's resignation hereunder and under the other Loan Documents, the provisions of this Article and Section 11.02 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while the retiring Administrative Agent was acting as Administrative Agent.

Section 9.12 Other Agents. Any Lender identified herein as a Co-Agent, Syndication Agent, Documentation Agent, Managing Agent, Manager, Lead Arranger, Arranger or any other corresponding title, other than "Administrative Agent," shall have no right, power, obligation, liability, responsibility or duty under this Agreement or any other Loan Document except those applicable to all Lenders as such. Each Lender acknowledges that it has not relied, and will not rely, on any Lender so identified in deciding to enter into this Agreement or in taking or not taking any action hereunder.

Section 9.13 Defaulting Agents. At any time any Lender serving as an Administrative Agent or an LC Issuer becomes a Defaulting Lender or Impacted Lender or a Distress Event occurs with respect to such Lender (each, a "Defaulting Agent"), then, during the Default Period, the Borrower (so long as no Default or Event of Default has occurred and is continuing) or the Required Lenders may, but shall not be required to, direct such Defaulting Agent to resign, and upon the direction of the Borrower (so long as no Default or Event of Default has occurred and is continuing) or the Required Lenders, as the case may be, such Defaulting Agent shall be required to so resign and upon such resignation, the Required Lenders shall have the right, in consultation with the Borrower, to appoint a successor. Such resigning Defaulting Agent shall cooperate reasonably and in good faith to effectuate the transfer of the agency to the successor agent, including the execution and delivery of such assignments, modifications, documents, certificates and further assurances as such successor agent may reasonably request.

ARTICLE X.

GUARANTY

Section 10.01 Guaranty by the Subsidiary Guarantors, etc.

(a) Each Subsidiary Guarantor, jointly and severally, irrevocably and unconditionally guarantees to the Administrative Agent, each LC Issuer, the Lenders, and each Designated Hedge Creditor, as applicable, the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of all of the Obligations. Such guaranty is an absolute, unconditional, present and continuing guaranty of payment and not of collectibility and is in no way conditioned or contingent upon any attempt to collect from the Borrower or any other Subsidiary or Affiliate of the Borrower, or any other action, occurrence or circumstance whatsoever. If an Event of Default shall occur and be continuing hereunder or any payment default shall occur and be outstanding under any Designated Hedge Agreement, each Subsidiary Guarantor will, immediately upon (and in any event no later than one Business Day following) its receipt of written notice from the Administrative Agent demanding payment hereunder, pay to the Administrative Agent, for the benefit of the Creditors, in immediately available funds, at the Payment Office, such amount of the Obligations as the Administrative Agent shall specify in such notice.

(b) In addition to the foregoing, each Subsidiary Guarantor, jointly and severally, unconditionally and irrevocably, guarantees to the Creditors the payment of any and all Obligations, whether or not due or payable by the obligor thereon, upon the occurrence of an Insolvency Event in respect of the Borrower or such other Credit Party, and unconditionally and irrevocably, jointly and severally, promises to pay the Obligations to the Administrative Agent, for the benefit of the Creditors, on demand, in such currency and otherwise in such manner as is provided in the Loan Documents governing the Obligations.

(c) As a separate, additional and continuing obligation, each Subsidiary Guarantor unconditionally and irrevocably undertakes and agrees, for the benefit of the Creditors, that, should any amounts constituting Obligations not be recoverable from the Borrower or any other Credit Party for any reason whatsoever (including, without limitation, by reason of any provision of any Loan Document or any other agreement or instrument executed in connection therewith being or becoming, at any time, voidable, void, unenforceable, or otherwise invalid under any applicable law), then notwithstanding any notice or knowledge thereof by the Administrative Agent, any other Creditor, any of their respective Affiliates, or any other Person, each Subsidiary Guarantor, jointly and severally, as sole, original and independent obligor, upon demand by the Administrative Agent, will make payment to the Administrative Agent, for the account of the Creditors, of all such obligations not so recoverable by way of full indemnity.

(d) All payments by each Subsidiary Guarantor under this Article X shall be made to the Administrative Agent, for the benefit of the Creditors, in such currency and otherwise in such manner as is provided in the Loan Documents to which such payments relate.

Section 10.02 Subordination.

(a) Any Indebtedness or other obligations or liabilities of the Borrower now or hereafter held by any Subsidiary Guarantor (collectively, “Subordinated Obligations”) are hereby subordinated to the Indebtedness of the Borrower to any Creditor; and such Subordinated Obligations of the Borrower to any Subsidiary Guarantor, if the Administrative Agent, after an Event of Default has occurred, so requests, shall be collected, enforced and received by such Subsidiary Guarantor as trustee for the Administrative Agent and the other Creditors and be paid over to the Administrative Agent, for the benefit of the Creditors, on account of the Indebtedness of the Borrower owing under the Loan Documents to the Administrative Agent and to the other Creditors, but without affecting or impairing in any manner the liability of such Subsidiary Guarantor under the other provisions of this Article X. Prior to the transfer by any Subsidiary Guarantor of any note or negotiable instrument evidencing any Subordinated Obligation of the Borrower to such Subsidiary Guarantor, such Subsidiary Guarantor shall mark such note or negotiable instrument with a legend that the same is subject to this subordination.

(b) If and to the extent that any Subsidiary Guarantor makes any payment to the Administrative Agent or any other Creditor or to any other Person pursuant to or in respect of this Article X, any reimbursement or similar claim that such Subsidiary Guarantor may have against the Borrower by reason thereof shall be subject and subordinate to the prior termination of all of the Commitments and indefeasible payment in full of all Obligations.

Section 10.03 Subsidiary Guarantors' Obligations Absolute. The obligations of each Subsidiary Guarantor under this Article X shall be absolute and unconditional, shall not be subject to any counterclaim, setoff, deduction or defense based on any claim such Subsidiary Guarantor may have against the Borrower or any other Person, including, without limitation, the Administrative Agent, any other Creditor, any of their respective Affiliates, or any other Guarantor, and shall remain in full force and effect without regard to, and shall not be released, suspended, abated, deferred, reduced, limited, discharged, terminated or otherwise impaired or adversely affected by any circumstance or occurrence whatsoever, other than indefeasible payment in full of, and complete performance of, all of the Obligations, including, without limitation:

(a) any increase in the amount of the Obligations outstanding from time to time, including, without limitation, any increase in the aggregate outstanding amount of the Loans and Letters of Credit above any specific maximum amount referred to in this Agreement as in effect on the date hereof, and any increase in any interest rate, Fee or other amount applicable to any portion of the Obligations or otherwise payable under any Loan Document;

(b) any direction as to the application of any payment by the Borrower or by any other Person;

(c) any incurrence of additional Obligations at any time or under any circumstances, including, without limitation, (i) during the continuance of a Default or Event of Default, (ii) at any time when all conditions to such incurrence have not been satisfied, or (iii) in excess of any borrowing base, sublimit or other limitations contained in this Agreement or any of the other Loan Documents;

(d) any renewal or extension of the time for payment or maturity of any of the Obligations, or any amendment or modification of, or addition or supplement to, or deletion from, this Agreement, any other Loan Document, or any other instrument or agreement applicable to the Borrower or any other Person, or any part thereof, or any assignment, transfer or other disposition of any thereof;

(e) any failure of this Agreement, any other Loan Document, or any other instrument or agreement applicable to the Borrower or any other Person, to constitute the legal, valid and binding agreement or obligation of any party thereto, enforceable in accordance with its terms, or any irregularity in the form of any Loan Document;

(f) any waiver, consent, extension, indulgence or other action or inaction (including, without limitation, any lack of diligence, any failure to mitigate damages or marshal assets, or any election of remedies) under or in respect of (i) this Agreement, any other Loan Document, or any such other instrument or agreement, or (ii) any obligation or liability of the Borrower or any other Person;

(g) any payment made to the Administrative Agent or any other Creditor on the Obligations that the Administrative Agent or any other Creditor repays, returns or otherwise restores to the Borrower or any other applicable obligor pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding;

(h) any sale, exchange, release, surrender or foreclosure of, or any realization upon, or other dealing with, in any manner and in any order, any property, rights or interests by whomsoever at any time granted, assigned, pledged or mortgaged to secure, or howsoever securing, the Obligations, or any other liabilities or obligations (including any of those hereunder), or any portion of any thereof;

(i) any release of any security or any guaranty by or at the direction of the Administrative Agent or any other Creditor, or any release or discharge of, or limitation of recourse against, any Person furnishing any security or guaranty, including, without limitation, any release or discharge of any Guarantor from this Article X;

(j) any Insolvency Event relating to the Borrower or to any of its properties or assets;

(k) any assignment, transfer or other disposition, in whole or in part, by the Borrower or any other Person of its interest in any of the property, rights or interests constituting security for all or any portion of the Obligations or any other Indebtedness, liabilities or obligations;

(l) any lack of notice to, or knowledge by, any Subsidiary Guarantor of any of the matters referred to above; or

(m) to the fullest extent permitted under applicable law now or hereafter in effect, any other circumstance or occurrence, whether similar or dissimilar to any of the foregoing, that could or might constitute a defense available to, or a discharge of the obligations of, a guarantor or other surety.

Section 10.04 Waivers. Each Subsidiary Guarantor unconditionally waives, to the maximum extent permitted under any applicable law now or hereafter in effect, insofar as its obligations under this Article X are concerned, (a) notice of any of the matters referred to in Section 10.03, (b) all notices required by statute, rule of law or otherwise to preserve any rights against such Subsidiary Guarantor hereunder, including, without limitation, any demand, presentment, proof or notice of dishonor or non-payment of any Obligation, notice of acceptance of the Guaranty provided under this Article X, notice of the incurrence of any Obligation, notice of any failure on the part of the Borrower, any of its Subsidiaries or Affiliates, or any other Person, to perform or comply with any term or provision of this Agreement, any other Loan Document or any other agreement or instrument to which the Borrower or any other Person is a party, or notice of the commencement of any proceeding against any other Person or its any of its property or assets, (c) any right to the enforcement, assertion or exercise against the Borrower or against any other Person or any collateral of any right, power or remedy under or in respect of this Agreement, the other Loan Documents or any other agreement or instrument, and (d) any requirement that such Guarantor be joined as a party to any proceedings against the Borrower or any other Person for the enforcement of any term or provision of this Agreement, the other Loan Documents, or any other agreement or instrument.

Section 10.05 Subrogation Rights. Until such time as the Obligations have been paid in full in cash and otherwise fully performed and all of the Commitments under this Agreement have been terminated, each Subsidiary Guarantor hereby irrevocably waives all rights of subrogation that it may at any time otherwise have as a result of this Article X (whether contractual, under Section 509 of the Bankruptcy Code, or otherwise) to the claims of the Administrative Agent and/or the other Creditors against the Borrower, any other Guarantor or any other guarantor of or surety for the Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantor that it may at any time otherwise have as a result of this Article X.

Section 10.06 Separate Actions. A separate action or actions may be brought and prosecuted against any Guarantor whether or not action is brought against any other Guarantor, any other guarantor or the Borrower, and whether or not any other Guarantor, any other guarantor of the Borrower or the Borrower be joined in any such action or actions.

Section 10.07 Subsidiary Guarantors Familiar with Borrower's Affairs. Each Guarantor confirms that it has made its own independent investigation with respect to the creditworthiness of the Borrower and its other Subsidiaries and Affiliates and is not executing this Agreement in reliance on any representation or warranty by the Administrative Agent or any other Creditor or any other Person acting on behalf of the Administrative Agent or any other Creditor as to such creditworthiness. Each Guarantor expressly assumes all responsibilities to remain informed of the financial condition of the Borrower and its other Subsidiaries and Affiliates and any circumstances affecting (a) the Borrower's or any other Subsidiary's or Affiliate's ability to perform its obligations under this Agreement and the other Loan Documents to which it is a party, or (b) any collateral securing, or any other guaranty for, all or any part of the Borrower's or such other Subsidiary's or Affiliate's payment and performance obligations thereunder; and each Subsidiary Guarantor further agrees that the Administrative Agent and the other Creditors shall have no duty to advise any Subsidiary Guarantor of information known to them regarding such circumstances or the risks such Subsidiary Guarantor undertakes in this Article X.

Section 10.08 Solvency. Each Subsidiary Guarantor represents and warrants to the Administrative Agent and each of the other Creditors that as of the date such Guarantor has become a party to this Agreement, (i) such Subsidiary Guarantor has received consideration that is the reasonable equivalent value of the obligations and liabilities that such Subsidiary Guarantor has incurred to the Administrative Agent and the other Creditors under this Article X and the other Loan Documents to which such Subsidiary Guarantor is a party; (ii) such Subsidiary Guarantor has capital sufficient to carry on its business and transactions and all business and transactions in which it is about to engage and is solvent and able to pay its debts as they mature; (iii) such Subsidiary Guarantor owns property having a value, both at fair valuation and at present fair salable value, greater than the amount required to pay its debts; and (iv) such Subsidiary Guarantor is not entering into the Loan Documents to which it is a party with the intent to hinder, delay or defraud its creditors.

Section 10.09 Continuing Guaranty; Remedies Cumulative, etc. The guaranty provided under this Article X is a continuing guaranty, all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon, and this Article X shall remain in full force and effect until terminated as provided in Section 10.18. No failure or delay on the part of the Administrative Agent or any other Creditor in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies that the Administrative Agent or any other Creditor would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or any other Creditor to any other or further action in any circumstances without notice or demand. It is not necessary for, and neither the Administrative Agent nor any other Creditor, undertakes any obligation or duty to, inquire into the capacity or powers of the Borrower or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on its behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

Section 10.10 Application of Payments and Recoveries. All amounts received by the Administrative Agent pursuant to, or in connection with the enforcement of, this Article X, together with all amounts and other rights and benefits realized by any Creditor (or to which any Creditor may be entitled) by virtue of this Article X, shall be applied as provided in Section 8.03.

Section 10.11 Enforcement Expenses. The Guarantors hereby jointly and severally agree to pay, to the extent not paid pursuant to Section 11.01, all out-of-pocket costs and expenses of the Administrative Agent and each other Creditor in connection with the enforcement of this Article X and any amendment, waiver or consent relating hereto (including, without limitation, the fees and disbursements of a single counsel employed by the Administrative Agent and the other Creditors for each applicable jurisdiction, unless such counsel has a conflict of interest prohibiting it from representing one or more of the Creditors, in which case the fees and disbursements of separate counsel for such Creditors shall also be paid by the Guarantors as aforesaid).

Section 10.12 Right of Setoff. In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default after any applicable notice and grace period, each Creditor is hereby authorized at any time or from time to time, without notice to any Subsidiary Guarantor or to any other Person, any such notice being expressly waived, to the fullest extent permitted under applicable law now or hereafter in effect, to set off and to appropriate and apply any and all deposits (general or special) and any other indebtedness at any time held or owing by such Creditor to or for the credit or the account of such Subsidiary Guarantor, against and on account of the obligations and liabilities of such Subsidiary

Guarantor to such Creditor under this Article X, irrespective of whether or not the Administrative Agent or such Creditor shall have made any demand hereunder and although said obligations, liabilities, deposits or claims, or any of them, shall be contingent or unmatured. Each Creditor agrees to promptly notify the relevant Subsidiary Guarantor after any such set off and application, *provided, however*, that the failure to give such notice shall not affect the validity of such set off and application.

Section 10.13 Reinstatement. If a claim is ever made upon the Administrative Agent or any other Creditor for rescission, repayment, recovery or restoration of any amount or amounts received by the Administrative Agent or any other Creditor in payment or on account of any of the Obligations and any of the aforesaid payees repays all or part of said amount by reason of (a) any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its property, or (b) any settlement or compromise of any such claim effected by such payee with any such claimant, then and in such event (i) any such judgment, decree, order, settlement or compromise shall be binding upon each Subsidiary Guarantor, notwithstanding any revocation hereof or other instrument evidencing any liability of the Borrower, (ii) each Subsidiary Guarantor shall be and remain liable to the aforesaid payees hereunder for the amount so repaid or otherwise recovered or restored to the same extent as if such amount had never originally been received by any such payee, and (iii) this Article X shall continue to be effective or be reinstated, as the case may be, all as if such repayment or other recovery had not occurred.

Section 10.14 Sale of Capital Stock of a Guarantor. If all of the capital stock of one or more Subsidiary Guarantors is sold or otherwise disposed of or liquidated in compliance with the requirements of Section 7.02 (or such sale or other disposition has been approved in writing by the Required Lenders (or all Lenders, as applicable, if required by Section 11.12)) and the proceeds of such sale, disposition or liquidation are applied, to the extent applicable, in accordance with the provisions of this Agreement, such Subsidiary Guarantor shall, in accordance with Section 11.12, be released from this Article X and this Article X shall, as to each such Subsidiary Guarantor or Subsidiary Guarantors, terminate, and have no further force or effect.

Section 10.15 Contribution Among Guarantors. Each Subsidiary Guarantor, in addition to the subrogation rights it shall have against the Borrower under applicable law as a result of any payment it makes hereunder, shall also have a right of contribution against all other Subsidiary Guarantors in respect of any such payment pro rata among the same based on their respective net fair value as enterprises, provided any such right of contribution shall be subject and subordinate to the prior payment in full of the Obligations (and such Subsidiary Guarantor's obligations in respect thereof).

Section 10.16 Full Recourse Obligations; Effect of Fraudulent Transfer Laws, etc. It is the desire and intent of each Subsidiary Guarantor, the Administrative Agent and the other Creditors that this Article X shall be enforced as a full recourse obligation of each Subsidiary Guarantor to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought. If and to the extent that the obligations of any Subsidiary Guarantor under this Article X would, in the absence of this sentence, be adjudicated to be invalid or unenforceable because of any applicable state or federal law relating to fraudulent conveyances or transfers, then the amount of such Subsidiary Guarantor's liability hereunder in respect of the Obligations shall be deemed to be reduced *ab initio* to that maximum amount that would be permitted without causing such Subsidiary Guarantor's obligations hereunder to be so invalidated.

Section 10.17 Payments Free and Clear of Setoffs, Counterclaims and Taxes, etc.

(a) All payments made by any Subsidiary Guarantor hereunder will be made without setoff, counterclaim or other defense and, except as provided for in this Section 10.17, all such payments will be made free and clear of, and without deduction or withholding for, any present or future Taxes. If any

Taxes are so levied or imposed, the applicable Subsidiary Guarantor agrees to pay the full amount of such Taxes and such additional amounts as may be necessary so that every payment by it of all amounts due hereunder, after withholding or deduction for or on account of any Taxes will not be less than the amount provided for herein. The applicable Subsidiary Guarantor will furnish to the Administrative Agent within 45 days after the date the payment of any Taxes, or any withholding or deduction on account thereof, is due pursuant to applicable law certified copies of tax receipts, or other evidence reasonably satisfactory to the applicable Creditor, evidencing such payment by the applicable Subsidiary Guarantor. Each applicable Subsidiary Guarantor will indemnify and hold harmless the Administrative Agent and each Creditor, and reimburse the Administrative Agent or such Creditor upon its written request, for the amount of any Taxes so levied or imposed on and paid or withheld by such Creditor in respect of payments by the applicable Subsidiary Guarantor hereunder.

(b) Notwithstanding anything to the contrary contained in this Section 10.17, (i) any applicable Subsidiary Guarantor shall be entitled, to the extent it is required to do so by law, to deduct or withhold income or other similar taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from any amounts payable hereunder for the account of any Creditor that is not a United States Person (as such term is defined in Section 7701(a)(30) of the Code) for United States federal income tax purposes and that has not provided to the Borrower such forms that establish a complete exemption from such deduction or withholding; and (ii) any applicable Subsidiary Guarantor shall not be obligated pursuant to this Section 10.17 hereof to gross-up payments to be made to a Creditor in respect of income or similar taxes imposed by the United States or any additional amounts with respect thereto if such Creditor has not provided to the Borrower such forms.

Section 10.18 Termination. After the termination of all of the Commitments, when no LC Outstandings exist and when all Loans and other Obligations (other than unasserted indemnity obligations) have been paid in full, this guaranty provided under this Article X will terminate and the Administrative Agent, at the request and expense of the Borrower and/or any of the Subsidiary Guarantors, will execute and deliver to the Subsidiary Guarantors an instrument or instruments acknowledging such termination.

Section 10.19 Enforcement Only by Administrative Agent. The Creditors agree that the guaranty provided under this Article X may be enforced only by the action of the Administrative Agent, acting upon the instructions of the Required Lenders, and that no Creditor shall have any right individually to seek to enforce or to enforce the guaranty provided under this Article X, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent, for the benefit of the Creditors, upon the terms of this Article X.

Section 10.20 Effect of Stay. If acceleration of the time for payment of any amount payable by any Subsidiary Guarantor under any of the Obligations is stayed upon insolvency, bankruptcy or reorganization of such Subsidiary Guarantor, all such amounts otherwise subject to acceleration under the terms of any applicable agreement or instrument evidencing or relating to any of the Obligations shall nonetheless be payable by such Subsidiary Guarantor under this Article forthwith on demand by the Administrative Agent.

ARTICLE XI.

MISCELLANEOUS

Section 11.01 Payment of Expenses etc. The Borrower agrees to pay (or reimburse the Administrative Agent, the Lenders or their Affiliates, as the case may be, for) all of the following: (i) whether or not the transactions contemplated hereby are consummated, for all reasonable out-of-pocket

costs and expenses of the Administrative Agent in connection with the negotiation, preparation, syndication, administration and execution and delivery of the Loan Documents and the documents and instruments referred to therein and the syndication of the Commitments; (ii) all reasonable out-of-pocket costs and expenses of the Administrative Agent and the Lenders in connection with any amendment, waiver or consent relating to any of the Loan Documents that are requested by any Credit Party; (iii) all reasonable out-of-pocket costs and expenses of the Administrative Agent, the Lenders and their Affiliates in connection with the enforcement of any of the Loan Documents or the other documents and instruments referred to therein, including, without limitation, the reasonable fees and disbursements of any individual counsel to the Administrative Agent and any Lender (including, without limitation, allocated costs of internal counsel); and (iv) subject to Section 3.03, any and all present and future stamp and other similar taxes with respect to the foregoing matters and save the Administrative Agent and each of the Lenders harmless from and against any and all liabilities with respect to or resulting from any delay or omission (other than to the extent attributable to any such indemnified Person) to pay such taxes.

Section 11.02 Indemnification. The Borrower agrees to indemnify the Administrative Agent, each Lender, and their respective Related Parties (collectively, the "Indemnitees") from and hold each of them harmless against any and all losses, liabilities, claims, damages or expenses reasonably incurred by any of them as a result of, or arising out of, or in any way related to, or by reason of (i) any investigation, litigation or other proceeding related to the entering into and/or performance of any Loan Document or the use of the proceeds of any Loans hereunder or the consummation of any transactions contemplated in any Loan Document, other than any such investigation, litigation or proceeding arising out of transactions solely between any of the Lenders or the Administrative Agent, transactions solely involving the assignment by a Lender of all or a portion of its Loans and Commitments, or the granting of participations therein, as provided in this Agreement, or arising solely out of any examination of a Lender by any regulatory or other Governmental Authority having jurisdiction over it, or (ii) the actual or alleged presence of Hazardous Materials in the air, surface water or groundwater or on the surface or subsurface of any Real Property owned, leased or operated by the Borrower or any of its Subsidiaries, the Release, generation, storage, transportation, handling or disposal of Hazardous Materials at any location, whether or not owned or operated by the Borrower or any of its Subsidiaries, if the Borrower or any such Subsidiary could have or is alleged to have any responsibility in respect thereof, the non-compliance of any Real Property owned, leased or operated by the Borrower or any of its Subsidiaries with foreign, federal, state and local laws, regulations and ordinances (including applicable permits thereunder) applicable thereto, or any Environmental Claim asserted against the Borrower or any of its Subsidiaries, in respect of any such Real Property, including, in the case of each of (i) and (ii) above, without limitation, the reasonable documented fees and disbursements of counsel (such costs of counsel to be limited to one counsel to the Administrative Agent for each applicable jurisdiction and one single counsel for all other Indemnitees for each applicable jurisdiction unless such counsel has a conflict of interest prohibiting it from representing one or more of such Indemnitees, in which case the fees and disbursements of separate counsel for such Indemnitees shall also be paid by the Borrower as aforesaid) incurred in connection with any such investigation, litigation or other proceeding (but excluding any such losses, liabilities, claims, damages or expenses to the extent incurred by reason of the gross negligence, willful misconduct or breach of its obligations under any Loan Document of the Person to be indemnified or of any other Indemnitee who is such Person or an Affiliate of such Person). To the extent that the undertaking to indemnify, pay or hold harmless any Person set forth in the preceding sentence may be unenforceable because it is violative of any law or public policy, the Borrower shall make the maximum contribution to the payment and satisfaction of each of the indemnified liabilities that is permissible under applicable law.

Section 11.03 Right of Setoff. In addition to any rights now or hereafter granted under applicable law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender and each LC Issuer is hereby authorized at

any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person, any such notice being hereby expressly waived, to set off and to appropriate and apply any and all deposits (general or special) and any other Indebtedness at any time held or owing by such Lender or such LC Issuer (including, without limitation, by branches, agencies and Affiliates of such Lender or LC Issuer wherever located) to or for the credit or the account of the Borrower against and on account of the Obligations and liabilities of the Borrower to such Lender or LC Issuer under this Agreement or under any of the other Loan Documents, including, without limitation, all claims of any nature or description arising out of or connected with this Agreement or any other Loan Document, irrespective of whether or not such Lender or LC Issuer shall have made any demand hereunder and although said Obligations, liabilities or claims, or any of them, shall be contingent or unmatured; *provided*, that in the event that any Defaulting Lender shall exercise any such right of setoff, (i) all amounts so set off shall be paid over immediately to the Administrative Agent for further application in accordance with the provisions of Section 26 and, pending such payment shall be segregated by such Defaulting Lender from its other funds and deemed held in trust for the benefit of the Administrative Agent and the Lenders, and (ii) the Defaulting Lender shall provide promptly to the Administrative Agent a statement describing in reasonable detail the Obligations owing to such Defaulting Lender as to which it exercised such right of setoff. Each Lender and LC Issuer agrees to promptly notify the Borrower after any such set off and application, *provided, however*, that the failure to give such notice shall not affect the validity of such set off and application.

Section 11.04 Equalization.

(a) Equalization. If at any time any Lender receives any amount hereunder (whether by voluntary payment, by realization upon security, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Loan Documents, or otherwise) that is applicable to the payment of the principal of, or interest on, the Loans (other than Swing Loans), LC Participations, Swing Loan Participations or Fees (other than Fees that are intended to be paid solely to the Administrative Agent or an LC Issuer and amounts payable to a Lender under Article III), of a sum that with respect to the related sum or sums received by other Lenders is in a greater proportion than the total of such Obligation then owed and due to such Lender bears to the total of such Obligation then owed and due to all of the Lenders immediately prior to such receipt, *then* such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lenders an interest in the Obligations to such Lenders in such amount as shall result in a proportional participation by all of the Lenders in such amount.

(b) Recovery of Amounts. If any amount paid to any Lender pursuant to subparts (i) or (ii) above is recovered in whole or in part from such Lender, such original purchase shall be rescinded, and the purchase price restored ratably to the extent of the recovery.

(c) Consent of Borrower. The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

The provisions of this Section 11.04 shall not be construed to apply to (i) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement where such terms expressly provide for or contemplate non-ratable payments to a Lender or (ii) any payment obtained by a Lender pursuant to Section 26 or as consideration for any assignment or participation pursuant to Section 11.06.

Section 11.05 Notices.

(a) Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in subpart (c) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by facsimile as follows:

(i) if to the Borrower, to it at 25 Corporate Drive, Burlington, Massachusetts 01803, Attention: Corporate Secretary (Facsimile No. (781) 270-1299);

(ii) if to any other Credit Party, to it c/o the Borrower at 25 Corporate Drive, Burlington, Massachusetts 01803, Attention: Corporate Secretary (Facsimile No. (781) 270-1299);

(iii) if to the Administrative Agent, to it at the Notice Office; and

(iv) if to a Lender, to it at its address (or facsimile number) set forth next to its name on the signature pages hereto or, in the case of any Lender that becomes a party to this Agreement by way of assignment under Section 11.06, to it at the address set forth in the Assignment Agreement to which it is a party;

(b) Receipt of Notices. Notices and communications sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent and receipt has been confirmed by telephone. Notices delivered through electronic communications to the extent provided in subpart (c) below shall be effective as provided in said subpart (c).

(c) Electronic Communications. Notices and other communications to the Administrative Agent, an LC Issuer or any Lender hereunder and required to be delivered pursuant to Sections 6.01(a), (b), (c), (d), (g), (h) or (i) may be delivered or furnished by electronic communication (including e-mail and Internet or intranet web sites) pursuant to procedures approved by the Administrative Agent. The Administrative Agent and the Borrower may, in their discretion, agree in a separate writing to accept notices and other communications to them hereunder by electronic communications pursuant to procedures approved by it, *provided* that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), *provided* that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient, and (ii) notices or communications posted to an Internet or intranet web site shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the web site address therefor.

(d) Change of Address, Etc. Any party hereto may change its address or facsimile number for notices and other communications hereunder by notice to each of the other parties hereto in accordance with Section 11.05(a).

Section 11.06 Successors and Assigns.

(a) Successors and Assigns Generally. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the parties hereto and their respective successors and assigns; *provided, however,* that the Borrower may not assign or transfer any of its rights or obligations hereunder without the prior written consent of all the Lenders, *provided, further,* that any assignment or participation by a Lender of any of its rights and obligations hereunder shall be effected in accordance with this Section 11.06.

(b) Participations. Each Lender may at any time grant participations in any of its rights hereunder or under any of the Notes to an Eligible Assignee, *provided* that in the case of any such participation,

(i) the participant shall not have any rights under this Agreement or any of the other Loan Documents, including rights of consent, approval or waiver (the participant's rights against such Lender in respect of such participation to be those set forth in the agreement executed by such Lender in favor of the participant relating thereto),

(ii) such Lender's obligations under this Agreement (including, without limitation, its Commitments hereunder) shall remain unchanged,

(iii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations,

(iv) such Lender shall remain the holder of the Obligations owing to it and of any Note issued to it for all purposes of this Agreement, and

(v) the Borrower, the Administrative Agent, and the other Lenders shall continue to deal solely and directly with the selling Lender in connection with such Lender's rights and obligations under this Agreement, and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation, except that the participant shall be entitled to the benefits of Article III to the extent that such Lender would be entitled to such benefits if the participation had not been entered into or sold,

and, *provided further,* that no Lender shall transfer, grant or sell any participation under which the participant shall have rights to approve any amendment to or waiver of this Agreement or any other Loan Document except to the extent such amendment or waiver would (x) extend the final scheduled maturity of the date of any of the Loans in which such participant is participating, or reduce the rate or extend the time of payment of interest or Fees thereon (except in connection with a waiver of the applicability of any post-default increase in interest rates), or reduce the principal amount thereof, or increase such participant's participating interest in any Commitment over the amount thereof then in effect (it being understood that a waiver of any Default or Event of Default shall not constitute a change in the terms of any such Commitment), (y) release all or any substantial portion of any collateral securing the Obligations, or release any guarantor from its guaranty of any of the Obligations, except strictly in accordance with the terms of the Loan Documents, or (z) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement.

(c) Assignments by Lenders.

(i) Any Lender may assign all, or if less than all, a fixed portion, of its Loans, LC Participations, Swing Loan Participations and/or Commitments and its rights and obligations hereunder to one or more Eligible Assignees, each of which shall become a party to this Agreement as a Lender by execution of an Assignment Agreement; *provided, however*, that

(A) except in the case of (x) an assignment of the entire remaining amount of the assigning Lender's Loans and/or Commitments or (y) an assignment to another Lender, an Affiliate of such Lender or an Approved Fund with respect to such Lender, the aggregate amount of the Commitment so assigned (which for this purpose includes the Loans outstanding thereunder) shall not be less than \$7,500,000 (or an integral multiple of \$1,000,000 in excess thereof);

(B) at the time of any such assignment the Lender Register shall be modified to reflect the Commitments of such new Lender and of the existing Lenders (and no assignment shall be effective hereunder unless recorded in the Lender Register as provided herein);

(C) upon surrender of the old Notes, if any, upon request of the new Lender, new Notes will be issued, at the Borrower's expense, to such new Lender and to the assigning Lender, to the extent needed to reflect the revised Commitments;

(D) unless waived by the Administrative Agent, the Administrative Agent shall receive at the time of each such assignment, from the assigning or assignee Lender, the payment of a non-refundable assignment fee of \$3,500;

(E) no such assignment shall be made to any Defaulting Lender or any Impacted Lender; and

(F) in connection with any assignment of rights and obligations of any Defaulting Lender or Impacted Lender hereunder, no such assignment shall be effective unless and until, in addition to the other conditions thereto set forth herein, the parties to the assignment shall make such additional payments to the Administrative Agent in an aggregate amount sufficient, upon distribution thereof as appropriate (which may be outright payment, purchases by the assignee of participations or subparticipations, or other compensating actions, to each of which the applicable assignees and assignor hereby irrevocably consent), to pay and satisfy in full all Defaulted Credits and Defaulted Payments and interest accrued thereon attributable to such Defaulting Lender or Impacted Lender, as the case may be.

(ii) To the extent of any assignment pursuant to this subpart (c), the assigning Lender shall be relieved of its obligations hereunder with respect to its assigned Commitments.

(iii) At the time of each assignment pursuant to this subpart (c), to a Person that is not already a Lender hereunder, the respective assignee Lender shall provide to the Borrower and the Administrative Agent the applicable Internal Revenue Service Forms (and any necessary additional documentation) described in Section 3.03(b) or (c), as appropriate.

(iv) With respect to any Lender, the transfer of any Commitment of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Commitment shall not be effective until such transfer is recorded on the Lender Register maintained by the Administrative Agent with respect to ownership of such Commitment and Loans and prior to such recordation all amounts owing to the transferor with respect to such Commitment and Loans shall remain owing to the transferor. The registration of assignment or transfer of all or part of any Commitments and Loans shall be recorded by the Administrative Agent on the Lender Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment Agreement pursuant to this subpart (c).

(v) Nothing in this Section shall prevent or prohibit (A) any Lender that is a bank, trust company or other financial institution from pledging its Notes or Loans to a Federal Reserve Bank in support of borrowings made by such Lender from such Federal Reserve Bank, or (B) any Lender that is a trust, limited liability company, partnership or other investment company from pledging its Notes or Loans to a trustee or agent for the benefit of holders of certificates or debt securities issued by it. No such pledge, or any assignment pursuant to or in lieu of an enforcement of such a pledge, shall relieve the transferor Lender from its obligations hereunder.

(d) No SEC Registration or Blue Sky Compliance. Notwithstanding any other provisions of this Section, no transfer or assignment of the interests or obligations of any Lender hereunder or any grant of participation therein shall be permitted if such transfer, assignment or grant would require the Borrower to file a registration statement with the SEC or to qualify the Loans under the "Blue Sky" laws of any State.

(e) Representations of Lenders. Each Lender initially party to this Agreement hereby represents, and each Person that becomes a Lender pursuant to an assignment permitted by this Section will, upon its becoming party to this Agreement, represents that it is a commercial lender, other financial institution or other "accredited" investor (as defined in SEC Regulation D) that makes or acquires loans in the ordinary course of its business and that it will make or acquire Loans for its own account in the ordinary course of such business; *provided, however*, that subject to the preceding Sections 11.06(b) and (c), the disposition of any promissory notes or other evidences of or interests in Indebtedness held by such Lender shall at all times be within its exclusive control.

Section 11.07 No Waiver; Remedies Cumulative. No failure or delay on the part of the Administrative Agent or any Lender in exercising any right, power or privilege hereunder or under any other Loan Document and no course of dealing between the Borrower and the Administrative Agent or any Lender shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Loan Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. No notice to or demand on the Borrower in any case shall entitle the Borrower to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of the Administrative Agent or the Lenders to any other or further action in any circumstances without notice or demand. Without limiting the generality of the foregoing, the making of a Loan or any LC Issuance shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent, any Lender or any LC Issuer may have had notice or knowledge of such Default or Event of Default at the time. The rights and remedies herein expressly provided are cumulative and not exclusive of any rights or remedies that the Administrative Agent or any Lender would otherwise have.

Section 11.08 Governing Law; Submission to Jurisdiction; Venue; Waiver of Jury Trial.

(a) THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER AND THEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND BE GOVERNED BY THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). TO THE FULLEST EXTENT PERMITTED BY LAW, THE BORROWER AND THE CREDIT PARTIES EACH HEREBY UNCONDITIONALLY AND IRREVOCABLY WAIVES ANY CLAIM TO ASSERT THAT THE

LAW OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK GOVERNS THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. Any legal action or proceeding with respect to this Agreement or any other Loan Document may be brought in the Supreme Court of the State of New York sitting in New York City or in the United States District Court of the Southern District of New York, and, by execution and delivery of this Agreement, the Borrower and the other Credit Parties each hereby irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. The Borrower and the other Credit Parties each hereby further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to the Borrower or any of the Credit Parties, as applicable, at its address for notices pursuant to Section 11.05, such service to become effective 30 days after such mailing or at such earlier time as may be provided under applicable law. Nothing herein shall affect the right of the Administrative Agent or any Lender to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Borrower and/or any of the Credit Parties in any other jurisdiction.

(b) The Borrower and the other Credit Parties each hereby irrevocably waives any objection that it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Agreement or any other Loan Document brought in the courts referred to in Section 11.08(a) above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum.

(c) EACH OF THE PARTIES TO THIS AGREEMENT HEREBY IRREVOCABLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS (INCLUDING, WITHOUT LIMITATION, ANY AMENDMENTS, WAIVERS OR OTHER MODIFICATIONS RELATING TO ANY OF THE FOREGOING), OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH PARTY HERETO HEREBY (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS PARAGRAPH.

Section 11.09 Counterparts. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, including via facsimile transmission or other electronic transmission (including .PDF), each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same agreement. A set of counterparts executed by all the parties hereto shall be lodged with the Borrower and the Administrative Agent.

Section 11.10 Integration. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent, for its own account and benefit and/or for the account, benefit of, and distribution to, the Lenders, constitute the entire contract among the parties relating to the subject matter hereof and thereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof or thereof.

Section 11.11 Headings Descriptive. The headings of the several Sections and other portions of this Agreement are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Agreement.

Section 11.12 Amendment or Waiver.

(a) Neither this Agreement nor any other Loan Document, nor any terms hereof or thereof, may be amended, changed, waived or otherwise modified unless such amendment, change, waiver or other modification is in writing and signed by the Borrower, the Administrative Agent, and the Required Lenders or by the Administrative Agent acting at the written direction of the Required Lenders; *provided, however*, that

(i) no change, waiver or other modification shall:

(A) increase the amount of any Commitment of any Lender hereunder (other than as provided in Section 2.02(b)), without the written consent of such Lender or increase the Total Revolving Commitment without the consent of all the Lenders;

(B) extend or postpone the Revolving Facility Termination Date or the maturity date provided for herein that is applicable to any Loan of any Lender, extend or postpone the expiration date of any Letter of Credit as to which such Lender is an LC Participant beyond the latest expiration date for a Letter of Credit provided for herein, or extend or postpone any scheduled expiration or termination date provided for herein that is applicable to a Commitment of any Lender (other than as provided in Section 2.16), without the written consent of such Lender;

(C) reduce the principal amount of any Loan made by any Lender, or reduce the rate or extend the time of payment of, or excuse the payment of, interest thereon (other than as a result of (x) waiving the applicability of any post-default increase in interest rates or (y) any amendment or modification of defined terms used in financial covenants), without the written consent of such Lender;

(D) reduce the amount of any Unreimbursed Drawing as to which any Lender is an LC Participant, or reduce the rate or extend the time of payment of, or excuse the payment of, interest thereon (other than as a result of waiving the applicability of any post-default increase in interest rates), without the written consent of such Lender; or

(E) reduce the rate or extend the time of payment of, or excuse the payment of, any Fees to which any Lender is entitled hereunder, without the written consent of such Lender; and

(ii) no change, waiver or other modification or termination shall, without the written consent of each Lender affected thereby,

(A) release the Borrower from any of its obligations hereunder;

(B) release the Borrower from its guaranty obligations under Article X or release any Credit Party from the Guaranty to which it is a party, *except*, in the case of a Subsidiary Guarantor, in accordance with a transaction permitted under this Agreement;

(C) release all or any substantial portion of any collateral securing the Obligations, *except* in connection with a transaction permitted under this Agreement;

(D) amend, modify or waive any provision of this Section 11.12, Section 8.03, or any other provision of any of the Loan Documents pursuant to which the consent or approval of all Lenders, or a number or specified percentage or other required grouping of Lenders or Lenders having Commitments, is by the terms of such provision explicitly required;

(E) reduce the percentage specified in, or otherwise modify, the definition of Required Lenders; or

(F) consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement.

Any waiver or consent with respect to this Agreement given or made in accordance with this Section shall be effective only in the specific instance and for the specific purpose for which it was given or made.

(b) No provision of Section 2.05 or any other provision in this Agreement specifically relating to Letters of Credit may be amended without the consent of any LC Issuer adversely affected thereby.

(c) No provision of Article IX may be amended without the consent of the Administrative Agent and no provision of Section 2.04 may be amended without the consent of the Swing Line Lender.

(d) To the extent the Required Lenders (or all of the Lenders, as applicable, as shall be required by this Section) waive the provisions of Section 7.02 with respect to the sale, transfer or other disposition of any property or assets, or any property or assets are sold, transferred or disposed of as permitted by Section 7.02, and such property or assets includes all of the capital stock of a Subsidiary that is a party to a Guaranty such Subsidiary shall be released from such Guaranty; and the Administrative Agent shall be authorized to take actions deemed appropriate by it to effectuate the foregoing.

Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that (i) the Commitment of such Lender may not be increased or extended without the consent of such Lender and (ii) any amendment, waiver or consent requiring the consent of all Lenders or each affected Lender that by its terms affects any Defaulting Lender in a manner that is materially and disproportionately adverse to such Defaulting Lender compared with other affected Lenders shall require the consent of such Defaulting Lender.

Section 11.13 Survival of Indemnities. All indemnities set forth herein including, without limitation, in Article III (subject to the limitations set forth Section 3.01(d)), Section 9.09 or Section 11.02 shall survive the execution and delivery of this Agreement and the making and repayment of the Obligations.

Section 11.14 Domicile of Loans. Each Lender may transfer and carry its Loans at, to or for the account of any branch office, subsidiary or affiliate of such Lender; *provided, however*, that the Borrower shall not be responsible for costs arising under Section 3.01 resulting from any such transfer (other than a transfer pursuant to Section 3.05) to the extent not otherwise applicable to such Lender prior to such transfer.

Section 11.15 Confidentiality.

(a) Each of the Administrative Agent, each LC Issuer and the Lenders agrees to maintain the confidentiality of the Confidential Information, *except* that Confidential Information may be disclosed (1) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Confidential Information and instructed to keep such Confidential Information confidential), (2) to any direct or indirect contractual counterparty in any Hedge Agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section, (3) to the extent requested by any regulatory authority, (4) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (5) to any other party to this Agreement, (6) to any other creditor of any Credit Party that is a direct or intended beneficiary of any of the Loan Documents, (7) in connection with the exercise of any remedies hereunder or under any of the other Loan Documents, or any suit, action or proceeding relating to this Agreement or any of the other Loan Documents or the enforcement of rights hereunder or thereunder, (8) subject to an agreement containing provisions substantially the same as those of this Section, to any assignee of or participant in any of its rights or obligations under this Agreement, (9) with the consent of the Borrower, or (10) to the extent such Confidential Information (i) becomes publicly available other than as a result of a breach of this Section, or (ii) becomes available to the Administrative Agent, any LC Issuer or any Lender on a non-confidential basis from a source other than a Credit Party and not otherwise in violation of this Section.

(b) As used in this Section, "Confidential Information" shall mean all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent, any LC Issuer or any Lender on a non-confidential basis prior to disclosure by the Borrower; *provided, however*, that, in the case of information received from the Borrower after the Closing Date, such information is clearly identified at the time of delivery as confidential.

(c) Any Person required to maintain the confidentiality of Confidential Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Confidential Information as such Person would accord to its own confidential information. The Borrower hereby agrees that the failure of the Administrative Agent, any LC Issuer or any Lender to comply with the provisions of this Section shall not relieve the Borrower, or any other Credit Party, of any of its obligations under this Agreement or any of the other Loan Documents.

Section 11.16 Limitations on Liability of the LC Issuers. The Borrower assumes all risks of the acts or omissions of any beneficiary or transferee of any Letter of Credit with respect to its use of such Letters of Credit. Neither any LC Issuer nor any of its officers or directors shall be liable or responsible for: (a) the use that may be made of any Letter of Credit or any acts or omissions of any beneficiary or transferee in connection therewith; (b) the validity, sufficiency or genuineness of documents, or of any endorsement thereon, even if such documents should prove to be in any or all respects invalid, insufficient, fraudulent or forged; (c) payment by an LC Issuer against presentation of documents that do not comply with the terms of a Letter of Credit, including failure of any documents to bear any reference or adequate reference to such Letter of Credit; or (d) any other circumstances whatsoever in making or failing to make payment under any Letter of Credit, *except* that the LC Obligor shall have a claim against an LC Issuer, and an LC Issuer shall be liable to such LC Obligor, to the extent of any direct, but not consequential, damages suffered by such LC Obligor that such LC Obligor proves were caused by (i) such LC Issuer's willful misconduct or gross negligence in determining whether documents presented under a Letter of Credit comply with the terms of such Letter of Credit or (ii) such

LC Issuer's willful failure to make lawful payment under any Letter of Credit after the presentation to it of documentation strictly complying with the terms and conditions of such Letter of Credit. In furtherance and not in limitation of the foregoing, an LC Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation.

Section 11.17 General Limitation of Liability. No claim may be made by any Credit Party, any Lender, the Administrative Agent, any LC Issuer or any other Person against the Administrative Agent, any LC Issuer, or any other Lender or the Affiliates, directors, officers, employees, attorneys or agents of any of them for any damages other than actual compensatory damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement or any of the other Loan Documents, or any act, omission or event occurring in connection therewith; and the Borrower, each Lender, the Administrative Agent and each LC Issuer hereby, to the fullest extent permitted under applicable law, waive, release and agree not to sue or counterclaim upon any such claim for any special, consequential or punitive damages, whether or not accrued and whether or not known or suspected to exist in their favor.

Section 11.18 No Duty. All attorneys, accountants, appraisers, consultants and other professional persons (including the firms or other entities on behalf of which any such Person may act) retained by the Administrative Agent or any Lender with respect to the transactions contemplated by the Loan Documents shall have the right to act exclusively in the interest of the Administrative Agent or such Lender, as the case may be, and shall have no duty of disclosure, duty of loyalty, duty of care, or other duty or obligation of any type or nature whatsoever to the Borrower, to any of its Subsidiaries, or to any other Person, with respect to any matters within the scope of such representation or related to their activities in connection with such representation. The Borrower agrees, on behalf of itself and its Subsidiaries, not to assert any claim or counterclaim against any such persons with regard to such matters, all such claims and counterclaims, now existing or hereafter arising, whether known or unknown, foreseen or unforeseeable, being hereby waived, released and forever discharged.

Section 11.19 Lenders and Agent Not Fiduciary to Borrower, etc. The relationship among the Borrower and its Subsidiaries, on the one hand, and the Administrative Agent, each LC Issuer and the Lenders, on the other hand, is solely that of debtor and creditor, and the Administrative Agent, each LC Issuer and the Lenders have no fiduciary or other special relationship with the Borrower and its Subsidiaries, and no term or provision of any Loan Document, no course of dealing, no written or oral communication, or other action, shall be construed so as to deem such relationship to be other than that of debtor and creditor.

Section 11.20 Survival of Representations and Warranties. All representations and warranties herein shall survive the making of Loans and all LC Issuances hereunder, the execution and delivery of this Agreement, the Notes and the other documents the forms of which are attached as Exhibits hereto, the issue and delivery of the Notes, any disposition thereof by any holder thereof, and any investigation made by the Administrative Agent or any Lender or any other holder of any of the Notes or on its behalf. All statements contained in any certificate or other document delivered to the Administrative Agent or any Lender or any holder of any Notes by or on behalf of the Borrower or any of its Subsidiaries pursuant hereto or otherwise specifically for use in connection with the transactions contemplated hereby shall constitute representations and warranties by the Borrower hereunder, made as of the respective dates specified therein or, if no date is specified, as of the respective dates furnished to the Administrative Agent or any Lender.

Section 11.21 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the

remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction. Without limiting the foregoing provisions of this Section 11.21, if and to the extent that the enforceability of any provisions in this Agreement relating to Defaulting Lenders or Impacted Lenders shall be limited by the Bankruptcy Code, then such provisions shall be deemed to be in effect only to the extent not so limited.

Section 11.22 Independence of Covenants. All covenants hereunder shall be given independent effect so that if a particular action, event, condition or circumstance is not permitted by any of such covenants, the fact that it would be permitted by an exception to, or would otherwise be within the limitations or restrictions of, another covenant, shall not avoid the occurrence of a Default or an Event of Default if such action is taken or event, condition or circumstance exists.

Section 11.23 Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts that are treated as interest on such Loan under applicable law (collectively, the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") that may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Base Rate to the date of repayment, shall have been received by such Lender.

Section 11.24 Judgment Currency. If the Administrative Agent, on behalf of the Lenders, obtains a judgment or judgments against the Borrower or any other Credit Party in a Designated Foreign Currency, the obligations of the Borrower or such Credit Party in respect of any sum adjudged to be due to the Administrative Agent or the Lenders hereunder or under the Notes (the "Judgment Amount") shall be discharged only to the extent that, on the Business Day following receipt by the Administrative Agent of the Judgment Amount in the Designated Foreign Currency, the Administrative Agent, in accordance with normal banking procedures, may purchase Dollars with the Judgment Amount in such Designated Foreign Currency. If the amount of Dollars so purchased is less than the amount of Dollars that could have been purchased with the Judgment Amount on the date or dates the Judgment Amount (excluding the portion of the Judgment Amount which has accrued as a result of the failure of the Borrower or any other Credit Party to pay the sum originally due hereunder or under the Notes when it was originally due hereunder or under the Notes) was originally due and owing (the "Original Due Date") to the Administrative Agent or the Lenders hereunder or under the Notes (the "Loss"), the Borrower and the other Credit Parties each agrees as a separate obligation and notwithstanding any such judgment, to indemnify the Administrative Agent or such Lender, as the case may be, against the Loss, and if the amount of Dollars so purchased exceeds the amount of Dollars that could have been purchased with the Judgment Amount on the Original Due Date, the Administrative Agent or such Lender agrees to remit such excess to the Borrower.

Section 11.25 USA Patriot Act. Each Lender subject to the USA Patriot Act hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender to identify the Borrower in accordance with the USA Patriot Act.

Section 11.26 Defaulting Lenders. Notwithstanding anything contained in this Agreement, if any Lender becomes a Defaulting Lender, then, to the extent permitted by applicable Law,

(a) during any Default Period with respect to such Defaulting Lender, such Defaulting Lender's right to approve or disapprove any amendment, waiver or consent with respect to this Agreement shall be restricted as set forth in Section 11.12;

(b) until such time as all Defaulting Credits with respect to such Defaulting Lender shall have been funded or reduced to zero, any prepayment of the Loans shall be applied to the Loans of other Lenders as if such Defaulting Lender had no Loans outstanding;

(c) During a Default Period with respect to such Defaulting Lender, until such time as all Defaulted Payments with respect to such Defaulting Lender shall have been paid and such Default Period terminated, the Administrative Agent shall apply any amounts thereafter received by the Administrative Agent for the account of such Defaulting Lender to satisfy such Defaulting Lender's obligations to make such Defaulted Payments until such Defaulted Payments have been fully paid;

(d) with respect to any Defaulting Lender with one or more Defaulted Credits, such Defaulting Lender shall not be entitled to receive any Facility Fee pursuant to Section 2.11(a) for any Default Period with respect to such Defaulting Lender (and the Borrower shall not be required to pay any such fee that otherwise would have been required to have been paid to such Defaulting Lender);

(e) during any Default Period with respect to any Defaulting Lender with one or more Defaulted Credits, no Letter of Credit Fees shall be payable to such Defaulting Lender under Section 2.11(c), except in respect of Letters of Credit for which cash collateral or other credit support has been provided by such Defaulting Lender and Letter of Credit Fees otherwise payable to a Defaulting Lender in respect of outstanding Letters of Credit for which cash collateral or other credit support has not been provided by such Defaulting Lender shall be paid to the applicable LC Issuer;

(f) at the request of the Borrower, any Defaulting Lender may be replaced in accordance with Section 9.13; and

(g) no assignments otherwise permitted by Section 11.06 shall be made to a Defaulting Lender or any of its Subsidiaries or Affiliates that are Distressed Persons.

Section 11.27 Impacted Lenders. Notwithstanding anything contained in this Agreement, if any Lender becomes an Impacted Lender, then, (a) to the extent permitted by applicable Law, at the request of the Borrower, such Impacted Lender may be replaced in accordance with Section 9.13 and (b) so long as any Lender remains an Impacted Lender, the Borrower may (in its discretion) apply all or any portion to be specified by the Borrower of any optional reduction of unused Commitments under Section 2.12(c) to the unused Commitments of such Impacted Lender specified by the Borrower before applying any remaining reduction to all Lenders in the manner otherwise specified in Section 2.12(c).

[Remainder of page intentionally left blank.]

BORROWER:

CIRCOR INTERNATIONAL, INC.

By: /s/ Frederic M. Burditt
Name: Frederic M. Burditt
Title: Vice President, Chief Financial Officer, and Treasurer

SUBSIDIARY GUARANTORS:

CIRCOR AEROSPACE, INC.

By: /s/ Frederic M. Burditt
Name: Frederic M. Burditt
Title: Vice President

CIRCOR ENERGY PRODUCTS, INC.

By: /s/ Frederic M. Burditt
Name: Frederic M. Burditt
Title: Vice President

CIRCOR, INC.

By: /s/ Frederic M. Burditt
Name: Frederic M. Burditt
Title: Vice President

CIRCOR BUSINESS TRUST

By: /s/ Frederic M. Burditt
Name: Frederic M. Burditt
Title: Trustee

[Signature Page to Circor Credit Agreement]

SAGEBRUSH PIPELINE EQUIPMENT CO.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

SPENCE ENGINEERING COMPANY, INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

TEXAS SAMPLING INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

CIRCOR IP HOLDING CO.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

CIRCOR INSTRUMENTATION TECHNOLOGIES, INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

MOTOR TECHNOLOGY, INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

[Signature Page to Circor Credit Agreement]

DOPAK INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

CIRCOR GERMAN HOLDINGS, LLC

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

LESLIE CONTROLS, INC.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

CIRCOR SECURITIES CORP.

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

CIRCOR INDIA LLC

By: /s/ Frederic M. Burditt

Name: Frederic M. Burditt

Title: Vice President

[Signature Page to Circor Credit Agreement]

Attn: Mailcode: OH-01-27-0628
127 Public Square
Cleveland, OH 44144

KEYBANK NATIONAL ASSOCIATION

By: /s/ Marcel Fournier
Name: Marcel Fournier
Title: Vice President

[Signature Page to Circor Credit Agreement]

Bank of America, N.A.
100 Federal Street
Boston, MA 02110
MA5-100-08-13

Attn: Christopher S. Allen
Facsimilie: 312-453-4910

Bank of America, N.A.

By: /s/ Christopher S. Allen

Name: Christopher S. Allen

Title: Senior Vice President

[Signature Page to Circor Credit Agreement]

Address: 3 World Financial Center
200 Vesey St., 12th Floor
New York, NY 10281

Attn: James F. Disher
Facsimile: 212-428-6460

ROYAL BANK OF CANADA

By: /s/ James F. Disher
Name: James F. Disher
Title: Authorized Signatory

[Signature Page to Circor Credit Agreement]

Address: 303 Peachtree Street
10th Floor
Atlanta, GA 30308
Attn: Steven Deily
Facsimile: 404-588-8833

SUNTRUST BANK

By: /s/ Steven A. Deily
Name: Steven A. Deily
Title: Managing Director

[Signature Page to Circor Credit Agreement]

Address: 19 Pleasant Street
Woburn, MA 01801
Attn: Karen Ng
Facsimile: 781-935-5950

SOVEREIGN BANK

By: /s/ Karen Ng
Name: Karen Ng
Title: Vice President

[Signature Page to Circor Credit Agreement]

Schedule 1

Lenders and Commitments

<u>Lender</u>	<u>Revolving Commitment</u>	<u>Revolving Facility Percentage as of the Closing Date</u>
KeyBank National Association	\$ 45,000,000	23.684%
SunTrust Bank	\$ 45,000,000	23.684%
Sovereign Bank	\$ 45,000,000	23.684%
Royal Bank of Canada	\$ 35,000,000	18.421%
Bank of America, N.A.	\$ 20,000,000	10.526%
Total:	\$190,000,000	100.00%

SCHEDULE 2
MATERIAL AGREEMENTS

For specific details on material agreements, please reference the list of Material Contracts under the “Exhibit” section in the Company’s most recent Annual Report on Form 10-K and the Company’s most recent Quarterly Report on Form 10-Q, in each case as filed with the United States Securities and Exchange Commission.

SCHEDULE 5.01
SUBSIDIARIES

Subsidiaries of Circor International, Inc.

Spence Engineering Company, Inc., a Delaware Corporation
Leslie Controls, Inc., a Delaware Corporation
Circle Aerospace, Inc., a Delaware Corporation
Circor Energy Products, Inc., an Oklahoma Corporation
Circor, Inc., a Massachusetts Corporation
Circor (Jersey) Ltd., a United Kingdom Company (80% ownership)
Circor Holdings, Inc., a Delaware Corporation
Circor Business Trust, a Massachusetts Business Trust
Dovianus B.V., a Netherlands Corporation
Texas Sampling Inc., a Texas Corporation
Patriot Holdings, Inc., a Colorado Corporation
Industria S. A., a French Limited Liability Company
Sagebrush Pipeline Equipment Co., an Oklahoma Corporation
Circor Luxembourg Holdings Sarl, a Luxembourg Limited Liability Company (32% ownership)

Subsidiaries of Circor Aerospace, Inc.:

Circor IP Holding Co., a Delaware Corporation
Circor Instrumentation Technologies, Inc., a New York Corporation
Circor Luxembourg Holdings Sarl, a Luxembourg Limited Liability Company (less than 1%)
Motor Technology, Inc., an Ohio Corporation

Subsidiaries of Circor Instrumentation Technologies, Inc.:

Circor German Holdings Management GmbH, a German Closed Corporation
Circor (Jersey) Ltd., a United Kingdom Company (20% ownership)
Circor Instrumentation Ltd., a United Kingdom Company
Dopak Inc., a Texas Corporation

Subsidiaries of Circor Energy Products, Inc.:

Circor Luxembourg Holdings Sarl., a Luxembourg Limited Liability Company (approx. 68%)

Subsidiaries of Pibiviesse Srl:

De Martin Giuseppe & Figli Srl, an Italian Company
Suzhou KF Valve Co., Ltd., a Chinese Foreign Owned Enterprise

Subsidiaries of Circor (Jersey), Ltd.:

Circor German Holdings, LLC, a Massachusetts Limited Liability Company

Subsidiaries of Circor German Holdings, LLC:

Circor German Holdings GmbH & Co. KG, a German Private Company

Subsidiaries of Circor German Holdings GmbH & Co. KG

Hoke Handelsgesellschaft GmbH, a German Corporation
Regeltechnik Kornwestheim GmbH, a German Closed Corporation

Subsidiaries of Regeltechnik Kornwestheim GmbH:

RTK Control Systems Limited, a United Kingdom Corporation

Subsidiaries of Circor Business Trust:

Circor Securities Corp., a Massachusetts Corporation

Subsidiaries of Circor Luxembourg Holdings, Sarl:

CEP Holdings Sarl., a Luxembourg Limited Liability Company (6% ownership)
Circor Energy Products (Canada) ULC, an Alberta Unlimited Liability Company
Howitzer Acquisition Limited, a United Kingdom Corporation
Circor India Holdings BV, a Netherlands Corporation

Subsidiaries of Circor Energy Products (Canada) ULC:

CEP Holdings Sarl, a Luxembourg Limited Liability Company (94% ownership)

Subsidiaries of CEP Holdings, Sarl.

Pibiviesse Srl, an Italian Company

Subsidiaries of Howitzer Acquisition Limited:

Hale Hamilton (Valves) Limited, a United Kingdom Corporation

Subsidiaries of Hale Hamilton (Valves) Limited:

Cambridge Fluid Systems Limited, a United Kingdom Corporation
CFS Technology PTE Ltd., a Singapore Limited Company

Subsidiaries of Circor India Holdings BV:

Circor India LLC, a Delaware Limited Liability Company
Circor Flow Technologies India Private Ltd, an Indian Private Company

Subsidiaries of Industria S.A.:

Bodet/Socitec Aero, a French Corporation
Atlas Productions Sarl, a Moroccan Corporation

Subsidiaries of Atlas Productions Sarl:

Technoflux Sarl, a Moroccan Corporation (52% ownership)

SCHEDULE 5.05
LITIGATION

Certain subsidiaries of the Company are engaged as defendants in numerous product liability actions alleging personal injury from exposure to asbestos fibers purportedly caused by the products of these subsidiaries. For more specific details, please see the "Legal Proceedings" section in the Company's most recent Annual Report on Form 10-K and the Company's most recent Quarterly Report on Form 10-Q, in each case as filed with the United States Securities and Exchange Commission.

SCHEDULE 5.13
ENVIRONMENTAL MATTERS

Certain subsidiaries of the Company are engaged as defendants in numerous product liability actions alleging personal injury from exposure to asbestos fibers purportedly caused by the products of these subsidiaries. For more specific details, please see the "Legal Proceedings" section in the Company's most recent Annual Report on Form 10-K and the Company's most recent Quarterly Report on Form 10-Q, in each case as filed with the United States Securities and Exchange Commission.

SCHEDULE 5.14
ERISA

The Company's subsidiary, Spence Engineering Company, Inc. ("Spence"), is party to a collective bargaining agreement pursuant to which it makes contributions to the I.A.M. and A. Labor Management Pension Fund, a multiemployer plan. The current contribution rate is \$8.00 per day but no more than \$40 per week that an employee receives pay.

The Company, effective July 1, 2006, froze its defined benefit pension plan and enhanced its defined contribution 401(k) plan in lieu thereof. The Company also recently terminated its non-qualified supplemental retirement plan ("SERP") as it related to certain "Tier 2" participants under the SERP and made distributions to such participants of the amounts accrued.

SCHEDULE 5.21(A)
SPECIFIC INDEBTEDNESS AGREEMENTS

Trust Indenture from Hillsborough County Industrial Development Authority to the First National Bank of Boston, as Trustee, dated July 1, 1994 related to the \$4,765,000 Hillsborough County Industrial Development Authority Industrial Development Revenue Refunding Bonds (Leslie Controls, Inc. Project), Series 1994.

Loan Agreement dated as of July 1, 1994 between the Hillsborough County Industrial Development Authority, as issuer and Leslie Controls, Inc., related to the \$4,765,000 Hillsborough County Industrial Development Authority Industrial Development Revenue Refunding Bonds (Leslie Controls, Inc. Project), Series 1994.

Letter of Credit, Reimbursement and Guaranty Agreement dated as of March 3, 2004 among Leslie Controls, Inc., as Borrower, CIRCOR International, Inc., as Guarantor, and Sun Trust National Bank as Letter of Credit Provider (relative to the then outstanding \$4,760,000 Leslie Controls IRB Project).

Pibivesso has credit facilities with the following institutions for the following amounts (in Euros):

- Banca di Legnano, credit facility in the amount of \$5,400,000
- San Paolo IMI, credit facility in the amount of \$8,698,000
- Banca Popolare Milano, credit facility in the amount of \$4,200,000
- Credito Bergamasco, credit facility in the amount of \$6,150,000
- Banca Nazionale Lavoro, credit facility in the amount of \$5,750,000
- Credito Italiano, credit facility in the amount of \$5,388,000

Hale Hamilton Valves Ltd. has a credit facility with HSBC in the amount of 400,000 GBP

Cambridge Fluid Systems has a credit facility with HSBC in the amount of 100,000 GBP

Dovianus BV has a credit facility with ABN AMRO Bank N.V. in the amount of 1,000,000 EUR

Industria has credit facilities for the following amounts (in Euros):

- Le Credit Lyonnais, credit facility in the amount of \$150,000
- Societe Generale, credit facility in the amount of \$100,000

Bodet Aero has a loan with OSEO in the amount of 350,000 EUR as well as a credit facility with Le Credit Lyonnais in the amount of 150,000 EUR

Atlas Productions has a loan with Credit Agricole in the amount of 99,000 EUR

Leslie Controls, Inc. has a promissory note in the amount of \$110,200 payable to Leslie Foundation.

5.21(B)
SPECIFIC LIENS

Liens granted to the Trustee (as defined in such Loan Agreement) in connection with that certain Loan Agreement dated as of July 1, 1994 between the Hillsborough County Industrial Development Authority, as issuer and Leslie Controls, Inc., relating to the \$4,765,000 Hillsborough County Industrial Development Authority Industrial Development Revenue Refunding Bonds (Leslie Controls, Inc. Project), Series 1994.

Atlas Productions has a loan with Credit Agricole in the amount of 99,000 EUR secured by machinery.

SCHEDULE 7.03
PERMITTED LIENS

Liens granted to the Trustee (as defined in such Loan Agreement) in connection with that certain Loan Agreement dated as of July 1, 1994 between the Hillsborough County Industrial Development Authority, as issuer and Leslie Controls, Inc., relating to the \$4,765,000 Hillsborough County Industrial Development Authority Industrial Development Revenue Refunding Bonds (Leslie Controls, Inc. Project), Series 1994.

Atlas Productions has a loan with Credit Agricole in the amount of 99,000 EUR secured by machinery.

SCHEDULE 7.04
PERMITTED INDEBTEDNESS

Schedule 5.21A is incorporated by reference.

Circor Aerospace, Inc. is a party to capital leases for machinery and equipment having a current outstanding value of \$525,986 as of June 28, 2009.

Hale Hamilton Valves, Ltd. Is a party to capital leases for machinery and equipment having a current outstanding value of \$175,646 as of June 28, 2009.

7.05
PERMITTED INVESTMENTS

Investments of the Loan Parties in their respective subsidiaries, as of the Closing Date, as shown on Schedule 5.01.

The Company is party to an executed letter of intent pursuant to which the Company intends to acquire 100% of the equity of Pipeline Engineering Limited and its affiliates (collectively "PEI") for approximately £2.0 million (plus assumption of approximately £16.4 million in outstanding mortgage debt). The acquisition is expected to close in late August or September 2009.

EXHIBIT A-1

FORM OF
REVOLVING FACILITY NOTE

\$ _____

July 29, 2009
Cleveland, Ohio

FOR VALUE RECEIVED, the undersigned CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of [_____] (the "Lender") the principal sum of _____ (\$ _____) or, if less, the then unpaid principal amount of all Revolving Loans (such term and each other capitalized term used herein without definition shall have the meanings ascribed thereto in the Credit Agreement referred to below) made by the Lender to the Borrower pursuant to the Credit Agreement, in Dollars or in the applicable Designated Foreign Currency and in immediately available funds, at the Payment Office on the Revolving Facility Termination Date.

The Borrower also promises to pay interest in like currency and funds at the Payment Office on the unpaid principal amount of each Revolving Loan made by the Lender from the date of such Revolving Loan until paid at the rates and at the times provided in Section 2.09 of the Credit Agreement.

This Revolving Facility Note is one of the Notes referred to in the Credit Agreement, dated as of July 29, 2009, among the Borrower, the lenders from time to time party thereto (including the Lender), SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), and is entitled to the benefits thereof and of the other Loan Documents. As provided in the Credit Agreement, this Revolving Facility Note is subject to mandatory repayment prior to the Revolving Facility Termination Date, in whole or in part.

If an Event of Default shall occur and be continuing, the principal of and accrued interest on this Revolving Facility Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Revolving Facility Note, except as expressly set forth in the Credit Agreement. No failure to exercise, or delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of any such rights.

THIS REVOLVING FACILITY NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS REVOLVING FACILITY NOTE, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A-2

FORM OF
COMPETITIVE BID NOTE

\$ _____

_____, 20____
Cleveland, Ohio

FOR VALUE RECEIVED, the undersigned, CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of [_____] (the "Lender"), on _____, 20____, the principal amount of [\$_____] [**for a Competitive Bid Loan in a Foreign Currency, list currency and amount of such Loan**].

The Borrower promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, at the interest rate and payable on the interest payment date or dates provided below:

Interest Rate: _____% per annum (calculated on the basis of a year of _____ days for the actual number of days elapsed).

Both principal and interest are payable in lawful money of _____ to the Lender at its office at _____ in same day funds.

This Competitive Bid Note is one of the Notes referred to in the Credit Agreement, dated as of July 29, 2009, among the Borrower, the lenders from time to time party thereto (including the Lender), SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), and is entitled to the benefits thereof and of the other Loan Documents. As provided in the Credit Agreement, this Competitive Bid Note is subject to mandatory repayment prior to maturity, in whole or in part.

If an Event of Default shall occur and be continuing, the principal of and accrued interest on this Competitive Bid Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Revolving Facility Note, except as expressly set forth in the Credit Agreement. No failure to exercise, or delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of any such rights.

THIS COMPETITIVE BID NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS COMPETITIVE BID NOTE, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A-3

FORM OF
SWING LINE NOTE

\$ _____

July 29, 2009
Cleveland, Ohio

FOR VALUE RECEIVED, the undersigned CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), hereby promises to pay to the order of KEYBANK NATIONAL ASSOCIATION (the "Swing Line Lender") the principal sum of [_____] (\$ _____) or, if less, the then unpaid principal amount of all Swing Loans (such term and each other capitalized term used herein without definition shall have the meanings ascribed thereto in the Credit Agreement referred to below) made by the Swing Line Lender to the Borrower pursuant to the Credit Agreement, in Dollars and in immediately available funds, at the Payment Office, on the Swing Loan Maturity Date applicable to each such Swing Loan.

The Borrower promises also to pay interest in like currency and funds at the Payment Office on the unpaid principal amount of each Swing Loan made by the Swing Line Lender from the date of such Swing Loan until paid at the rates and at the times provided in Section 2.09 of the Credit Agreement.

This Swing Line Note is one of the Notes referred to in the Credit Agreement, dated as of July 29, 2009, among the Borrower, the lenders from time to time party thereto (including the Lender), SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"), and is entitled to the benefits thereof and of the other Loan Documents. As provided in the Credit Agreement, this Swing Line Note is subject to mandatory repayment prior to the Swing Loan Maturity Date applicable to each Swing Loan, in whole or in part.

If an Event of Default shall occur and be continuing, the principal of and accrued interest on this Swing Line Note may be declared to be due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower hereby waives presentment, demand, protest or notice of any kind in connection with this Swing Line Note, except as expressly set forth in the Credit Agreement. No failure to exercise, or delay in exercising, any rights hereunder on the part of the holder hereof shall operate as a waiver of any such rights.

THIS SWING LINE NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICTS OF LAWS (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ALL RIGHTS TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM ARISING OUT OF OR RELATING TO THIS SWING LINE NOTE, THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY.

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

NOTICE OF BORROWING

_____, 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

Re: Notice of Borrowing

Ladies and Gentlemen:

The undersigned, CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), refers to the Credit Agreement, dated as of July 29, 2009 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the Borrower, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.06(b) of the Credit Agreement, that the undersigned hereby requests one or more Borrowings under the Credit Agreement, and in that connection therewith sets forth on Annex 1 hereto the information relating to each such Borrowing (collectively the "Proposed Borrowing") as required by Section 2.06(b) of the Credit Agreement.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Borrowing:

(A) the representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Documents are and will be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is and will be true and correct in all qualified respects), before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on such date, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made; and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Borrowing or from the application of the proceeds thereof.

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

1. The Business Day of the Proposed Borrowing is [_____].
2. The Type of Loan[s] comprising the Proposed Borrowing [is a][are] [Base Rate Loan[s]] [Eurodollar Loan[s]] [Foreign Currency Loan[s]] [Swing Loan[s]].
3. The Aggregate amount of [the] [each] Loan is [as follows]:
 - (a) [Base Rate Loan: \$_____.]
 - (b) [Eurodollar Loan: \$_____.]
 - (c) [Foreign Currency Loan: \$_____.]
 - (e) [Swing Loan: \$_____.]
4. [The Interest Period for the [respective] Loan is [set forth below opposite such Loan]:
 - (a) [Eurodollar Loan: _____.]
 - (b) [Foreign Currency Loan: _____.]
5. [The Designated Foreign Currency for the Foreign Currency Loan[s] is _____.]
6. [The Swing Loan Maturity Date for the Swing Loan[s] is _____.]

NOTICE OF
COMPETITIVE BID BORROWING

_____, 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

Re: Notice of Competitive Bid Borrowing

Ladies and Gentlemen:

The undersigned, CIRCOR INTERNATIONAL, INC., a Delaware corporation, refers to the Credit Agreement, dated as of July 29, 2009 (as amended or modified from time to time, the "Credit Agreement", the terms defined therein being used herein as therein defined), among the undersigned, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.03(b) of the Credit Agreement that the undersigned hereby requests a Competitive Bid Borrowing under the Credit Agreement, and in that connection sets forth the terms on which such Competitive Bid Borrowing (the "Proposed Competitive Bid Borrowing") is requested to be made:

- (i) Date of Competitive Bid Borrowing _____
- (ii) Amount of Competitive Bid Borrowing _____
- (iii) [Maturity Date] [Interest Period] _____
- (iv) Interest Rate Basis _____
- (v) Day Count Convention _____
- (vi) Interest Payment Date(s) _____
- (vii) Currency _____
- (viii) Borrower's Account Location _____
- (ix) _____

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Proposed Competitive Bid Borrowing:

(A) the representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Documents are and will be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is and will be true and correct in all qualified respects), before and after giving effect to the Proposed Borrowing and to the application of the proceeds thereof, as though made on such date, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such

representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made; and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Proposed Competitive Bid Borrowing or from the application of the proceeds thereof.

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

NOTICE OF
CONTINUATION OR CONVERSION

_____, 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

Re: Notice of Continuation or Conversion

Ladies and Gentlemen:

The undersigned, CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), refers to the Credit Agreement, dated as of July 29, 2009 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the Borrower, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent, and hereby gives you notice, irrevocably, pursuant to Section 2.10(b) of the Credit Agreement, that the undersigned hereby requests one or more Continuations or Conversions of Loans, consisting of one Type of Loan, pursuant to Section 2.10(b) of the Credit Agreement, and in that connection therewith has set forth on Annex 1 hereto the information required pursuant to such Section 2.10(b) of the Credit Agreement relating to each such Continuation or Conversion.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the Continuation or Conversion:

(A) the representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Documents are and will be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is and will be true and correct in all qualified respects), before and after giving effect to the Continuation or Conversion, as though made on such date, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made; and

(B) no Default or Event of Default has occurred and is continuing, or would result from such Continuation or Conversion.

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

1. The Type[s] of Loan[s] to be [Continued] [Converted] [is a] [are] [Eurodollar Loan[s]] [Foreign Currency Loan[s]].
2. The date on which the [respective] Loan to be [Continued] [Converted] was made is [set forth below opposite such Loan]:
 - (a) [Eurodollar Loan: \$____.]
 - (b) [Foreign Currency Loan: \$____.]
3. The date on which the [respective] Loan is to be [Continued] [Converted] is [set forth below opposite such Loan]:
 - (a) [Eurodollar Loan: \$____.]
 - (b) [Foreign Currency Loan: \$____.]
4. The Aggregate amount of [the] [each] Loan is [as follows]:
 - (a) [Eurodollar Loan: \$____.]
 - (b) [Foreign Currency Loan: \$____.]
5. [[The [new] Interest Period for the [respective] Loan is [set forth opposite such Loan]:
 - (a) [Eurodollar Loan: _____.]
 - (c) [Foreign Currency Loan: _____.]]
- [6. The Type of Loan into which the [respective] Loan[s] [is] [are] to be Converted is [set forth below opposite such Loan]:]
 - (a) [Eurodollar Loan: _____.]
 - (c) [Foreign Currency Loan: _____.]]

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

Ladies and Gentlemen:

The undersigned, CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), refers to the Credit Agreement, dated as of July 29, 2009 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the Borrower, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent.

Pursuant to Section 2.05(b) of the Credit Agreement, the undersigned hereby requests that KEYBANK NATIONAL ASSOCIATION, as LC Issuer, issue a Letter of Credit on [_____, 20__] (the "Date of Issuance") in the aggregate face amount of [\$______], for the account of _____ (the "LC Obligor").

The beneficiary of the requested Letter of Credit will be _____, and such Letter of Credit will be in support of _____ and will have a stated termination date of _____.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the Date of Issuance:

(A) the representations and warranties of the Credit Parties contained in the Credit Agreement and the other Loan Documents are and will be true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is and will be true and correct in all qualified respects), before and after giving effect to the issuance of the Letter of Credit, as though made on such date, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made; and

(B) no Default or Event of Default has occurred and is continuing, or would result after giving effect to the issuance of the Letter of Credit requested hereby.

Copies of all documentation with respect to the supported transaction are attached hereto in accordance with Section 2.05(b) of the Credit Agreement.

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

COMPLIANCE CERTIFICATE

_____, 20__

KeyBank National Association,
as Administrative Agent
127 Public Square
Cleveland, Ohio 44114
Attention: _____

Each Lender party to the
Credit Agreement referred to below

Ladies and Gentlemen:

Reference is made to that certain Credit Agreement, dated as of July 29, 2009, among CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), the lenders from time to time party thereto (the "Lenders"), SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement"; terms defined therein being used herein as therein defined). Pursuant to Section 6.01(c) of the Credit Agreement, the undersigned hereby certifies to the Administrative Agent and the Lenders as follows:

(a) I am the duly elected Chief Financial Officer of the Borrower.

(b) I am familiar with the terms of the Credit Agreement, and I have made, or have caused to be made under my supervision, a review of the financial condition of the Borrower and its Subsidiaries during the accounting period covered by the attached financial statements.

(c) The review described in paragraph (b) above did not disclose, and I have no knowledge of, the existence of any condition or event that constitutes or constituted a Default or Event of Default at the end of the accounting period covered by the attached financial statements or as of the date of this Compliance Certificate.

(d) The representations and warranties of the Credit Parties contained in the Credit Agreement and in the other Loan Documents are true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is and will be true and correct in all qualified respects) with the same effect as though such representations and warranties had been made on and at the date hereof, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made.

(e) Set forth on Attachment I hereto are calculations of the financial covenants set forth in Section 7.07 of the Credit Agreement, which calculations show compliance with the terms thereof for the fiscal quarter of the Borrower ending [_____].

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

EXHIBIT D

CLOSING CERTIFICATE

CIRCOR INTERNATIONAL, INC., a Delaware corporation (the "Borrower"), hereby certifies that the officer executing this Closing Certificate is an Authorized Officer (as defined in the Credit Agreement referred to below) of the Borrower and that such officer is duly authorized to execute this Closing Certificate, which is hereby delivered on behalf of the Borrower pursuant to Section 4.01(ix) of the Credit Agreement, dated as of July 29, 2009 (as the same may be amended, restated or otherwise modified from time to time, the "Credit Agreement," the terms defined therein being used herein as therein defined), among the Borrower, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK OF AMERICA, N.A., as Managing Agent and KEYBANK NATIONAL ASSOCIATION, as Joint-Lead Arranger, Co-Bookrunner and as the Administrative Agent.

The undersigned further certifies that at and as of the Closing Date and both before and after giving effect to the initial Borrowings under the Credit Agreement and the application of the proceeds thereof:

1. no Default or Event of Default has occurred and is continuing;

2. all representations and warranties of the Credit Parties contained in the Credit Agreement and in the other Loan Documents are true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty is true and correct in all qualified respects) with the same effect as though such representations and warranties had been made on and as of the Closing Date, except to the extent that such representations and warranties expressly relate to an earlier specified date, in which case such representations and warranties were true and correct in all material respects (except that if any such representation or warranty contains any materiality qualifier, such representation or warranty was true and correct in all qualified respects) as of the date when made;

3. all of the conditions precedent to the effectiveness of the Credit Agreement set forth in Section 4.01 of the Credit Agreement have been satisfied or waived; and

4. attached hereto as Annex 1 is a list of all Immaterial Subsidiaries and the calculations demonstrating that such Subsidiaries comply with the definition of "Immaterial Subsidiary" in Section 1.01 of the Credit Agreement.

IN WITNESS WHEREOF, the Borrower has caused this Closing Certificate to be executed by its **[Insert title of Authorized Officer]** thereunto duly authorized, on and as of July 29, 2009.

Very truly yours,

CIRCOR INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

EXHIBIT E

ASSIGNMENT AND ASSUMPTION AGREEMENT

Date: _____, 20__

This Assignment and Assumption (this “Assignment Agreement”) is dated as of the Effective Date set forth below and is entered into by and between [Insert name of Assignor] (the “Assignor”) and [Insert name of Assignee] (the “Assignee”). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement (as defined below), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the “Standard Terms and Conditions”) are hereby agreed to and incorporated herein by reference and made a part of this Assignment Agreement as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below, (i) all of the Assignor’s rights and obligations in its capacity as a Lender under the Credit Agreement and any other Loan Documents and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including, without limitation, any Letters of Credit, guarantees, Competitive Bid Loans, and Swing Loans and any Participations in any of the foregoing included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other Loan Document and any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the “Assigned Interest”). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment Agreement, without representation or warranty by the Assignor.

- 1. Assignor: _____
- 2. Assignee: _____
[and is an Affiliate/Approved Fund of [identify Lender]¹]
- 3. Borrower: CIRCOR INTERNATIONAL, INC.
- 4. Administrative Agent: KEYBANK NATIONAL ASSOCIATION, as the administrative agent under the Credit Agreement.
- 5. Credit Agreement: The Credit Agreement, dated as of July 29, 2009 (as the same may be amended, restated or otherwise modified from time to time, the “Credit Agreement”), among the Borrower, the lenders from time to time party thereto, SUNTRUST BANK, as Joint-Lead Arranger, Co-Bookrunner and Co-Syndication Agent, SOVEREIGN BANK, as Co-Syndication Agent, ROYAL BANK OF CANADA, as Documentation Agent, BANK

¹ Select as applicable.

6. Assigned Interest:

<u>Facility Assigned²</u>	<u>Aggregate Amount of Commitment/Loans for all Lenders</u>	<u>Amount of Commitment/ Loans Assigned</u>	<u>Percentage Assigned of Commitment/Loans³</u>	<u>CUSIP Number (if any)</u>
	\$		%	
	\$	\$	%	
	\$	\$	%	
		\$	%	

[7. Trade Date: _____]⁴

Effective Date: _____, 20__ [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment Agreement are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Title:

Accepted:

KEYBANK NATIONAL ASSOCIATION,
as Administrative Agent

By: _____
Name:
Title:

**[CIRCOR INTERNATIONAL, INC.
as the Borrower]⁵**

² Fill in the appropriate terminology for the types of facilities under the Credit Agreement that are being assigned under this Assignment (e.g. "Revolving Commitment," etc.)

³ Set forth, to at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

⁴ To be completed if the Assignor and the Assignee intend that the minimum assignment amount is to be determined as of the Trade Date.

⁵ If required.

By: _____

Name:

Title:

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AGREEMENT1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2. Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment Agreement and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 6.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment Agreement and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is not a United States Person (as defined in Section 7701(a)(30) of the Code), attached to this Assignment Agreement is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.

3. General Provisions. This Assignment Agreement shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment Agreement may be executed in any number of counterparts, which together shall constitute one instrument. Delivery

of an executed counterpart of a signature page of this Assignment Agreement by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment Agreement. This Assignment Agreement shall be construed in accordance with and governed by the laws of the State of New York, without regard to principles of conflicts of laws (other than section 5-1401 of the New York General Obligations Law).

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, A. William Higgins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIRCOR International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2010

Signature: _____ /s/ A. WILLIAM HIGGINS

A. William Higgins
President and Chief Executive Officer
Principal Executive Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Frederic M. Burditt, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CIRCOR International, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 2, 2010

Signature: _____ /s/ FREDERIC M. BURDITT

Frederic M. Burditt
Vice President, Chief Financial Officer and
Treasurer
Principal Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

The undersigned officers, who are the Chief Executive Officer and Chief Financial Officer of CIRCOR International, Inc. (the "Company"), each hereby certifies to the best of his knowledge, that the Company's quarterly report on Form 10-Q to which this certification is attached (the "Report"), as filed with the Securities and Exchange Commission on the date hereof, fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, as amended, and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ A. WILLIAM HIGGINS

A. William Higgins
President and Chief Executive Officer
Principal Executive Officer

August 2, 2010

/s/ FREDERIC M. BURDITT

Frederic M. Burditt
Vice President, Chief Financial Officer and Treasurer
Principal Financial Officer

August 2, 2010