AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JUNE 22, 2000
REGISTRATION NO. 333-

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM S-1
REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

TTM TECHNOLOGIES, INC.

(Exact name of Registrant as specified in its charter)

<TABLE>
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WASHINGTON (before reincorporation) DELAWARE (after reincorporation) (State or other jurisdiction of incorporation or organization)	3672 (Primary Standard Industrial Classification Code Number)	91-1033443 (I.R.S. Employer Identification No.)

</TABLE>

17550 N.E. 67(TH) COURT
REDMOND, WASHINGTON 98052
(425) 883-7575
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

STACEY M. PETERSON
CHIEF FINANCIAL OFFICER
17550 N.E. 67TH COURT
REDMOND, WASHINGTON 98052
(425) 883-7575
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

<TABLE>
<S> <C>

KEVIN P. KENNEDY, ESQ. SHEARMAN & STERLING 1550 EL CAMINO REAL MENLO PARK, CA 94025 (650) 330-2200	PETER HEALY, ESQ. O'MELVENY & MYERS LLP EMBARCADERO CENTER WEST 275 BATTERY STREET SAN FRANCISCO, CA 94111 (415) 984-8700

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. / /

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

CALCULATION OF REGISTRATION FEE

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TITLE OF EACH CLASS OF SECURITIES TO BE REGISTERED	PROPOSED MAXIMUM AGGREGATE OFFERING PRICE(1)	AMOUNT OF REGISTRATION FEE
<S>	<C>	<C>
Common Stock, $0.001 par value.....	$115,000,000	$30,360

</TABLE>

(1) Estimated solely for the purpose of computing the amount of the registration fee pursuant to Rule 457(o) under the Securities Act of 1933.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT THAT SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933 OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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THE INFORMATION IN THIS PRELIMINARY PROSPECTUS IS NOT COMPLETE AND MAY BE CHANGED. WE MAY NOT SELL THESE SECURITIES UNTIL THE REGISTRATION STATEMENT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION IS EFFECTIVE. THIS PROSPECTUS IS NOT AN OFFER TO SELL SECURITIES, AND WE ARE NOT SOLICITING OFFERS TO BUY THESE SECURITIES, IN ANY STATE WHERE THE OFFER OR SALE IS NOT PERMITTED.

SUBJECT TO COMPLETION, DATED JUNE 22, 2000.

[LOGO]

SHARES
COMMON STOCK

TTM Technologies, Inc. is offering shares of its common stock and the selling stockholders are selling an additional shares. This is our initial public offering and no public market currently exists for our shares. We have applied to have the shares we are offering approved for quotation on the Nasdaq National Market under the symbol "TTMI." We anticipate that the initial public offering price will be between $ and $ per share.

INVESTING IN OUR COMMON STOCK INVOLVES RISKS.
SEE "RISK FACTORS" BEGINNING ON PAGE 8.

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	PER SHARE	TOTAL
<S>	<C>	<C>
Public Offering Price.....	$	$
Underwriting Discounts and Commissions.....	$	$
Proceeds to TTM.....	$	$
Proceeds to the Selling Stockholders.....	$	$

</TABLE>

THE SECURITIES AND EXCHANGE COMMISSION AND STATE SECURITIES REGULATORS HAVE NOT APPROVED OR DISAPPROVED THESE SECURITIES, OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

TTM has granted the underwriters a 30-day option to purchase up to an additional shares of common stock to cover over-allotments.

ROBERTSON STEPHENS

CHASE H&Q

DONALDSON, LUFKIN & JENRETTE

FIRST UNION SECURITIES, INC.

THE DATE OF THIS PROSPECTUS IS , 2000.

YOU SHOULD RELY ONLY ON THE INFORMATION CONTAINED IN THIS PROSPECTUS. WE HAVE NOT AUTHORIZED ANYONE TO PROVIDE YOU WITH INFORMATION DIFFERENT FROM THAT CONTAINED IN THIS PROSPECTUS. WE ARE OFFERING TO SELL, AND SEEKING OFFERS TO

BUY, SHARES OF COMMON STOCK ONLY IN JURISDICTIONS WHERE OFFERS AND SALES ARE PERMITTED. THE INFORMATION CONTAINED IN THIS PROSPECTUS IS ACCURATE AS OF THE DATE OF THIS PROSPECTUS, REGARDLESS OF THE TIME OF DELIVERY OF THIS PROSPECTUS OR OF ANY SALE OF THE COMMON STOCK. IN THIS PROSPECTUS, REFERENCES TO "TTM," "WE," "US" AND "OUR" REFER TO TTM TECHNOLOGIES, INC.

UNTIL , 2000 (25 DAYS AFTER THE DATE OF THIS PROSPECTUS), ALL DEALERS THAT EFFECT TRANSACTIONS IN THESE SECURITIES, WHETHER OR NOT PARTICIPATING IN THIS OFFERING, MAY BE REQUIRED TO DELIVER A PROSPECTUS. THIS REQUIREMENT IS IN ADDITION TO THE DEALERS' OBLIGATION TO DELIVER A PROSPECTUS WHEN ACTING AS UNDERWRITERS AND WITH RESPECT TO UNSOLD ALLOTMENTS OR SUBSCRIPTIONS.

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We have applied for trademark protection of TTM Technologies and the TTM logo. This prospectus contains trademarks and trade names of other companies.

PROSPECTUS SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION IN THIS PROSPECTUS, INCLUDING RISK FACTORS, REGARDING OUR COMPANY AND THE COMMON STOCK BEING SOLD IN THIS OFFERING. UNLESS OTHERWISE INDICATED, INFORMATION STATED ON A PRO FORMA BASIS GIVES EFFECT TO OUR JULY 1999 ACQUISITION OF POWER CIRCUITS AT THE BEGINNING OF THE PERIOD IDENTIFIED.

OUR COMPANY

We are a leading independent provider of time-critical, one-stop manufacturing services for highly complex printed circuit boards. Our printed circuit boards serve as the foundation of electronic products such as routers, switches, servers, memory modules and cellular base-stations. Our customers include original equipment manufacturers, or OEMs, and electronic manufacturing services companies, or EMS providers. Our customers primarily serve rapidly growing segments of the electronics industry, including networking, high-end computing and computer peripherals. Our time-to-market focused manufacturing services enable our customers to shorten the time required to develop new products and bring them to market.

We provide our customers with an integrated manufacturing solution that encompasses all stages of an electronic product's life cycle. We utilize a facility specialization strategy in which we place each order in the facility best suited for the customer's particular delivery time and volume needs. Our integrated facilities utilize compatible technology and manufacturing processes. This enables optimized manufacturing operations and efficient movement of orders among facilities as a product's life cycle matures.

Our integrated manufacturing solution includes the following services:

QUICK-TURN SERVICES:

- PROTOTYPE PRODUCTION: Manufacturing up to 50 printed circuit boards with delivery times ranging from as little as 24 hours to 10 days.

- RAMP-TO-VOLUME PRODUCTION: Manufacturing up to several hundred printed circuit boards, generally within a two to 10 day time period.

For the year ended December 31, 1999, orders with delivery requirements of 10 days or less represented 33% of our pro forma gross sales. Ten day or less orders represented a significantly higher percentage of gross sales for our Santa Ana facility which focuses on prototype production and new customer development.

STANDARD LEAD TIME SERVICES:

- VOLUME PRODUCTION: Manufacturing up to several thousand printed circuit boards with delivery times typically ranging from three to eight weeks.

Products within the networking, high-end computing and computer peripherals markets have high levels of complexity and short life cycles as OEMs continually develop new and increasingly sophisticated technology. We believe these characteristics benefit printed circuit board manufacturers that can assist OEMs in bringing these products to market faster by providing the engineering expertise, process controls and execution capability to accelerate product development and quickly proceed to volume production. In addition, manufacturers of complex electronics products in other high-growth markets, such as optical networking, digital subscriber lines, wireless applications, and storage area networks, are also under pressure to bring their products to market faster.

We assist our customers in bringing sophisticated electronic products to market faster by offering them time-critical, one-stop manufacturing services for highly complex printed circuit boards. Key aspects of our solution include:

- TIME-TO-MARKET FOCUSED SERVICES: We deliver highly complex printed circuit boards to customers in as little as 24 hours. This enables OEMs to rapidly develop sophisticated electronic products and quickly bring these products to market;

- STRONG PROCESS AND TECHNOLOGY EXPERTISE: We deliver time-critical, highly complex manufacturing services through our manufacturing process and technology expertise. In 1999, 48% of our pro forma gross sales involved the manufacture of printed circuit boards with at least eight layers. This amount increased to 53% of our gross sales for the first fiscal quarter 2000. In addition, many of our lower layer count boards are complex as a result of the incorporation of other technologically advanced features; and

- ONE-STOP MANUFACTURING SOLUTION: We provide a one-stop manufacturing solution to our customers through our specialized facilities, each of which focuses on a different stage of an electronic product's life cycle. This facility specialization strategy allows us to optimize our manufacturing operations by placing each order in a facility best suited for the customer's particular delivery time and volume needs.

Our diverse customer base consists of over 400 customers. In 1999, our top seven OEM customers were ATL Ultrasound, Ciena, Compaq, General Electric, Motorola, NEC and Radisys and our top five EMS customers were ACT Manufacturing, Celestica, ETMA, K*TEC and Solectron.

OUR STRATEGY

Our goal is to be the leading provider of technologically advanced, time-critical, one-stop manufacturing services for highly complex printed circuit boards. Key aspects of our strategy include:

- Targeting additional customers in the high-growth markets we currently serve as well as providers of next-generation technology, such as optical networking, digital subscriber lines, wireless applications and storage area networks;

- Further expanding our quick-turn manufacturing capacity to serve our customers' increasing quick-turn demands and the requirements of new customers;

- Capitalizing on our quick-turn services to capture follow-on volume production;

- Continuing to improve our technological capabilities and process management systems to further reduce delivery times, improve quality, increase yields and decrease costs; and

- Pursuing complementary acquisition opportunities to enhance our competitive position by strengthening our service offering and expanding our customer base.

ACQUISITION OF POWER CIRCUITS

In July 1999, we acquired Power Circuits, a printed circuit board manufacturer located in Santa Ana, California. In this acquisition we gained engineering and process expertise tailored specifically to manufacturing printed circuit boards for the quick-turn market and significantly diversified our customer base and end-markets.

OUR ADDRESS

We were incorporated in Washington in March 1978 as Pacific Circuits, Inc. and changed our name to TTM Technologies, Inc. in December 1999. Prior to the completion of this offering, we plan to reincorporate in Delaware. Our principal executive offices are located at 17550 N.E. 67(th) Court, Redmond, Washington 98052, and our telephone number at that address is (425) 883-7575.

THE OFFERING

Common stock offered by TTM Technologies.....	shares
Common stock offered by the selling stockholders.....	shares
Common stock to be outstanding after the offering.....	shares
Use of proceeds.....	We intend to use the approximately $67.8 million of net proceeds we will receive from this offering to: - redeem all of our senior subordinated debt; - redeem all of our subordinated debt; - terminate a management agreement with entities related to four of our directors; - eliminate our obligations under our retention bonus plan; and - reduce our indebtedness under our senior credit facility. See "Use of Proceeds."
Proposed Nasdaq National Market symbol.....	TTMI

The above information is based on shares outstanding as of April 3, 2000 and excludes:

- shares issuable upon exercise of options outstanding under our management stock option plan at a weighted average exercise price of $ per share;
- shares issuable upon exercise of warrants outstanding at a weighted average exercise price of $ per share; and
- a total of shares reserved for issuance under our management stock option plan, excluding the annual increases in the number of shares authorized under our management stock option plan beginning January 1, 2001. See "Management--Incentive Plans" for a description of how these annual increases are determined.

Unless otherwise indicated, the information in this prospectus assumes:

- the underwriters will not exercise their option to purchase additional shares after the closing of this offering;
- we will reincorporate as a Delaware corporation immediately prior to the completion of this offering; and
- we will effect a -for-one stock split immediately prior to the completion of this offering.

SUMMARY HISTORICAL FINANCIAL DATA
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

The following table sets forth a summary of our historical consolidated financial data for the periods presented. You should read this data along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included elsewhere in this prospectus.

We acquired Power Circuits on July 14, 1999. Our historical consolidated

statement of income data includes the operating results of Power Circuits since the acquisition date. You should read our "Summary Pro Forma and Supplemental Pro Forma Financial Data" on pages 6 and 7 which is presented to give effect to the acquisition and use of proceeds from this offering.

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	YEAR ENDED DECEMBER 31,			FIRST FISCAL QUARTER	
	1997	1998	1999	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF INCOME DATA:					
Net sales	$76,921	$ 78,526	$ 106,447	$24,788	$42,080
Cost of goods sold	62,091	65,332	82,200	19,080	29,802
Gross profit	14,830	13,194	24,247	5,708	12,278
Operating expenses:					
Sales and marketing	2,533	2,434	3,920	649	1,879
General and administrative	2,235	2,188	2,584	601	1,244
Amortization of intangibles	--	--	2,230	--	1,202
Amortization of deferred retention bonus(1)	--	77	1,849	462	462
Management fees	--	13	439	75	150
Total operating expenses	4,768	4,712	11,022	1,787	4,937
Operating income	10,062	8,482	13,225	3,921	7,341
Interest expense	(578)	(848)	(10,432)	(1,859)	(3,811)
Amortization of debt issuance costs	(28)	(134)	(755)	(133)	(241)
Interest income and other, net	557	927	54	33	109
Income before income taxes and extraordinary item	10,013	8,427	2,092	1,962	3,398
Income taxes(2)	--	--	836	676	1,275
Income before extraordinary item	10,013	8,427	1,256	1,286	2,123
Extraordinary item net of taxes	--	--	(1,483)	--	-
Net income (loss)	$10,013	$ 8,427	$ (227)	$ 1,286	$ 2,123
Earnings per common share:					
Basic	$	$	$	$	$
Diluted					
Weighted average common shares:					
Basic					
Diluted					
OTHER FINANCIAL DATA:					
Depreciation	$ 2,884	$ 3,014	$ 3,635	$ 720	$ 949
Noncash interest expense imputed on debt	--	12	455	93	163
SUPPLEMENTAL DATA:					
EBITDA(3)	$13,503	$ 12,500	$ 20,993	$ 5,136	$10,063
Cash flows from operating activities	11,460	7,517	(2,227)	1,274	4,432
Cash flows from investing activities	(9,134)	5,657	(99,906)	(322)	(1,499)
Cash flows from financing activities	(3,434)	(16,693)	103,253	(1,150)	(3,117)

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(1) Amortization of deferred retention bonus relates to a retention bonus plan that we implemented as part of our leveraged recapitalization in December 1998. In connection with this offering, we intend to pay out $10.8 million to participants in order to eliminate our obligations under this plan.

(2) Prior to December 15, 1998, we had made an S corporation election for income tax purposes to include our taxable income in our stockholders' taxable income. If we had been taxed as a C corporation, assuming an effective federal statutory tax rate of 34%, our income tax expense would have been $3.4 million in 1997 and $2.9 million in 1998 and our net income would

have been $6.6 million in 1997 and $5.5 million in 1998. We were not subject to state income taxes in 1997 and 1998 because we only operated in Washington state, a state that does not impose a state income tax.

(3) EBITDA means earnings before interest expense (including amortization of debt issuance costs), income taxes, depreciation and amortization. EBITDA is presented because we believe it is an indicator of our ability to incur and service debt and is used by our lenders in determining compliance with financial covenants. However, EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States. Our definition of EBITDA may differ from definitions used by other companies.

The following sets forth our consolidated balance sheet data as of April 3, 2000 on a historical basis and on an as adjusted basis. The as adjusted data gives effect to the offering at an assumed initial public offering price of $, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, and our receipt and application of the $67.8 million of net proceeds we will receive from this offering. The as adjusted data reflects a $5.8 million increase to equity which we expect to record in net income in the fiscal quarter in which this offering is completed as a result of non-recurring items generated from the use of our net proceeds from this offering. See "Capitalization" for a description of these items.

<TABLE>
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	APRIL 3, 2000	
	ACTUAL	AS ADJUSTED
<S>	<C>	<C>
CONSOLIDATED BALANCE SHEET DATA:		
Working capital	$ 15,359	$ 20,866
Total assets	167,376	181,278
Long-term obligations, including current maturities	137,209	77,539
Stockholders' equity	18,663	92,236

</TABLE>

SUMMARY PRO FORMA AND SUPPLEMENTAL PRO FORMA FINANCIAL DATA (IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

The following summary pro forma financial data for the 1999 periods gives effect to our acquisition of Power Circuits as if it had occurred on January 1, 1999. You should read this data along with the "Unaudited Pro Forma Condensed Consolidated Financial Data" and related notes included elsewhere in this prospectus.

The following summary supplemental pro forma financial data reflects the pro forma financial data for the 1999 periods and the actual historical financial data for the first fiscal quarter 2000, adjusted to give effect to the application of our estimated net proceeds of $67.8 million from this offering as described in "Use of Proceeds" as if these events had occurred at the beginning of each period. Our supplemental pro forma income statement data for each period has been adjusted to reflect:

- a reduction in interest expense;

- a reduction in the amortization of debt issuance costs;

- the elimination of the deferred retention bonus plan expense;

- the elimination of management fees; and

- the income tax effect of the above adjustments.

Upon completion of this offering we intend to amend and restate our senior credit facility, which will result in the write-off of a significant portion of the remaining $2.5 million of debt issuance costs related to our senior credit facility. However, this transaction has not been given pro forma effect in the following financial data.

The summary pro forma and supplemental pro forma financial data is not necessarily indicative of what our results of operations would have been had such transactions occurred at the beginning of the applicable period. Also, the supplemental pro forma financial data does not include a non-recurring increase

to net income of $5.8 million which is described in more detail in "Capitalization."

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	YEAR ENDED DECEMBER 31, 1999		FIRST FISCAL QUARTER 1999		FIRST FISCAL QUARTER 2000	
	PRO FORMA	SUPPLEMENTAL PRO FORMA	PRO FORMA	SUPPLEMENTAL PRO FORMA	ACTUAL	SUPPLEMENTAL PRO FORMA
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF INCOME DATA:						
Net sales	$124,315	$124,315	$32,217	$32,217	$42,080	$42,080
Cost of goods sold	91,849	91,849	23,097	23,097	29,802	29,802
Gross profit	32,466	32,466	9,120	9,120	12,278	12,278
Operating expenses:						
Sales and marketing	5,243	5,243	1,184	1,184	1,879	1,879
General and administrative	3,652	3,652	1,093	1,093	1,244	1,244
Amortization of intangibles	4,807	4,807	1,202	1,202	1,202	1,202
Amortization of deferred retention bonus(1)	1,849	--	462	--	462	--
Management fees	600	--	150	--	150	--
Total operating expenses	16,151	13,702	4,091	3,479	4,937	4,325
Operating income	16,315	18,764	5,029	5,641	7,341	7,953
Interest expense	(14,511)	(7,205)	(3,641)	(1,801)	(3,811)	(1,948)
Amortization of debt issuance costs	(887)	(542)	(215)	(136)	(241)	(136)
Interest income and other, net	258	258	116	116	109	109
Income before income taxes	1,175	11,275	1,289	3,820	3,398	5,978
Income taxes	552	4,235	511	1,434	1,275	2,244
Net income	$ 623	$ 7,040	$ 778	$ 2,386	$ 2,123	$ 3,734
Earnings per common share:						
Basic	$	$	$	$	$	$
Diluted						
Weighted average common shares:						
Basic						
Diluted						
SUPPLEMENTAL DATA:						
EBITDA(2)	$ 27,371	$ 27,971	$ 7,740	$ 7,890	$10,063	$10,213

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(1) Amortization of deferred retention bonus relates to a retention bonus plan that we implemented as part of our leveraged recapitalization in December

1998. In connection with this offering, we intend to pay out $10.8 million to participants in order to eliminate our obligations under this plan.

(2) EBITDA means earnings before interest expense (including amortization of debt issuance costs), income taxes, depreciation and amortization. EBITDA is presented because we believe it is an indicator of our ability to incur and service debt and is used by our lenders in determining compliance with financial covenants. However, EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States. Because of the subjectivity inherent in the assumptions concerning the timing and nature of the uses of cash generated by the pro forma interest and other expenses, cash flows from operating, investing and financing activities are not presented for the pro forma and supplemental pro forma periods. Our definition of EBITDA may differ from definitions used by other companies.

RISK FACTORS

YOU SHOULD CAREFULLY CONSIDER THE RISKS DESCRIBED BELOW IN ANALYZING AN INVESTMENT IN OUR COMMON STOCK. IF ANY OF THE EVENTS DESCRIBED BELOW OCCURS, OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS WOULD LIKELY SUFFER, THE TRADING PRICE OF OUR COMMON STOCK COULD FALL AND YOU COULD LOSE ALL OR PART OF THE MONEY YOU PAID FOR OUR COMMON STOCK.

RISKS RELATED TO OUR COMPANY

WE ARE HEAVILY DEPENDENT UPON THE ELECTRONICS INDUSTRY, AND EXCESS CAPACITY OR DECREASED DEMAND FOR PRODUCTS PRODUCED BY THIS INDUSTRY COULD RESULT IN INCREASED PRICE COMPETITION AS WELL AS A DECREASE IN OUR GROSS MARGINS AND UNIT VOLUME SALES.

Our business is heavily dependent on the electronics industry. A majority of our revenues are generated from the networking, high-end computing and computer peripherals segments of the electronics industry, which is characterized by intense competition, relatively short product life-cycles and significant fluctuations in product demand. Furthermore, these segments are subject to economic cycles and have experienced in the past, and are likely to experience in the future, recessionary periods. A recession or any other event leading to excess capacity or a downturn in these segments of the electronics industry could result in intensified price competition as well as a decrease in our gross margins and unit volume sales.

IF WE ARE UNABLE TO RESPOND TO RAPID TECHNOLOGICAL CHANGE AND PROCESS DEVELOPMENT, WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY.

The market for our products is characterized by rapidly changing technology and continual implementation of new production processes. The future success of our business will depend in large part upon our ability to maintain and enhance our technological capabilities, to develop and market products that meet changing customer needs and to successfully anticipate or respond to technological changes on a cost-effective and timely basis. We expect that the investment necessary to maintain our technological position will increase as customers make demands for products and services requiring more advanced technology on a quicker turnaround basis. We may not be able to borrow additional funds in order to respond to technological changes as quickly as our competitors.

In addition, the printed circuit board industry could encounter competition from new or revised technologies that render existing technology less competitive or obsolete or that reduce the demand for our products. We may not respond effectively to the technological requirements of the changing market. If we need new technologies and equipment to remain competitive, the development, acquisition and implementation of those technologies and equipment may require us to make significant capital investments.

WE ARE DEPENDENT UPON A SMALL NUMBER OF CUSTOMERS FOR A LARGE PORTION OF OUR NET SALES, AND A DECLINE IN SALES TO MAJOR CUSTOMERS COULD HARM OUR RESULTS OF OPERATIONS.

A small number of customers is responsible for a significant portion of our net sales. Solectron accounted for 16.9% of our pro forma net sales in 1999 and 19.6% of our net sales for the first fiscal quarter 2000. Sales to Compaq, including sales to Compaq-directed EMS providers, accounted for 15.3% of our pro forma net sales in 1999 and 16.0% of our net sales for the first fiscal quarter 2000. Our 10 largest customers accounted for approximately 62.3% of our pro forma net sales in 1999 and 62.9% of our net sales for the first fiscal quarter 2000. Our principal customers may not continue to purchase products from us at past levels and we expect a significant portion of our net sales will continue to be generated by a small number of customers.

Our customer concentration could increase or decrease depending on future

customer requirements, which will depend in large part on market conditions in the electronics industry segments in which our customers participate. The loss of one or more major customers or a decline in sales to our major customers could significantly harm our business and results of operations and lead to declines in the price of our common stock. In addition, we generate significant accounts receivable in connection with providing services to our customers. If one or more of our significant customers were to become insolvent or were otherwise unable to pay for the services provided by us, our results of operations would be harmed.

OUR RESULTS OF OPERATIONS ARE SUBJECT TO FLUCTUATIONS AND SEASONALITY, AND BECAUSE MANY OF OUR OPERATING COSTS ARE FIXED, EVEN SMALL REVENUE SHORTFALLS WOULD DECREASE OUR GROSS MARGINS AND POTENTIALLY CAUSE OUR STOCK PRICE TO DECLINE.

Our results of operations vary for a variety of reasons, including:

- timing of orders from and shipments to major customers;

- the levels at which we utilize our manufacturing capacity;

- changes in the pricing of our products or those of our competitors;

- changes in our mix of revenues generated from quick-turn versus standard lead time production;

- expenditures or write-offs related to acquisitions; and

- expenses relating to expanding existing manufacturing facilities.

A significant portion of our operating expenses are relatively fixed in nature and planned expenditures are based in part on anticipated orders. Accordingly, even a relatively small revenue shortfall would decrease our gross margins. In addition, we have historically experienced lower sales in our second and third fiscal quarters due to patterns in the capital budgeting and purchasing cycles of our customers and our end-markets served. In particular, the seasonality of the computer industry impacts the overall printed circuit board industry. These seasonal trends have caused fluctuations in our quarterly operating results in the past and may continue to do so in the future. Results of operations in any period should not be considered indicative of the results to be expected for any future period. In addition, our future quarterly operating results may fluctuate and may not meet the expectations of securities analysts or investors. If this occurs, the price of our common stock would likely decline.

WE HAVE EXPERIENCED BREAK-EVEN RESULTS OR NET LOSSES FOR THREE OF THE LAST FIVE FISCAL QUARTERS, AND WE MAY NOT BE ABLE TO MAINTAIN PROFITABILITY IN THE FUTURE.

We have experienced break-even results or net losses for three of the last five fiscal quarters primarily due to interest expense and the write-off of debt issuance costs resulting from our leveraged condition. In addition, we had an accumulated deficit of $20.9 million as of April 3, 2000. We may not be able to remain profitable in the future, particularly if we incur more debt, and if we are not able to remain profitable, the market price for our common stock may decline, perhaps substantially.

BECAUSE WE SELL ON A PURCHASE ORDER BASIS, WE ARE SUBJECT TO UNCERTAINTIES AND VARIABILITY IN DEMAND BY OUR CUSTOMERS, WHICH COULD DECREASE REVENUES AND NEGATIVELY IMPACT OUR OPERATING RESULTS.

We sell to customers on a purchase order basis rather than pursuant to long-term contracts and, consequently, our net sales are subject to short-term variability in demand by our customers. Customers submitting a purchase order may cancel, reduce or delay their order for a variety of reasons. The level and timing of orders placed by our customers vary due to:

- customer attempts to manage inventory;

- changes in customers' manufacturing strategies, such as a decision by a customer to either diversify or consolidate the number of printed circuit board manufacturers used or to manufacture their own products internally; and

- variation in demand for our customers' products.

Significant or numerous terminations, reductions or delays in our customers' orders could negatively impact our operating results.

OUR INDEBTEDNESS COULD ADVERSELY AFFECT OUR FINANCIAL HEALTH AND THE RESTRICTIONS IMPOSED BY THE TERMS OF OUR DEBT INSTRUMENTS MAY SEVERELY LIMIT OUR ABILITY TO PLAN FOR OR RESPOND TO CHANGES IN OUR BUSINESS.

As of April 3, 2000, on an as adjusted basis giving effect to the use of proceeds from this offering to repay some of our debt, our total debt would have

been $77.5 million, our ratio of total debt to total capitalization would have been 0.84 to 1, and we would have had approximately $15.0 million available under our senior credit facility for future borrowings subject to covenant compliance. In addition, subject to the restrictions under our various debt agreements, we may incur additional indebtedness in an unrestricted amount from time to time to finance acquisitions or capital expenditures or for other purposes.

Our level of debt could have negative consequences. For example, it could:

- require us to dedicate a substantial portion of our cash flow from operations to repayment of debt, limiting the availability of cash for other purposes;

- increase our vulnerability to adverse general economic conditions by making it more difficult to borrow additional funds to maintain our operations if we suffer revenue shortfalls;

- hinder our flexibility in planning for, or reacting to, changes in our business and industry by preventing us from borrowing money to upgrade our equipment or facilities; and

- limit or impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general corporate purposes.

IF WE EXPERIENCE EXCESS CAPACITY DUE TO VARIABILITY IN CUSTOMER DEMAND, OUR GROSS MARGINS MAY FALL.

We generally schedule our quick-turn production facilities at less than full capacity to retain our ability to respond to unexpected additional quick-turn orders. However, if these orders are not made, we may forego some production and could experience excess capacity. When we experience excess capacity, our sales revenues may be insufficient to fully cover our fixed overhead expenses and our gross margins will fall. Conversely, we may not be able to capture all potential revenue in a given period if our customers' demands for quick-turn products exceed our capacity during that period.

WE MAY EXPAND OUR BUSINESS INTO NEW PRODUCTS AND SERVICES AND MAY NOT BE ABLE TO COMPETE EFFECTIVELY WITH OTHER COMPANIES WHO HAVE BEEN IN THESE BUSINESSES LONGER THAN WE HAVE.

In the future, we may broaden our service offering by providing new products and services. If we do this, we will likely compete with companies that have substantially greater financial and manufacturing resources than we have and who have been providing these services longer than we have. We may not be able to successfully compete on this basis with more established competitors.

IN JULY 1999, WE EXPANDED OUR OPERATIONS THROUGH AN ACQUISITION AND WE MAY HAVE TROUBLE INTEGRATING THIS OR ANY FUTURE ACQUISITIONS IN EXPANDING OUR BUSINESS.

We consummated our acquisition of Power Circuits in July 1999. We have a limited history of owning and operating our businesses on a consolidated basis. We may not be able to meet performance expectations or successfully integrate our acquired businesses on a timely basis without disrupting the quality and reliability of service to our customers or diverting management resources.

To manage the expansion of our operations and any future growth, we will be required to:

- improve existing and implement new operational, financial and management information controls, reporting systems and procedures;

- hire, train and manage additional qualified personnel;

- expand our direct and indirect sales channels; and

- effectively transition our relationships with our customers, suppliers and partners to operations under our TTM brand.

In particular, we expect to implement a new financial and accounting management information system at our Santa Ana facility during the next six months. We may not be able to link this management information and control system in an efficient and timely manner with the financial and accounting management information system at our two other facilities.

As part of our business strategy, we expect that we will continue to grow by pursuing acquisitions, assets or product lines that complement or expand our existing business. We currently have no commitments or agreements to acquire any business. Our existing credit facilities restrict our ability to acquire the assets or business of other companies and will accordingly require us to obtain the consent of our lenders and could require us to pay significant fees in order to consummate such acquisitions. Consequently, we may not be able to identify suitable acquisition candidates or to finance and complete transactions that we

select.

Our acquisition of companies and businesses and expansion of operations involve risks, including the following:

- the potential inability to identify the company best suited to our company's business plan;

- the potential inability to successfully integrate acquired operations and businesses or to realize anticipated synergies, economics of scale or other expected value;

- difficulties in managing production and coordinating operations at new sites;

- the potential need to restructure, modify or terminate customer relationships of the acquired company; and

- loss of key employees of acquired operations.

In addition, future acquisitions may result in dilutive issuances of equity securities, the incurrence of additional debt, large one-time write-offs and the creation of goodwill or other intangible assets that could result in amortization expense.

COMPETITION IN THE PRINTED CIRCUIT BOARD MARKET IS INTENSE, AND IF WE ARE UNABLE TO COMPETE EFFECTIVELY, THE DEMAND FOR OUR PRODUCTS MAY BE REDUCED.

The printed circuit board industry is intensely competitive, highly fragmented and rapidly changing. We expect competition to continue, which could result in price reductions, reduced gross margins and loss of market share. Our principal competitors include: DDi; Hadco, which recently agreed to be acquired by Sanmina; Merix; and Tyco. In addition, new and emerging technologies may result in new competitors entering our market.

Many of our competitors and potential competitors have a number of significant advantages over us, including:

- greater financial and manufacturing resources that can be devoted to the development, production and sale of their products;

- more established and broader sales and marketing channels;

- more manufacturing facilities worldwide, some of which are closer in proximity to OEMs;

- manufacturing facilities which are located in countries with lower production costs; and

- greater name recognition.

In addition, these competitors may respond more quickly to new or emerging technologies, or may adapt more quickly to changes in customer requirements and may devote greater resources to the development, promotion and sale of their products than we do. We must continually develop improved manufacturing processes to meet our customers' needs for complex products, and our manufacturing process technology is generally not subject to significant proprietary protection. Furthermore, increased production capacity by our competitors can result in an excess supply of printed circuit boards, which could also lead to price reductions. During recessionary periods in the electronics industry, our competitive advantages in the areas of providing quick-turn services, an integrated manufacturing solution and responsive customer service may be of reduced importance to our customers who may become more price sensitive. This may force us to compete more on the basis of price and cause our margins to decline. Recently, internet-based auctions have developed as a channel for the sale of printed circuit boards; if these auctions further develop as a channel for printed circuit boards purchasing, our customers' price sensitivity could intensify.

WE COMPETE AGAINST MANUFACTURERS IN ASIA WHERE PRODUCTION COSTS ARE LOWER. THESE COMPETITORS MAY GAIN MARKET SHARE IN OUR MARKET SEGMENT FOR HIGHER TECHNOLOGY PRINTED CIRCUIT BOARDS, WHICH MAY HAVE AN ADVERSE EFFECT ON THE PRICING OF OUR PRODUCTS.

We may be at a competitive disadvantage with respect to price for volume production when compared to manufacturers with lower cost facilities in Asia and other locations. We believe price competition from printed circuit board manufacturers in Asia and other locations with lower production costs may play an increasing role in the market for volume production. We do not currently have offshore facilities in lower cost locations, such as Asia. While historically our competitors in these locations have produced less technologically advanced printed circuit boards, they continue to expand their technology to include higher technology printed circuit boards. In addition, fluctuations in foreign currency exchange rates may benefit these offshore competitors. As a result,

these competitors may gain market share in the market for higher technology printed circuit boards, which may force us to lower our prices and reduce our gross margin.

WE RELY ON OUR SUPPLIERS FOR RAW MATERIALS AND THEY MAY NOT MEET OUR SUPPLY DEMANDS ON A TIMELY BASIS.

We order raw materials to complete our customers' purchase orders. Although we work with our customers and suppliers to minimize the impact of shortages in materials, we may occasionally experienced brief shortages due to price fluctuations and delayed shipments. If a significant shortage of raw materials were to occur, we could experience manufacturing or shipping delays or be forced to pay higher prices, which could cause customer dissatisfaction and reduce gross margins.

THE INCREASING PROMINENCE OF EMS PROVIDERS IN THE PRINTED CIRCUIT BOARD INDUSTRY COULD REDUCE OUR POTENTIAL SALES AND CUSTOMERS.

We sell to OEMs and EMS providers. EMS providers supply printed circuit board assembly services to OEMs, and in recent years, some EMS providers have acquired the ability to directly manufacture printed circuit boards. If a significant number of our EMS customers acquire the ability to directly manufacture printed circuit boards, our customer bases may shrink and our business and net sales will likely decline. In addition, if any of our OEM customers outsource the production of printed circuit boards to these EMS providers, our business and results of operations may also suffer.

IF WE ARE UNABLE TO PROTECT OUR UNPATENTED PROPRIETARY TECHNIQUES, WE MAY BE UNABLE TO COMPETE EFFECTIVELY.

Our success depends in part on proprietary technology and manufacturing techniques. We have no patents for these proprietary techniques and rely primarily on trade secret protection. Litigation may be necessary to protect our technology and determine the validity and scope of the proprietary rights of our competitors. Intellectual property litigation could result in substantial costs and diversion of management resources.

OUR PRODUCTS AND MANUFACTURING PROCESS MAY INFRINGE THE INTELLECTUAL PROPERTY RIGHTS OF OTHERS, AND RESULTING CLAIMS AGAINST US COULD BE COSTLY AND REQUIRE US TO ENTER INTO DISADVANTAGEOUS LICENSE OR ROYALTY ARRANGEMENTS.

Although we attempt to avoid infringing known proprietary rights of third parties in our product development efforts, we could be subject to legal proceedings and claims for alleged infringement by us of third party proprietary rights, such as patents, from time to time in the ordinary course of business. Any claims relating to the infringement of third party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require us to enter into royalty or license agreements. However, a license may not be available on commercially reasonable terms or at all. In addition, parties making these claims may be able to obtain a court order preventing us from selling our products in the United States or abroad.

OUR BUSINESS MAY SUFFER IF ANY OF OUR KEY SENIOR EXECUTIVES DISCONTINUES EMPLOYMENT WITH US OR IF WE ARE UNABLE TO RECRUIT AND RETAIN HIGHLY SKILLED ENGINEERING AND SALES STAFF.

Our future success depends to a large extent on the services of our key managerial employees, particularly Kent Alder, our Chief Executive Officer. Although we have entered into employment agreements with Mr. Alder and other executive officers, we may not be able to retain our executive officers and key personnel or attract additional qualified management in the future. To facilitate our integration of Power Circuits, we entered into transition-related employment agreements with the president and vice-president of our Santa Ana facility. These agreements expire at the end of 2000 and may not be renewed. If these individuals do not continue their employment, we may not be able to replace them with qualified personnel. Our business also depends on our continuing ability to recruit, train and retain highly qualified employees, particularly engineering and sales and marketing personnel. The competition for these employees is intense and the loss of these employees could harm our

business. In addition, it may be difficult and costly for us to retain hourly skilled employees, particularly in our Burlington, Washington facility, where there is a shortage of skilled labor. Further, our ability to successfully integrate acquired companies depends in part on our ability to retain key management and existing employees at the time of the acquisition.

OUR MANAGEMENT TEAM HAS ONLY BEEN WORKING TOGETHER AS A COMBINED UNIT SINCE OUR POWER CIRCUITS ACQUISITION IN JULY 1999.

Our management team has only been working together as a combined unit since the acquisition of Power Circuits in July 1999. In addition, our chief financial officer has been employed by us since February 2000 and our chief information

officer has been employed by us since January 2000. If our management team cannot successfully work together, we may not be able to execute our business strategy successfully or compete effectively. Any failure to manage our expansion effectively could harm our business.

PRODUCTS WE MANUFACTURE MAY CONTAIN DESIGN OR MANUFACTURING DEFECTS, WHICH COULD RESULT IN REDUCED DEMAND FOR OUR SERVICES AND LIABILITY CLAIMS AGAINST US.

We manufacture products to our customers' specifications, which are highly complex and may contain design or manufacturing errors or failures despite our quality control and quality assurance efforts. Defects in the products we manufacture, whether caused by a design, manufacturing or component failure or error, may result in delayed shipments, customer dissatisfaction, or a reduction or cancellation of purchase orders. If these defects occur either in large quantities or too frequently, our business reputation may be impaired. Since our products are used in products that are integral to our customers' businesses, errors, defects or other performance problems could result in financial or other damages to our customers, which we may be legally required to compensate them for. Although our purchase orders generally contain provisions designed to limit our exposure to product liability claims, existing or future laws or unfavorable judicial decisions could negate these limitation of liability provisions. Product liability litigation against us, even if it were unsuccessful, would be time consuming and costly to defend.

OUR FAILURE TO COMPLY WITH THE REQUIREMENTS OF ENVIRONMENTAL LAWS COULD RESULT IN FINES AND REVOCATION OF PERMITS NECESSARY TO OUR MANUFACTURING PROCESSES.

Our operations are regulated under a number of federal, state and foreign environmental and safety laws and regulations that govern, among other things, the discharge of hazardous materials into the air and water, as well as the handling, storage and disposal of such materials. These laws and regulations include the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and the Comprehensive Environmental Response, Compensation and Liability Act, as well as analogous state and foreign laws. Compliance with these environmental laws is a major consideration for us because our manufacturing process uses and generates materials classified as hazardous such as ammoniacal etching solutions, copper and nickel. In addition, because we use hazardous materials and generate hazardous wastes in our manufacturing processes, we may be subject to potential financial liability for costs associated with the investigation and remediation of sites at which we have arranged for the disposal of hazardous wastes if such sites become contaminated. Even if we fully comply with applicable environmental laws and are not directly at fault for the contamination, we may still be liable. The wastes we generate include spent ammoniacal etching solutions, solder stripping solutions and hydrochloric acid solution containing palladium; waste water which contains heavy metals, acids, cleaners and conditioners; and filter cake from equipment used for on-site waste treatment. Violations of environmental laws could subject us to revocation of our effluent discharge permits. Any such revocations could require us to cease or limit production at one or more of our facilities, negatively impacting our revenues and causing our common stock price to decline. Even if we ultimately prevail, environmental lawsuits against us would be time consuming and costly to defend.

Environmental laws could also become more stringent over time, imposing greater compliance costs and increasing risks and penalties associated with violation. We operate in environmentally sensitive locations and we are subject to potentially conflicting and changing regulatory agendas of political, business and environmental groups. Changes or restrictions on discharge limits, emissions levels, material storage, handling or disposal might require a high level of unplanned capital investment and/or relocation. It is possible that environmental compliance costs and penalties from new or existing regulations may harm our business, financial condition and results of operations.

OUR MAJOR STOCKHOLDER WILL CONTINUE TO HAVE SIGNIFICANT INFLUENCE OVER OUR BUSINESS AFTER THIS OFFERING, AND COULD DELAY, DETER OR PREVENT A CHANGE OF CONTROL OR OTHER BUSINESS COMBINATION.

Upon completion of this offering, Circuit Holdings will hold approximately % of our outstanding stock, or % of our outstanding stock if the underwriters' option to purchase additional shares is exercised in full. Circuit Holdings is controlled by Thayer Capital Partners. In addition, Thayer Capital Partners controls other of our stockholders which together own an additional % of our shares. We anticipate that of the directors on our board following this offering will be representatives of Thayer Capital Partners. The interests of Thayer Capital Partners may not always coincide with our interests or those of our other stockholders. By virtue of its stock ownership and board representation, Thayer Capital Partners will continue to have a significant influence over all matters submitted to our board and our stockholders, including the election of our directors, and will be able to exercise significant control over our business, policies and affairs. Through its concentration of voting power, Thayer Capital Partners could cause us to take actions that we would not consider absent its influence, or could delay, deter or prevent a change of control of our company or other business combination that might otherwise be beneficial to our public stockholders.

In addition, Thayer Capital Partners has historically worked closely with Brockway Moran & Partners, Inc. in managing our company and in structuring our leveraged recapitalization and acquisition of Power Circuits. Brockway Moran & Partners owns 40% of Circuit Holdings and controls an entity which owns % of TTM. In addition, we anticipate that of our directors following this offering will be representatives of Brockway Moran & Partners. Although there is no legal agreement requiring Thayer Capital Partners and Brockway Moran & Partners to vote their shares together or for their representatives on our board to vote together, given their relationship in the past these two entities may continue to work together, in which case they would control our board and exercise voting control over % of our shares.

RISKS RELATED TO THIS OFFERING

WE EXPECT TO USE A SUBSTANTIAL PORTION OF THE NET PROCEEDS OF THIS OFFERING TO REPAY INDEBTEDNESS AND, AS A RESULT, WE MAY BE UNABLE TO MEET OUR FUTURE CAPITAL AND LIQUIDITY REQUIREMENTS.

We expect to use substantially all of the net proceeds that we receive to repay indebtedness and other long-term obligations. As a result, only a limited portion of the net proceeds will be available to fund our future operations. We expect that our principal sources of funds following this offering will be cash generated from our operating activities and borrowing capacity remaining under our existing credit facilities.

We believe that these funds will provide us with sufficient liquidity and capital resources for us to meet our current and future financial obligations, as well as to provide funds for our working capital, capital expenditures and other needs, for at least 12 months following this offering. Despite our expectations, however, we may require additional equity or debt financing to meet our working capital requirements. This financing may not be available when required or, may be available only on terms unsatisfactory to us. In addition, our existing credit facilities impose restrictions on our ability to incur more debt. Further, if we issue equity securities, the ownership percentage of our stockholders will be

reduced, and the new equity securities may have rights senior to those of the common stock to be issued in this offering.

OUR STOCK PRICE MAY BE VOLATILE AND OUR STOCK MAY BE THINLY TRADED, WHICH COULD CAUSE INVESTORS TO LOSE ALL OR PART OF THEIR INVESTMENTS IN OUR STOCK.

The stock market has recently experienced volatility which has often been unrelated to the operating performance of any particular company or companies. If market or industry-based fluctuations continue, our stock price could decline regardless of our actual operating performance and investors could lose a substantial part of their investments. In addition, prior to this offering, our stock could not be bought or sold on a public market. If an active public market for our stock does not develop, or if such a market is not sustained after this offering, it may be difficult to resell our stock. The market price of our common stock will likely fluctuate in response to a number of factors including the following:

- our failure to meet the performance estimates of securities analysts;
- changes in financial estimates of our revenues and operating results by securities analysts;
- the timing of announcements by us or our competitors of significant contracts or acquisitions; and
- general stock market conditions.

Recently, when the market price of a company's stock has been volatile, stockholders have often instituted securities class action litigation against the company. If a class action lawsuit is filed against us, we could incur substantial costs defending the lawsuit and management time and attention would be diverted. An adverse judgment could cause our financial condition or operating results to suffer.

A TOTAL OF , OR %, OF OUR TOTAL OUTSTANDING SHARES AFTER THE OFFERING ARE RESTRICTED FROM IMMEDIATE RESALE, BUT MAY BE SOLD INTO THE MARKET IN THE NEAR FUTURE. THIS COULD CAUSE THE MARKET PRICE OF OUR COMMON STOCK TO DROP SIGNIFICANTLY, EVEN IF OUR BUSINESS IS DOING WELL.

Our current stockholders hold a substantial number of shares, which they will be able to sell in the public market in the near future. Sales of a substantial number of shares of our common stock could cause our stock price to fall. In addition, the sale of these shares could impair our ability to raise capital through the sale of additional stock.

After this offering, we will have outstanding shares of common stock. This includes shares that we are selling in this offering, which

may be resold immediately in the public market. The remaining shares will become eligible for resale in the public market as shown in the table below.

NUMBER OF SHARES/PERCENT OUTSTANDING AFTER THE OFFERING	DATE OF AVAILABILITY FOR RESALE INTO PUBLIC MARKET
/ %.....	180 days after the date of the final prospectus due to agreements these stockholders have with TTM and the underwriters. However, the underwriters can waive this restriction and allow these stockholders to sell their shares at any time. Of these shares, shares will be subject to sales volume limitations under the federal securities laws.
/ %.....	Upon expiration of applicable one-year holding periods under Rule 144, which will expire between , 2000 and , 2000, subject to sales volume restrictions under Rule 144.

In addition, we intend to file a registration statement under Form S-8 under the Securities Act approximately 90 days after the date of this offering to register an aggregate of shares of common stock issued or reserved for issuance under our management stock option plan.

NOTE REGARDING FORWARD-LOOKING STATEMENTS

All statements, trend analyses and other information contained in this prospectus, including those regarding markets for our products and trends in net sales, gross profit and anticipated expense levels, and any statement that contains the words "anticipate," "believe," "plan," "estimate," "expect," "intend," "seek" and other similar expressions, constitute forward-looking statements. The matters described in these forward-looking statements are subject to business and economic risks, including those risks identified in "Risk Factors" and in the cautionary statements elsewhere in this prospectus and our actual results of operations may differ significantly from those contained in the forward-looking statements because of such risks. Accordingly, the cautionary statements made in this prospectus apply to all forward-looking statements wherever they appear in this prospectus.

USE OF PROCEEDS

We estimate that the net proceeds to us from the sale of shares of common stock in this offering will be approximately $67.8 million, or approximately $ million if the underwriters' over-allotment option is exercised in full, at an assumed public offering price of $ per share, after deducting underwriting discounts and commissions and the estimated offering expenses. We will not receive any proceeds from the sale of shares by the selling stockholders.

We intend to use the net proceeds we receive as follows:

- approximately $12.8 million to redeem all of our senior subordinated notes;
- approximately $4.0 million to redeem all of our subordinated notes;
- approximately $1.5 million to terminate a management agreement with entities related to four of our directors;
- approximately $10.8 million to eliminate our obligations under retention bonus plan; and
- the remainder to reduce our indebtedness under our senior credit facility.

Our senior credit facility consists of multi-tranche term loans, revolving loans and swingline loans, each with a final maturity date in June 2004 and an aggregate principal balance of $116.2 million as of April 3, 2000. The loans under this facility bear interest at varying rates based, at our option, on either LIBOR plus 225 to 375 basis points or the bank rate plus 75 to 225 basis points. The weighted average interest rate for all of our loans under this facility was 9.9% at April 3, 2000. See "Description of Indebtedness--First Union Senior Credit Facility" for a more detailed description of this facility.

Pending these uses, we will invest the net proceeds we receive in short-term, interest-bearing, investment-grade securities.

DIVIDEND POLICY

For the year ended December 31, 1998, we paid dividends to stockholders

totaling $70.7 million. Of this amount, $59.5 million was paid in cash to stockholders in connection with our recapitalization and acquisition by Circuit Holdings, $2.5 million was paid in the form of a note to a stockholder, Lewis Coley III, and $54,000 related to the value of vehicles which were distributed to stockholders. We did not declare or pay any dividends for the year ended December 31, 1999 or for the first fiscal quarter 2000 and we do not anticipate paying any cash dividends in the foreseeable future. Additionally, our senior credit facility prohibits the payment of dividends. We presently intend to retain any future earnings to finance future operations and expansion of our business, and to reduce indebtedness.

CAPITALIZATION

The following table sets forth our capitalization as of April 3, 2000:

- on an actual basis; and

- on an as adjusted basis to reflect the sale of the shares of common stock offered hereby, assuming an initial public offering price of $ per share, and the application of the net proceeds we will receive from the offering in the manner described in "Use of Proceeds."

As a result of our application of the net proceeds we will receive from this offering, we expect to record a $5.8 million increase to equity which we will record in net income in the fiscal quarter in which this offering is completed. This increase includes the following items:

- a $2.2 million loss, net of taxes, that will result from the early extinguishment of our senior subordinated and subordinated notes;

- a $1.0 million loss, net of taxes, that will result from the write-off of debt issuance costs related to our senior credit facility;

- a $5.0 million loss, net of taxes, that will result from the elimination of our obligations under our retention bonus plan;

- a $1.0 million loss, net of taxes, that will result from the termination of our management agreement with T.C. Management and Brockway Moran & Partners Management; and

- a $15.0 million income tax benefit that will result from reducing the valuation allowance on our net deferred tax assets. We believe that the amount of our deferred tax asset that we will ultimately realize will increase because our future taxable income is expected to increase as a result of the reduction of debt associated with our use of proceeds from this offering.

Upon completion of this offering we intend to amend and restate our senior credit facility, which will result in the write-off of a significant portion of our remaining $2.5 million of debt issuance costs related to our senior credit facility.

You should read this information together with our consolidated financial statements and the related notes included elsewhere in this prospectus, "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Summary Historical Financial Data" and "Use of Proceeds."

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	APRIL 3, 2000	
	ACTUAL	AS ADJUSTED
	(IN THOUSANDS)	
<S>	<C>	<C>
Long-term obligations, including current maturities:		
Senior credit facility	$116,239	$ 77,539
Senior subordinated note	10,614	--
Subordinated notes	2,588	--
Deferred retention bonus payable	7,768	--
Total long-term obligations	137,209	77,539
Stockholders' equity:		
Preferred stock, $.001 par value, no shares authorized, issued or outstanding, actual; shares authorized, no shares issued and outstanding, as adjusted		
Common stock, no par value, shares authorized, and shares issued and outstanding, actual; $.001 par value, shares authorized and shares issued and outstanding, as adjusted	37,760	105,510
Additional paid-in capital		
Accumulated deficit	(20,864)	(15,041)

Deferred stock-based compensation	(252)	(252)
Common stock warrants	2,019	2,019
Total stockholders' equity	18,663	92,236
Total capitalization	$155,872	$169,775

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The table above excludes the following shares:

- shares issuable upon exercise of options outstanding under our management stock option plan at a weighted average exercise price of $ per share;

- shares issuable upon exercise of warrants outstanding at a weighted average exercise price of $ per share; and

- a total of shares reserved for issuance under our stock option plan, excluding the annual increases in the number of shares authorized under our management stock option plan beginning January 1, 2001. See "Management--Incentive Plans" for a description of how these annual increases are determined.

DILUTION

Our net tangible book value as of April 3, 2000 was approximately $ million, or $ per share. Net tangible book value per share is calculated by subtracting our total liabilities from our total tangible assets, which equals total assets less intangible assets, and dividing this amount by the number of shares of common stock outstanding as of April 3, 2000. Assuming the sale by us of shares of common stock offered in this offering at an initial public price offering of $ per share, the application of the estimated net proceeds from this offering, and the $5.8 million of non-recurring increase to net income attributable to our use of proceeds as described in "Capitalization," our net tangible book value as of April 3, 2000 would have been $ million, or $ per share of common stock. Assuming completion of this offering, there will be an immediate increase in the net tangible book value of $ per share to our existing stockholders and an immediate dilution in the net tangible book value of $ per share to the new investors. The following table illustrates this per share dilution.

Assumed initial public offering price per share		$
Net tangible book value per share as of April 3, 2000	$	
Increase attributable to new investors		
Pro forma net tangible book value per share after the offering		
Pro forma dilution per share to new investors		$

The following table summarizes the total number of shares of common stock purchased from us, the total consideration paid to us and the average price per share paid by existing stockholders and by new investors, in each case based upon the number of shares of common stock outstanding as of April 3, 2000, assuming an initial public offering price of $ per share.

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders		%	$	%	$
New investors					
Total		%	$	%	

If the underwriters' over-allotment option is exercised in full, the number of shares of common stock held by existing stockholders will be reduced to , or % of the total number of shares of common stock to be outstanding after this offering, and will increase the number of shares of common stock held by the new investors to shares, or % of the total number of shares of common stock to be outstanding immediately after this offering. See "Principal and Selling Stockholders."

The foregoing discussion and tables are based upon the number of shares actually issued and outstanding as of April 3, 2000 and assume no exercise of options or warrants outstanding as of April 3, 2000. As of that date, there were:

- shares issuable upon exercise of options outstanding under our management stock option plan at a weighted average exercise price of $ per share;

- shares issuable upon exercise of warrants outstanding at a weighted average exercise price of $ per share; and

- a total of shares reserved for issuance under our stock option plans.

Assuming the exercise in full of all of the outstanding options and warrants, our pro forma as adjusted net tangible book value at April 3, 2000 would be $ per share, representing an immediate increase in net tangible book value of $ per share to our existing stockholders and an immediate decrease in the net tangible book value of $ to new investors.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL DATA

The following unaudited pro forma condensed consolidated statements of income are based on our historical consolidated financial statements, included elsewhere in this prospectus, adjusted to give effect to our July 1999 acquisition of Power Circuits as if it had occurred on January 1, 1999.

The pro forma adjustments are based upon available information and certain assumptions that our management believes are reasonable. The unaudited pro forma condensed consolidated statements of income are not necessarily indicative of our future results of operations or the results of operations which may have occurred had this transaction occurred on January 1, 1999. The pro forma adjustments are described in the accompanying notes.

The unaudited pro forma condensed consolidated financial statements should be read in conjunction with our consolidated financial statements and related notes, and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus.

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
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	YEAR ENDED DECEMBER 31, 1999			
	HISTORICAL TTM	HISTORICAL POWER CIRCUITS (FROM JANUARY 1, 1999 TO JULY 14, 1999)	PRO FORMA ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>	<C>
Net sales	$106,447	$17,868		$124,315
Cost of goods sold	82,200	10,267	$ (618)(1)	91,849
Gross profit	24,247	7,601	618	32,466
Operating expenses:				
Sales and marketing	3,920	1,323		5,243
General and administrative	2,584	1,686	(618)(1)	3,652
Nonrecurring bonuses	--	3,395	(3,395)(2)	--
Amortization of intangibles	2,230	--	2,577 (3)	4,807
Amortization of deferred retention bonus	1,849	--		1,849
Management fees	439	--	161 (4)	600
Total operating expenses	11,022	6,404	(1,275)	16,151
Operating income	13,225	1,197	1,893	16,315
Interest expense	(10,432)	(145)	(3,934)(5)	(14,511)
Amortization of debt issuance costs	(755)	--	(132)(6)	(887)
Interest income and other, net	54	204		258
Income before income taxes and extraordinary item	2,092	1,256	(2,173)	1,175
Income taxes	836	1	(285)(7)	552

Income before extraordinary item	1,256	1,255	(1,888)	623
Extraordinary item net of taxes	(1,483)	--	1,483 (8)	--
Net income (loss)	$ (227)	$ 1,255	$ (405)	$ 623
Earnings per common share:				
Basic	$			$
Diluted				
Weighted average common shares:				
Basic			(9)	
Diluted			(9)	
OTHER FINANCIAL DATA:				
Depreciation	$ 3,635	$ 507		$ 4,142
SUPPLEMENTAL DATA:				
EBITDA	$ 20,993		$ 6,378 (10)	$ 27,371

</TABLE>

UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME (CONTINUED)

(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

<TABLE>
<CAPTION>

	FIRST FISCAL QUARTER 1999			
	HISTORICAL TTM	HISTORICAL POWER CIRCUITS	PRO FORMA ADJUSTMENTS	PRO FORMA
<S>	<C>	<C>	<C>	<C>
Net sales	$24,788	$7,429		$32,217
Cost of goods sold	19,080	4,191	$ (174)(1)	23,097
Gross profit	5,708	3,238	174	9,120
Operating expenses:				
Sales and marketing	649	535		1,184
General and administrative	601	666	(174)(1)	1,093
Amortization of intangibles	--	--	1,202 (3)	1,202
Amortization of deferred retention bonus	462	--		462
Management fees	75	--	75 (4)	150
Total operating expenses	1,787	1,201	1,103	4,091
Operating income	3,921	2,037	(929)	5,029
Interest expense	(1,859)	(76)	(1,706)(5)	(3,641)
Amortization of debt issuance costs	(133)	--	(82)(6)	(215)
Interest income and other, net	33	83		116
Income before income taxes	1,962	2,044	(2,717)	1,289
Income taxes	676	--	(165)(7)	511
Net income (loss)	$ 1,286	$2,044	$(2,552)	$ 778
Earnings per common share:				
Basic	$			$
Diluted				
Weighted average common shares:				
Basic			(9)	
Diluted			(9)	
OTHER FINANCIAL DATA:				
Depreciation	$ 720	$ 211		$ 931
SUPPLEMENTAL DATA:				
EBITDA	$ 5,136		$ 2,604(10)	$ 7,740

</TABLE>

NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The pro forma financial data have been derived from the application of pro forma adjustments to our historical financial statements for the periods noted.

(1) Adjustment reflects the elimination of compensation paid to previous owners in excess of amounts specified in employment agreements entered into in connection with the acquisition.

(2) Adjustment reflects the elimination of non-recurring bonuses paid to employees of Power Circuits in connection with the acquisition.

(3) Adjustment reflects the amortization of goodwill and other intangible assets

acquired in connection with our acquisition of Power Circuits of approximately $90.1 million over estimated useful lives of 15 to 20 years.

(4) Adjustment reflects the additional management fees that would have been incurred under the management agreement with T. C. Management and Brockway Moran & Partners Management, modified as part of the Power Circuits acquisition. See "Related Party Transactions" for a more detailed description of these arrangements.

(5) Adjustment reflects the net additional interest expense associated with borrowings under our indebtedness incurred in connection with our acquisition of Power Circuits. The pro forma interest adjustment was based upon a weighted average interest rate of approximately 10.5%.

(6) Adjustment reflects the amortization of additional debt issuance costs incurred in connection with the acquisition of Power Circuits over the terms of the related indebtedness.

(7) Adjustment reflects income taxes, using a combined federal and state tax rate of 37.5% on the pro forma income before taxes adjusted for nondeductible differences. Prior to the acquisition, Power Circuits was taxed as a subchapter S corporation and accordingly the adjustment reflects its taxation as a C corporation for the periods presented.

(8) Adjustment to eliminate the extraordinary write-off of debt issuance costs of $1.5 million, net of an income tax benefit of $0.8 million, which were written off as a result of obtaining new financing in connection with our acquisition of Power Circuits.

(9) Adjustment to increase the number of shares for those issued at the time of our acquisition of Power Circuits. The proceeds from the issuance of common shares were used along with debt to fund the acquisition. The adjustment for diluted earnings per share purposes includes the warrants issued in connection with our senior subordinated notes.

(10) EBITDA means earnings before interest expense (including amortization of debt issuance costs), income taxes, depreciation and amortization. EBITDA is presented because we believe it is an indicator of our ability to incur and service debt and is used by our lenders in determining compliance with financial covenants. However, EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States. Because of the subjectivity inherent in the assumptions concerning the timing and nature of the uses of cash generated by the pro forma interest and other expenses, cash flows from operating, investing and financing activities are not presented for the pro forma and supplemental pro forma periods. Our definition of EBITDA may differ from definitions used by other companies.

SELECTED FINANCIAL DATA
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

You should read the selected consolidated financial data set forth below in conjunction with our consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this prospectus. The income statement data for the years ended December 31, 1997, 1998 and 1999 and the balance sheet data as of December 31, 1998 and 1999 are derived from the audited financial statements and related notes included in this prospectus, which were audited by Arthur Andersen LLP. The balance sheet data as of December 31, 1997 was derived from financial statements and related notes that were also audited by Arthur Andersen LLP, but are not included in this prospectus.

The income statement data for the first fiscal quarters of 1999 and 2000 and the balance sheet data as of April 3, 2000 are derived from unaudited financial statements included in this prospectus, and in the opinion of management, include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of this information. Our results of operations for first fiscal quarter 2000 are not necessarily indicative of the results that may be expected for the full year.

The income statement data for the years ended December 31, 1995 and 1996 and the balance sheet data as of December 31, 1995 and 1996 are derived from audited financial statements not included in this prospectus, which financial statements were audited by our prior auditors.

<TABLE>
<CAPTION>

FIRST FISCAL

YEAR ENDED DECEMBER 31,

	YEAR					QUARTER	
	1995	1996	1997	1998	1999	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF INCOME DATA:							
Net sales	$51,002	$56,663	$76,921	$78,526	$106,447	$24,788	$42,080
Cost of goods sold	38,076	46,027	62,091	65,332	82,200	19,080	29,802
Gross profit	12,926	10,636	14,830	13,194	24,247	5,708	12,278
Operating expenses:							
Sales and marketing	2,233	2,217	2,533	2,434	3,920	649	1,879
General and administrative	1,701	1,795	2,235	2,188	2,584	601	1,244
Amortization of intangibles	--	--	--	--	2,230	--	1,202
Amortization of deferred retention bonus(1)	--	--	--	77	1,849	462	462
Management fees	--	--	--	13	439	75	150
Total operating expenses	3,934	4,012	4,768	4,712	11,022	1,787	4,937
Operating income	8,992	6,624	10,062	8,482	13,225	3,921	7,341
Interest expense	(176)	(392)	(578)	(848)	(10,432)	(1,859)	(3,811)
Amortization of debt issuance costs	(9)	(18)	(28)	(134)	(755)	(133)	(241)
Interest and other income, net	323	317	557	927	54	33	109
Income before income taxes and extraordinary item	9,130	6,531	10,013	8,427	2,092	1,962	3,398
Income taxes(2)	--	--	--	--	836	676	1,275
Income before extraordinary item	9,130	6,531	10,013	8,427	1,256	1,286	2,123
Extraordinary item net of taxes	--	--	--	--	(1,483)	--	--
Net income (loss)	$ 9,130	$ 6,531	$10,013	$ 8,427	$ (227)	$ 1,286	$ 2,123
Earnings per common share:							
Basic	$	$	$	$	$	$	$
Diluted							
Weighted average common shares:							
Basic							
Diluted							
OTHER FINANCIAL DATA:							
Depreciation	$ 1,304	$ 2,061	$ 2,884	$ 3,014	$ 3,635	$ 720	$ 949
Noncash interest expense imputed on debt	--	--	--	12	455	93	163
SUPPLEMENTAL DATA:							
EBITDA(3)	$10,619	$ 9,002	$13,503	$12,500	$ 20,993	$ 5,136	$10,063
Cash flows from operating activities	9,972	4,115	11,460	7,517	(2,227)	1,274	4,432
Cash flows from investing activities	(2,851)	(9,377)	(9,134)	5,657	(99,906)	(322)	(1,499)
Cash flows from financing activities	(4,648)	4,830	(3,434)	(16,693)	103,253	(1,150)	(3,116)

</TABLE>

<TABLE>
<CAPTION>

	DECEMBER 31,					APRIL 3,
	1995	1996	1997	1998	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED BALANCE SHEET DATA:						
Working capital	$ 8,100	$11,815	$18,517	$ 8,070	$13,994	$15,359
Total assets	25,494	35,498	43,845	56,453	168,327	167,376
Long-term obligations, including current maturities	2,820	10,701	10,889	72,772	140,163	137,209
Stockholders' equity (deficit)	17,104	20,654	27,048	(22,755)	16,537	18,663

</TABLE>

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(1) Amortization of deferred retention bonus relates to a retention bonus plan that we implemented as part of our leveraged recapitalization in December 1998. In connection with this offering, we intend to pay out $10.8 million to participants in order to eliminate our obligations under this plan.

(2) Prior to December 15, 1998, we had made an S corporation election for income tax purposes to include our taxable income in our stockholders' taxable income. Had we been taxed as a C corporation, assuming an effective federal statutory tax rate of 34%, our income tax expense would have been $3.1 million in 1995, $2.2 million in 1996, $3.4 million in 1997 and $2.9 million in 1998 and our net income would have been $6.0 million in 1995, $4.3 million in 1996, $6.6 million in 1997 and $5.5 million in 1998. We were not subject to state income taxes in 1997 and 1998 due to our only operating in Washington state, a state that does not impose a state income tax.

(3) EBITDA means earnings before interest expense (including amortization of debt issuance costs), income taxes, depreciation and amortization. EBITDA is presented because we believe it is an indicator of our ability to incur and service debt and is used by our lenders in determining compliance with financial covenants. However, EBITDA should not be considered as an alternative to cash flows from operating activities, as a measure of liquidity or as an alternative to net income as a measure of operating results in accordance with accounting principles generally accepted in the United States. Our definition of EBITDA may differ from definitions used by other companies.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

YOU SHOULD READ THE FOLLOWING DISCUSSION IN CONJUNCTION WITH THE "SELECTED FINANCIAL DATA" SECTION OF THIS PROSPECTUS AND OUR CONSOLIDATED FINANCIAL STATEMENTS AND THE RELATED NOTES INCLUDED ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

We are a leading independent provider of time-critical, one-stop manufacturing services for highly complex printed circuit boards. Our printed circuit boards serve as the foundation of electronic products such as routers, switches, servers, memory modules and cellular base-stations. Our customers include OEMs and EMS providers. Our customers primarily serve rapidly growing segments of the electronics industry, including networking, high-end computing and computer peripherals. Our time-to-market focused manufacturing services enable our customers to shorten the time required to develop new products and bring them to market.

In July 1999, we acquired Power Circuits, a printed circuit board manufacturer located in Santa Ana, California. In this acquisition we gained engineering and process expertise tailored specifically to manufacturing printed circuit boards for the quick-turn market and significantly diversified our customer base and end-markets. We acquired Power Circuits and recorded the acquisition under the purchase method of accounting. The excess purchase price over the fair value of the net tangible assets acquired was approximately $90 million, of which $72 million was allocated to goodwill and $18 million was allocated to identifiable intangibles. In connection with this acquisition, we made an Internal Revenue Code Section 338(h)(10) election which allows us to deduct this goodwill and other intangibles for federal income tax purposes over 15 years, resulting in an annual tax deduction of $6.0 million. The acquisition was financed through our senior credit facility, our subordinated debt facility

and additional equity contributions.

In 1999, we sold printed circuit boards to more than 400 companies. Our top 10 customers during this period were ACT Manufacturing, ATL Ultrasound, Ciena, Compaq, including Compaq-directed EMS providers, ETMA, General Electric, Motorola, NEC, Radisys and Solectron. Our top 10 customers comprised 62.3% of our historical net sales during fiscal year 1997, 78.9% of our historical net sales during fiscal year 1998, 68.4% of our historical net sales during fiscal year 1999, and 62.9% of our net sales during the first fiscal quarter 2000. Our top 10 customers comprised 62.3% of our pro forma net sales in 1999. In 1999, Solectron accounted for 19.3% of our historical net sales and Compaq, including Compaq-directed sales, accounted for 16.7% of our historical net sales. For the first fiscal quarter 2000, Solectron accounted for 19.7% of our net sales and Compaq, including Compaq-directed sales, accounted for 16.0% of our net sales. We have focused significant sales and marketing resources on the fast-growing networking segment of the electronics industry. Revenues generated from networking customers increased from 8.7% of our pro forma net sales in 1997 to 25.4% in 1999.

We sell our products through our internal sales force and independent sales representatives. Our internal sales force is paid on a salary and commission basis while our independent sales representatives are paid only on a commission basis. In 1999, our internal sales force generated 27% of our pro forma net sales, and our independent sales representatives generated 72%. The remaining 1% came from joint efforts between our internal and independent sales representatives.

Our products are manufactured to our customers' design specifications and are priced to reflect both the complexity of the printed circuit boards and the time and volume requirements for the order. Generally, we quote prices after we receive the design specifications and time and volume requirements from our customers. Purchase orders may be cancelled prior to shipment. We charge customers a fee, based on percentage completed, if an order is cancelled once it has entered production.

We recognize revenues upon shipment to the customer. We record net sales as our gross sales less an allowance for returns. We provide our customers a limited right of return for defective printed circuit boards. We record an allowance for estimated sales returns at the time of sale based on our historical results. For fiscal years 1997, 1998 and 1999 and for the first fiscal quarter 2000 our provision for sales returns as a percentage of gross sales was less than 2%.

We have historically experienced lower sales in our second and third fiscal quarters due to patterns in the capital budgeting and purchasing cycles of our customers and the end-markets they serve. In particular, this effect is caused by the seasonality of our high-end computing segment. We expect to reduce the impact of seasonality by further diversification of our customer base.

In 1999, 85.9% of our pro forma net sales were in the United States, 8.6% in Singapore, and the remainder in Europe and other Asian countries. For the first fiscal quarter 2000, 88.9% of our net sales were in the United States, 4.8% in Singapore, 4.7% in England and the remainder primarily in other European and Asian countries.

Cost of goods sold consists of materials, labor, outside services and overhead expenses incurred in the manufacture and testing of our products. Many factors affect our gross margin, including capacity utilization, product mix, production volume and yield. We do not participate in any long-term supply contracts, and we believe there are a number of potential suppliers for the raw materials we use. We believe that our cost of goods sold will increase in absolute dollars in future periods but will continue to fluctuate as a percentage of net sales.

Our operating expenses are classified into five general categories: sales and marketing, general and administrative, amortization of intangibles, amortization of deferred retention bonus and management fees.

Sales and marketing expenses consist primarily of salaries and commissions paid to our internal sales force and commissions paid to independent sales representatives, as well as costs associated with marketing materials and trade shows. As quick-turn sales become a higher percentage of total sales, our average commission rate is expected to increase. We believe there are significant opportunities for us to increase our penetration throughout the United States through enhanced sales and marketing efforts. Accordingly, we expect our sales and marketing expenses to increase in absolute dollars but continue to fluctuate as a percentage of net sales.

General and administrative costs primarily include the salaries for executive, finance, accounting, facilities and human resources personnel, as well as insurance expenses and consulting expenses for accounting and legal assistance. We expect these expenses to increase in absolute dollars but continue to fluctuate as a percentage of net sales as we add personnel and incur additional costs related to the growth of our business and the requirements of

operating as a public company.

Amortization of intangibles consists of the amortization of goodwill and other intangible assets which we recorded as a result of the Power Circuits acquisition in July 1999.

Amortization of the deferred retention bonus relates to a retention bonus plan we implemented as part of our leveraged recapitalization in December 1998. In connection with this offering, we intend to pay out $10.8 million to participants in order to eliminate our obligations under this plan. We expect this payment to result in a charge of approximately $5.0 million, net of taxes, in the quarter in which we complete our offering.

We pay management fees for advisory services to two firms, T.C. Management and Brockway Moran & Partners Management, totaling $600,000 per year. These two firms indirectly control our principal stockholder, Circuit Holdings. In consideration for advisory and management services rendered to TTM in connection with this offering, we will pay these two firms an aggregate fee of $1 million upon consummation of this offering. In addition, we intend to use approximately $1.5 million

of the net proceeds we receive upon completion of this offering to terminate this management agreement.

Our interest expense relates to our senior credit facility and our other long-term obligations. We intend to use approximately $66.3 million of the proceeds we receive from this offering to repay debt and eliminate our obligations under our retention bonus plan. As a result of our repayment of indebtedness, we anticipate that our interest expense will be significantly lower for subsequent periods.

Amortization of debt issuance costs consists of the amortization of loan origination fees and related expenses. As a result of our repayment of indebtedness, we anticipate that our amortization will be significantly lower for subsequent periods. Upon completion of this offering, we intend to amend and restate our senior credit facility, which will result in the write-off of a significant portion of the remaining $2.5 million of debt issuance costs related to our senior credit facility.

Interest income and other, net consists of interest received on investments as well as lease revenue received for subleasing some of our space in Santa Ana, California, to an outside tenant. Prior to 1999, we received significant interest income due to a large cash position invested in Treasury securities.

Prior to our leveraged recapitalization in December 1998, we were taxed for federal tax purposes as an S corporation. Accordingly, we had no income tax expense prior to December 14, 1998. At the time of our recapitalization, we became a C corporation and the tax effect of all differences between the tax reporting and financial reporting bases of our net assets was recorded as a net deferred tax asset. The most significant basis difference resulted from an Internal Revenue Code Section 338(h)(10) tax election we made at the time of recapitalization. This election had the effect of characterizing the recapitalization and stock purchase as an asset purchase for income tax purposes. Therefore, the consideration paid to our former owners, either by us or by Circuit Holdings, in excess of the tax basis of our net assets was recorded as tax-deductible goodwill of $77.5 million, even though no goodwill was recorded for financial reporting purposes. To the extent that we have future taxable income, we will realize the benefit of this tax goodwill over 15 years. This results in an annual deduction of $5.5 million which, assuming an effective income tax rate of 37.5%, could reduce our cash taxes payable each year by $2.0 million.

From time to time we estimate whether we will be able to earn enough taxable income over the life of the deferred tax asset to fully realize the benefit of the asset. At the time of our recapitalization, we concluded that we were unlikely to fully realize its benefit and, accordingly, we recorded a valuation allowance against the asset. At December 31, 1999, we reassessed the realizability of our deferred tax assets and concluded, based upon our tax net operating loss of $4.9 million, among other factors, that the valuation allowance was still necessary. At December 31, 1999, we had gross deferred tax assets of approximately $26.2 million and a valuation allowance of $15 million.

Upon the completion of our offering, we intend to reevaluate the realizability of our deferred tax asset. We currently estimate that we will eliminate the $15 million valuation allowance and record this as an income tax benefit. Our estimate is based upon the anticipated significant reduction in interest expense and increases in operating income for the quarters both before and after our offering. It is possible that our estimates could change in the near term, even before we complete this offering, and the amount of income tax benefit we record could be materially different than expected. In addition, should our expectations of taxable income change in future years, it may become necessary to record a valuation allowance which would adversely effect our results of operations. Excluding any effect from the reversal of our deferred tax asset valuation allowance, we expect to have an effective income tax rate of

37.5% for fiscal 2000.

We recorded an extraordinary item net of taxes in 1999. This expense was for the extraordinary write-off of debt issuance costs of $1.5 million, net of an income tax benefit of $834,000, which were written off as a result of new financing obtained in connection with our acquisition of Power Circuits.

Until January 1, 1999, we operated on calendar fiscal quarters and a fiscal year ending December 31. Beginning in 1999, we started operating on 13 week fiscal quarters. Our year-end remains December 31. In 1999, our fiscal quarters ended on April 4, July 4, October 4 and December 31. In 2000, our fiscal quarters ended or will end on April 3, July 3, October 2 and December 31.

RESULTS OF OPERATIONS

The following table sets forth income statement data expressed as a percentage of historical net sales for the periods indicated:

<TABLE>
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	YEAR ENDED DECEMBER 31,			FIRST QUARTER	FISCAL
	1997	1998	1999	1999	2000
<S>	<C>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	80.7	83.2	77.2	77.0	70.8
Gross profit	19.3	16.8	22.8	23.0	29.2
Operating expenses:					
Sales and marketing	3.3	3.1	3.7	2.6	4.5
General and administration	2.9	2.8	2.4	2.4	3.0
Amortization of intangibles	--	--	2.1	--	2.8
Amortization of deferred retention bonus	--	0.1	1.8	1.9	1.1
Management fees	--	--	0.4	0.3	0.3
Total operating expenses	6.2	6.0	10.4	7.2	11.7
Operating income	13.1	10.8	12.4	15.8	17.5
Interest expense	(0.8)	(1.1)	(9.8)	(7.5)	(9.1)
Amortization of debt issuance costs	--	(0.2)	(0.7)	(0.5)	(0.6)
Interest income and other, net	0.7	1.2	0.1	0.1	0.3
Income before income taxes and extraordinary item	13.0	10.7	2.0	7.9	8.1
Income taxes	--	--	0.8	2.7	3.0
Income before extraordinary item	13.0	10.7	1.2	5.2	5.1
Extraordinary item net of taxes	--	--	(1.4)	--	--
Net income (loss)	13.0%	10.7%	(0.2)%	5.2%	5.1%

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</TABLE>

FIRST FISCAL QUARTER 2000 COMPARED TO FIRST FISCAL QUARTER 1999

NET SALES. Net sales increased $17.3 million, or 69.8%, from $24.8 million for the first fiscal quarter 1999 to $42.1 million for the first fiscal quarter 2000. Of this increase, $12.6 million resulted from the Power Circuits acquisition while $4.7 million resulted from internal sales growth. Internal sales growth increased primarily due to our Power Circuits acquisition as well as higher demand for our products and an improvement in our product mix, including increased sales of quick-turn printed circuit boards and greater sales of higher layer count, higher priced products.

COST OF GOODS SOLD. Cost of goods sold increased $10.7 million, or 56.2%, from $19.1 million for the first fiscal quarter in 1999 to $29.8 million for the first fiscal quarter in 2000. Higher costs of goods sold resulted from the acquisition of Power Circuits whose costs contributed approximately $6.7 million to the increase. The remaining $4.0 million growth in costs was related to increased sales volume.

GROSS PROFIT. Gross profit increased $6.6 million, or 115.1%, from $5.7 for the first fiscal quarter 1999 to $12.3 million for the first fiscal quarter 2000. Of this increase, $5.8 million resulted from

improved mix of quick-turn and higher layer count printed circuit boards, primarily related to our acquisition of Power Circuits. The remaining increase of $790,000 resulted from internal sales growth also due to an improvement in our product mix, caused by higher demands for our higher layer count products.

OPERATING EXPENSES. Sales and marketing expenses increased $1.2 million from $649,000 for the first fiscal quarter 1999 to $1.9 million for the first fiscal quarter 2000. Of this increase, $965,000 was associated with the Power Circuits acquisition. The remaining increase of $265,000 resulted from higher commissions related to higher sales volumes and an expansion of our direct sales force.

General and administrative expenses increased $643,000 from $601,000 for the first fiscal quarter 1999 to approximately $1.2 million for the first fiscal quarter 2000. Rising costs resulted from additional personnel expenses associated with the Power Circuits acquisition.

Amortization of intangibles consists of amortization of goodwill and other intangible assets from the Power Circuits acquisition. Because the acquisition was consummated in July 1999, the first fiscal quarter 1999 does not include goodwill amortization. Amortization of intangibles was $1.2 million for the first fiscal quarter 2000.

Amortization of the deferred retention bonus was $462,000 for both the first fiscal quarter 1999 and the first fiscal quarter 2000.

Management fee expense increased $75,000 for the first fiscal quarter 1999 to $150,000 for the first fiscal quarter 2000. This increase resulted from management fees covering greater scope and services in 2000 due to the Power Circuits acquisition.

INTEREST EXPENSE. Interest expense increased $1.9 million for the first fiscal quarter 1999 to $3.8 million for the first fiscal quarter 2000. This increase resulted from a higher level of indebtedness associated with the acquisition of Power Circuits and increased interest rates.

AMORTIZATION OF DEBT ISSUANCE COSTS. Amortization of debt issuance costs increased $108,000 from $133,000 for the first fiscal quarter 1999 to $241,000 for the first fiscal quarter 2000. This increase resulted from a higher level of indebtedness associated with the acquisition of Power Circuits.

INTEREST INCOME AND OTHER, NET. Interest income and other, net increased $76,000 from $33,000 for the first fiscal quarter 1999 to $109,000 for the first fiscal quarter 2000. Of this increase, $64,000 is due to additional income from a sublease we obtained as a result of the Power Circuits acquisition.

INCOME TAXES. Income taxes increased $599,000 from $676,000 for the first fiscal quarter 1999 to $1.3 million for the first fiscal quarter 2000. The increase is due to increased operations in California in 2000 as a result of the Power Circuits acquisition. California requires us to pay state income tax, whereas Washington does not.

YEAR ENDED DECEMBER 31, 1999 COMPARED TO THE YEAR ENDED DECEMBER 31, 1998

NET SALES. Net sales increased $27.9 million, or 35.6%, from $78.5 million in 1998 to $106.4 million in 1999. This increase resulted from both internal sales growth and the strategic acquisition of Power Circuits. More specifically, $19.8 million of the increase resulted from the acquisition of Power Circuits while $8.1 million resulted from internal sales growth. We achieved internal

sales growth through improved product pricing together with higher unit volumes and an expanded sales effort.

COST OF GOODS SOLD. Costs of goods sold increased $16.9 million, or 25.9%, from $65.3 million in 1998 to $82.2 million in 1999. Higher costs of goods sold resulted from our acquisition of Power Circuits which contributed approximately $11.1 million to the increase. The remaining $5.8 million rise

in costs was related to increased sales volume. Direct material cost savings decreased cost of goods sold as we renegotiated prices for key materials, including laminate, copper foil and inner-layer film.

GROSS PROFIT. Gross profit grew $11.0 million, or 83.5%, from $13.2 million in 1998 to $24.2 million in 1999. Of this increase, $7.7 million resulted from improved mix of quick-turn printed circuit boards, primarily related to the acquisition of Power Circuits. The remaining increase of $3.3 million resulted from internal sales growth.

OPERATING EXPENSES. Sales and marketing expenses increased $1.5 million, or 61.5%, from $2.4 million in 1998 to $3.9 million in 1999. The majority of this higher expense resulted from the inclusion of over $1.4 million of expenses associated with Power Circuits. The remaining increase of approximately $100,000 was due to an increase in commissions related to higher sales volume.

General and administrative expenses grew $396,000, or 18.1%, from $2.2 million in 1998 to $2.6 million in 1999. This increase is the net result of an additional $1.0 million in costs associated with the Power Circuits acquisition partially offset by the elimination of non-recurring charges of $530,000 associated with our recapitalization.

Amortization of intangibles was $2.2 million in 1999. There was no amortization of intangibles in 1998.

Amortization of deferred retention bonus increased $1.7 million from $77,000 in 1998 to $1.8 million in 1999. This increase was the result of a full year of vesting of the bonus in 1999 compared to only 15 days of vesting in 1998.

Management fee expense was $439,000 in 1999 compared with $13,000 in 1998. Management fees in 1999 covered a full-year period compared to only 15 days in 1998.

INTEREST EXPENSE. Interest expense increased $9.6 million from $848,000 in 1998 to $10.4 million in 1999. This increase resulted from a higher level of indebtedness associated with our recapitalization in December 1998 and our subsequent acquisition of Power Circuits in July 1999.

AMORTIZATION OF DEBT ISSUANCE COSTS. Amortization of debt issuance costs increased $621,000 from $134,000 in 1998 to $755,000 in 1999. This increase resulted from a higher level of indebtedness associated with our recapitalization in December 1998 and our subsequent acquisition of Power Circuits in July 1999.

INTEREST INCOME AND OTHER, NET. Interest income and other, net, which consisted primarily of interest income from short-term investments, declined $873,000 from $927,000 in 1998 to $54,000 in 1999. In connection with our leveraged recapitalization in 1998, we paid out excess cash to former stockholders in the form of dividends and as a result our income from investments declined.

INCOME TAXES. Income taxes were $836,000 in 1999. We did not pay income taxes in 1998 because we made an S corporation election for income tax purposes to include our taxable income in our stockholders' taxable income.

YEAR ENDED DECEMBER 31, 1998 COMPARED TO THE YEAR ENDED DECEMBER 31, 1997

NET SALES. Net sales increased $1.6 million, or 2.1%, from $76.9 million in 1997 to $78.5 million in 1998. We attribute this slow growth in 1998 to an industry-wide supply and demand imbalance caused by two primary factors. First, the Asian financial crisis adversely impacted overall printed circuit board pricing during the first half of 1998 due to excess capacity overseas, which led to global pricing reductions. Second, domestic OEMs, including one of our largest customers, Compaq, reduced their inventory levels in an effort to adopt a more direct distribution model.

COST OF GOODS SOLD. Costs of goods sold increased $3.2 million, or 5.2%, from $62.1 million in 1997 to $65.3 million in 1998. The rise in costs was related to higher unit volumes and increased costs associated with the ramp-up of our new Burlington facility.

GROSS PROFIT. Gross profit decreased $1.6 million, or 11.0%, from $14.8 million in 1997 to $13.2 million in 1998. This decline resulted from pricing pressures caused by excess industry capacity resulting from the Asian financial crisis, inefficiencies created by the ramp-up of our Burlington

production facility and an overall slowdown in growth related to inventory rationalization by several of our customers.

OPERATING EXPENSES. Sales and marketing expenses decreased $99,000, or 3.9%, from $2.5 million in 1997 to $2.4 million in 1998. The expense savings resulted primarily from an increased portion of revenues being generated by our direct sales force.

General and administrative expenses decreased $47,000, or 2.1%, from 1997 to 1998. This marginal increase was due to additional staff for the ramp-up and administration of our new Burlington facility.

Amortization of deferred retention bonus was $77,000 in 1998. The program was implemented in 1998 so there was no deferred retention bonus expense in 1997.

Management fee expense was $13,000 in 1998. There was no management fee paid in 1997.

INTEREST EXPENSE. Interest expense rose $270,000 from $578,000 in 1997 to $848,000 in 1998. The increase resulted from higher borrowings in connection with our recapitalization.

AMORTIZATION OF DEBT ISSUANCE COSTS. Amortization of debt issuance costs increased $106,000 from $28,000 in 1997 to $134,000 in 1998. This increase resulted from higher borrowings in connection with our recapitalization.

INTEREST INCOME AND OTHER, NET. Interest income and other, net, increased $370,000 from $557,000 in 1997 to $927,000 in 1998. Excess cash from operations generated the increase in investment income.

QUARTERLY RESULTS OF OPERATIONS

The following table presents our consolidated historical operating results for each of the five fiscal quarters in the period from January 1, 1999 through April 3, 2000. This information is unaudited and has been prepared on the same basis as our audited consolidated financial statements appearing elsewhere in this prospectus. In the opinion of management, all necessary adjustments, consisting only of normal recurring adjustments, have been included to present fairly the unaudited quarterly results when read in conjunction with our audited consolidated financial statements and related notes appearing elsewhere in this prospectus. We believe that quarter to quarter comparisons of our operating results are not necessarily meaningful. Investors should not rely on the results of one quarter as an indication of future performance.

<TABLE>
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	FISCAL QUARTER ENDED				
	PRIOR TO POWER CIRCUITS ACQUISITION		SUBSEQUENT TO POWER CIRCUITS ACQUISITION		
	APRIL 4, 1999	JULY 4, 1999	OCT. 4, 1999	DEC. 31, 1999	APRIL 3, 2000
	(IN THOUSANDS)				
<S>	<C>	<C>	<C>	<C>	<C>
CONSOLIDATED STATEMENT OF INCOME DATA:					
Net sales	$24,788	$18,986	$29,595	$33,078	$42,080
Cost of goods sold	19,080	16,404	21,883	24,833	29,802
Gross profit	5,708	2,582	7,712	8,245	12,278
Operating expenses:					
Sales and marketing	649	549	1,347	1,375	1,879
General and administrative	601	188	748	1,047	1,244
Amortization of intangibles	--	--	1,028	1,202	1,202
Amortization of deferred retention bonus	462	462	462	463	462
Management fees	75	75	139	150	150
Total operating expenses	1,787	1,274	3,724	4,237	4,937
Operating income	$ 3,921	$ 1,308	$ 3,988	$ 4,008	$ 7,341
Net income (loss)	$ 1,286	$ (378)	$(1,257)	$ 122	$ 2,123
AS A PERCENTAGE OF NET SALES:					
Net sales	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	77.0	86.4	73.9	75.1	70.8
Gross profit	23.0	13.6	26.1	24.9	29.2
Operating expenses:					

Sales and marketing	2.6	2.9	4.6	4.1	4.5
General and administrative	2.4	1.0	2.5	3.2	3.0
Amortization of intangibles	--	--	3.5	3.6	2.9
Amortization of deferred intention bonus	1.9	2.4	1.6	1.4	1.1
Management fees	0.3	0.4	0.4	0.5	0.3
Total operating expenses	7.2	6.7	12.6	12.8	11.8
Operating income	15.8%	6.9%	13.5%	12.1%	17.4%
Net income (loss)	5.2%	(2.0)%	(4.4)%	0.4%	5.0%

</TABLE>

Net sales increased in four of the past five quarters. Net sales decreased from $24.8 million in the first fiscal quarter 1999 to $19.0 million in the second fiscal quarter 1999 due to seasonal reduction in demand and the adjustment to a "just-in-time" inventory policy by our two largest customers, Solectron and Compaq. Net sales increased sequentially in the following three quarters due to our Power Circuits acquisition as well as higher demand for our products and an improvement in our product mix, including increased sales of quick-turn printed circuit boards and greater sales of higher layer count, higher priced products.

Cost of goods sold increased in four of the last five quarters. Cost of goods sold decreased from $19.1 million in the first fiscal quarter 1999 to $16.4 million in the second fiscal quarter 1999 due to sales volume decreases. Over the same period, gross profit decreased due to a less favorable pricing environment and fixed operating costs spread over a lower sales volume. Cost of goods sold increased in subsequent quarters due to our Power Circuits acquisition as well as increased sales volumes. At the same time, gross profit increased due to higher unit volumes coupled with an increasing mix of higher margin quick-turn and higher layer count sales.

Sales and marketing expenses increased in four of the last five quarters. These expenses decreased from $649,000 in the first fiscal quarter 1999 to $549,000 in the second fiscal quarter 1999 due to a decline in unit sales volumes. Sales and marketing expenses increased sequentially beginning in the third fiscal quarter 1999 due to the inclusion of expenses associated with the Power Circuits acquisition and increased commission expenses associated with increasing sales.

General and administrative expenses increased in four of the five last fiscal quarters. Expenses fell in the second fiscal quarter 1999 compared to the first fiscal quarter due to an adjustment for previously recorded bonus expense. Performance-based bonuses accrued in the first fiscal quarter were reduced and reversed in the second quarter due to lower than expected performance. In addition, commencing in the third fiscal quarter 1999 we began including costs associated with the Power Circuits acquisition.

Amortization of goodwill and other intangibles was related to our Power Circuits acquisition and therefore began in the third fiscal quarter 1999.

Management fees increased at the time of the Power Circuits acquisition due to the increased scope of services provided under our management agreement.

Net income decreased or remained approximately flat in three of the last five fiscal quarters. Net income decreased from $1.3 million in the first fiscal quarter to a loss of $378,000 in the second fiscal quarter primarily due to lower sales and gross profit. While sales and gross profit rebounded in the third fiscal quarter 1999, we incurred a net loss of $1.3 million due to increased debt levels and related interest expense as well as the addition of goodwill and intangibles amortization resulting from the Power Circuits acquisition in July. Further contributing to the loss was the $1.5 million after-tax extraordinary item related to the write-off of debt issuance costs in connection with refinancing our senior credit facility. Net income improved in the following two fiscal quarters due to higher sales volumes and gross profit while our interest and amortization expenses remained approximately constant.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of liquidity are cash provided by operations and borrowings under various debt agreements. Our principal uses of cash have been to finance mergers and acquisitions, meet debt service requirements and finance capital expenditures. We anticipate that these uses will continue to be our principal uses of cash in the future.

Net cash provided by operating activities was $11.5 million in 1997 and $7.5 million in 1998. Net cash used in operating activities was $2.2 million in 1999. Net cash provided by operating activities was $4.4 million in the first fiscal quarter 2000. Fluctuations in net cash provided by operating activities is attributable to increases and decreases in our net income before non-cash charges and normal fluctuations in working capital.

Net cash used in investing activities was $9.1 million in 1997. Net cash provided by investing activities was $5.7 million in 1998. Net cash used in investing activities was $99.9 million in 1999 and $1.5 million in the first fiscal quarter 2000. These activities consist of capital expenditures in each period and cash of $95.5 million used in the acquisition of Power Circuits in 1999. Our capital expenditures were $2.6 million in 1997, $1.7 million in 1998 and $4.5 million in 1999. Currently we have no capital lease obligations. We anticipate capital expenditures of $11.0 million in 2000 reflecting our intent to expand capacity at all of our facilities.

Net cash used in financing activities was $3.4 million in 1997 and $16.7 million in 1998. Net cash provided by financing activities was $103.2 million in 1999. Net cash used in financing activities was $3.1 in the first fiscal quarter 2000. Our principal financing activities in 1999 included the repayment of existing debt facilities and borrowings on our new debt facilities in connection with the Power Circuits

acquisition. Common stock amounting to $37.5 million was also issued to fund this acquisition. In 1998, our principal financing activities included repayment of our existing debt facilities and the new financings associated with our leveraged recapitalization. This recapitalization also included distributions to stockholders. In addition, our principal financing activities in 1997 included normal borrowings and repayments under our credit facilities as well as stockholder distributions.

As of April 3, 2000, we had outstanding long-term obligations of $137.2 million consisting of $116.2 million under our senior credit facility, $13.2 million of senior subordinated notes and $7.8 million of a deferred retention bonus payable. Our senior credit facility consists of term loans and a $15.0 million revolving credit facility, of which $9.3 million was available as of April 3, 2000. The minimum principal payment obligation on our term loan is $3.6 million for fiscal year 2000. No other debt instruments require minimum principal repayments during 2000. We intend to use the net proceeds we receive from this offering to repay indebtedness and long-term obligations, including redeeming all of our senior subordinated notes, our subordinated notes and a portion of our senior credit facility, and eliminating our obligations under our retention bonus plan. As of April 3, 2000, our weighted average interest rate under our senior credit facility was 9.9%.

Based on our current level of operations, we believe that cash generated from operations, available cash and amounts available under our senior credit facility will be adequate to meet the debt service requirements, capital expenditures and working capital needs of our current operations for at least the next 12 months. We may require additional financing if we decide to consummate additional acquisitions. We are highly leveraged and our future operating performance and ability to service or refinance our senior credit facility will be subject to future economic conditions and to financial, business and other factors, many of which are beyond our control.

QUANTITATIVE AND QUALITATIVE DISCLOSURE RELATING TO MARKET RISKS

INTEREST RATE RISK. Our senior credit facility bears interest at floating rates. We reduce our exposure to interest rate risks through swap agreements. In conjunction with this offering, we intend to evaluate our interest rate exposure from our remaining debt and will modify the terms of our interest rate exchange agreements to ensure they remain an effective cash flow hedge for our variable rate debt.

Under the terms of our current swap agreements, we pay maximum annual rates of interest applied to notional amounts. These notional amounts equal 60% of the principal balance outstanding under our senior credit facility for the period beginning August 16, 1999 through December 31, 2001. During this period, our maximum annual rate ranges from 5.08% to 6.36% for a given month. The term loan facility portion of our senior credit facility bears interest based on one-month LIBOR. As of April 3, 2000, one-month LIBOR was 6.13%. If one-month LIBOR increased by 10% to 6.74%, interest expense related to the term loan facility portion would increase by $711,000 in 2000. However, the increase in interest expense would be offset by $372,000 in payments we would be entitled to receive under our swap agreements.

The revolving credit facility bears interest ranging from 2.25% to 3.25% per annum plus the applicable LIBOR or from 0.75% to 1.75% per annum plus the federal reserve reported overnight funds rate plus 0.50% per annum. Therefore, a 10% change in interest rates as of April 3, 2000, is not expected to materially affect the interest expense to be incurred on this facility during such period.

FOREIGN CURRENCY EXCHANGE RISK. All of our sales are denominated in U.S. dollars, and as a result, we have relatively little exposure to foreign currency exchange risk with respect to sales made.

IMPACT OF INFLATION. We believe that our results of operations are not dependent upon moderate changes in the inflation rate as we expect that we will be able to pass along component price increases to our customers.

RISKS ASSOCIATED WITH INTANGIBLE ASSETS

As of April 3, 2000, our consolidated balance sheet reflected $86.7 million of intangible assets, a substantial portion of our total assets at such date. Intangible assets consist of goodwill and other identifiable intangibles relating to our acquisition of Power Circuits. The balances of these intangible assets may increase in future periods, principally from the consummation of further acquisitions. Amortization of these additional intangibles would, in turn, have a negative impact on earnings. In addition, we continuously evaluate whether events and circumstances have occurred that indicate the remaining balance of intangible assets may not be recoverable. When factors indicate that assets should be evaluated for possible impairment, we may be required to reduce the carrying value of our intangible assets, which could have a material adverse effect on our results during the periods in which such a reduction is recognized. We may be required to write down intangible assets in future periods.

RECENTLY ISSUED ACCOUNTING STANDARDS

In June 1998, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards, or SFAS, No. 133, ACCOUNTING FOR DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES. SFAS No. 133 establishes accounting and reporting standards for derivative instruments and hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measure those instruments at fair value. SFAS No 137, issued by the FASB in July 1999, establishes a new effective date for SFAS No. 133. This statement, as amended by SFAS No. 137, is effective for all fiscal quarters of fiscal years beginning after June 15, 2000 and is therefore effective for us beginning with our first fiscal quarter 2001. Based upon the nature of the financial instruments and hedging activities in effect as of the date of this filing, this pronouncement would require us to reflect the fair value of our derivative instruments on the consolidated balance sheet. Changes in fair value of these instruments will be reflected as a component of comprehensive income.

BUSINESS

OVERVIEW

We are a leading independent provider of time-critical, one-stop manufacturing services for highly complex printed circuit boards. Our printed circuit boards serve as the foundation of electronic products such as routers, switches, servers, memory modules and cellular base-stations. Our customers include OEMs and EMS providers. Our customers primarily serve rapidly growing segments of the electronics industry, including networking, high-end computing and computer peripherals. Our time-to-market focused manufacturing services enable our customers to shorten the time required to develop new products and bring them to market.

We provide our customers with an integrated manufacturing solution that encompasses all stages of an electronic product's life cycle. We utilize a facility specialization strategy in which we place each order in the facility best suited for the customer's particular delivery time and volume needs. Our integrated facilities utilize compatible technology and manufacturing processes. This enables optimized manufacturing operations and efficient movement of orders among facilities as a product's life cycle matures.

Our integrated manufacturing solution includes the following services:

QUICK-TURN SERVICES:

- PROTOTYPE PRODUCTION. In the design, testing and launch phase of a new electronic product's life cycle, customers typically require limited quantities of printed circuit boards in a very short period of time. We satisfy this need by manufacturing prototype printed circuit boards in quantities of up to 50 boards per order with delivery times ranging from as little as 24 hours to 10 days.

- RAMP-TO-VOLUME PRODUCTION. After a product has successfully completed the prototype phase, our customers introduce the product to the market and require larger orders of printed circuit boards. Our ramp-to-volume services typically include manufacturing up to several hundred printed circuit boards per order with delivery times ranging from two to 10 days.

For the year ended December 31, 1999, orders with delivery requirements of 10 days or less represented 33% of our pro forma gross sales. Ten day or less orders represented a significantly higher percentage of gross sales for our Santa Ana facility which focuses on prototype production and new customer development.

STANDARD LEAD TIME SERVICES:

- VOLUME PRODUCTION. Following market introduction, a product proceeds to

commercial production. Our volume production services, which typically target higher complexity printed circuit boards, include manufacturing up to several thousand printed circuit boards per order with delivery times ranging from three to eight weeks.

Our quick-turn capabilities allow us to capture new customers in high-growth electronics markets. These quick-turn capabilities, combined with our advanced manufacturing process and technology expertise, increase our ability to capture our customers' volume production business.

We provide our time-to-market services primarily to customers whose products are subject to continuous technological developments and numerous product improvements. Our top seven OEM customers include ATL Ultrasound, Ciena, Compaq, General Electric, Motorola, NEC, and Radisys, and our top five EMS customers include ACT Manufacturing, Celestica, ETMA, K*Tec, and Solectron.

INDUSTRY BACKGROUND

Printed circuit boards serve as the foundation of most electronic products. The printed circuit board manufacturing industry has benefited from the proliferation of electronic products in a variety of applications, ranging from consumer products, such as cellular telephones, to high-end commercial electronic products, such as communications and computer networking equipment. Printed circuit boards are manufactured from large sheets of laminated material, or panels. Each panel is typically subdivided into multiple printed circuit boards, each consisting of a pattern of electrical circuitry etched from copper to provide an electrical connection between the components mounted to it.

Primary purchasers of printed circuit boards are OEMs and EMS providers. The total United States market for rigid printed circuit boards, the type we manufacture, was $7.7 billion in 1998 and is projected to grow to $9.7 billion in 2002. The market for prototype production of printed circuit boards was $1.4 billion in 1998, or 18% of the market. The market for highly complex printed circuit boards, which include boards with greater than eight layers and those that use advanced materials, was $6.1 billion in 1998, or 80% of the market, and is expected to reach $8.8 billion, or 84% of the market, by 2002, which represents a compound annual growth rate of 10%.

Products within the networking, high-end computing and computer peripherals markets have high levels of complexity and short life cycles as OEMs continually develop new and increasingly sophisticated products. We believe these characteristics benefit printed circuit board manufacturers that can assist OEMs in bringing a product to market faster by providing the engineering expertise, process controls and execution capability to accelerate product development and quickly proceed to volume production. Manufacturers of complex electronics products in other high-growth markets, such as optical networking, digital subscriber lines, wireless applications and storage area networks are also under pressure to bring their products to market faster. These markets are growing as a result of technological change, demand for a wider variety of product applications, and increasingly powerful electronic components. We believe that the time-critical and highly complex nature of these new and emerging markets will further increase the demand for rapid production of complex printed circuit boards.

We see several trends for the printed circuit board manufacturing industry. These include:

SHORTER ELECTRONIC PRODUCT LIFE CYCLES. Rapid changes in technology are shortening the life cycles of complex electronic products and reducing the period during which products are profitable, placing greater pressure on OEMs to bring new products to market faster. OEMs are placing increased emphasis on the prototype stage of printed circuit board production in order to accelerate product development. In addition, the rapid adoption of innovative electronic products is heightening the need for OEMs to minimize the time required to advance products from prototype design to product introduction. We believe these time-to-market requirements are causing OEMs to increasingly rely on printed circuit board manufacturers who have the capability to meet the needs of compressed product life cycles.

INCREASING COMPLEXITY OF ELECTRONIC PRODUCTS. The increasing complexity of electronic products is driving technological advancements in printed circuit boards. OEMs are continually designing more complex and higher performance electronic products, which require printed circuit boards that can accommodate higher speeds and component densities. We believe that OEMs are increasingly relying upon larger printed circuit board manufacturers who possess the scale and financial resources necessary to invest in advanced manufacturing process technologies and sophisticated engineering staff, often to the exclusion of smaller printed circuit board manufacturers who do not possess such technology or resources.

DECREASED RELIANCE OF OEMS ON MULTIPLE PRINTED CIRCUIT BOARD MANUFACTURERS. OEMs have traditionally relied on multiple printed circuit board manufacturers to provide different services as an

electronic product moves through its life cycle. We believe that the transfer of a product among different printed circuit board manufacturers results in increased costs and inefficiencies due to incompatible technologies and manufacturing processes and production delays. As a result, we believe that OEMs are reducing the number of printed circuit board manufacturers which they rely on, presenting an opportunity for those who can offer one-stop manufacturing capabilities.

CONSOLIDATION OF INDEPENDENT PRINTED CIRCUIT BOARD MANUFACTURERS. As more complex electronic products proliferate, printed circuit board manufacturers require substantial investment in advanced production facilities, engineering and manufacturing expertise and process technology. These capital and technology requirements have contributed to consolidation in the printed circuit board manufacturing industry. The total number of independent printed circuit board manufacturers in the United States decreased from 845 in 1993 to 650 in 1998. Of this 650, only 10 had net sales greater than $100 million in 1998, accounting for 44% of the U.S market. In addition, several printed circuit board manufacturers have recently merged with or been acquired by EMS providers. We believe this development benefits the remaining independent printed circuit board manufacturers as EMS providers may be less willing to make purchases of printed circuit boards from their vertically integrated competitors.

THE TTM SOLUTION

We assist our customers in bringing sophisticated electronic products to market faster by offering them time-critical, one-stop manufacturing services for highly complex printed circuit boards. Key aspects of our solution include:

TIME-TO-MARKET FOCUSED SERVICES. We deliver highly complex printed circuit boards to customers in as little as 24 hours. This enables OEMs to rapidly develop sophisticated electronic products and quickly bring these products to market. During 1999, we generated 33% of our pro forma gross sales from orders with delivery requirements of 10 days or less. Furthermore, our one-stop manufacturing capabilities allow us to rapidly advance electronic products from the prototype stage through ramp-to-volume and volume production.

STRONG PROCESS AND TECHNOLOGY EXPERTISE. We deliver time-critical, highly complex manufacturing services through our advanced manufacturing process and technology expertise. Key elements of our process expertise include the integration of our facilities with one another through compatible technology and processes and our early adoption and continuous evaluation of new technologies to further reduce delivery times, improve quality, increase yields and decrease costs.

Our technology expertise is evidenced by our focus on high complexity, higher layer count printed circuit boards. In 1999, 48% of our pro forma gross sales were from the manufacture of printed circuit boards with at least eight layers, an industry accepted measure of complexity. This amount increased to 53% of our gross sales for the first fiscal quarter 2000. In addition, many of our lower layer count boards are complex as a result of the incorporation of other technologically advanced features. Our Burlington facility manufactures printed circuit boards primarily on 24 by 30 inch panels, compared to an industry standard of 18 by 24 inches. This larger panel size provides 67% more usable surface area than the industry standard which allows us to manufacture more printed circuit boards per panel resulting in increased manufacturing efficiencies.

ONE-STOP MANUFACTURING SOLUTION. We provide a one-stop manufacturing solution to our customers through our specialized facilities. This facility specialization strategy allows us to optimize our manufacturing operations by placing each order in a facility best suited for the customer's particular delivery time and volume needs. Our range of services enable us to capture volume production from our quick-turn customers and quick-turn production of next generation products from our volume customers.

STRATEGY

Our goal is to be the leading provider of time-critical, one-stop manufacturing services for highly complex printed circuit boards. Key aspects of our strategy include:

TARGETING ADDITIONAL CUSTOMERS IN HIGH-GROWTH MARKETS. Our time-to-market philosophy is a strong complement to the rapid introduction and short product life cycle of advanced electronic products. We currently focus our marketing efforts on OEMs and EMS providers in the high-growth networking, high-end computing and computer peripherals segments of the electronics industry. We also target providers of next-generation technology, such as optical networking, digital subscriber lines, wireless applications and storage area networks.

FURTHER EXPANDING OUR QUICK-TURN MANUFACTURING CAPACITY. We recently completed a significant expansion of our quick-turn facility, increasing capacity by approximately 60%. This allows us to better serve our existing customer base and attract new customers. In addition, as early as the second

fiscal quarter 2001, we intend to further expand our manufacturing capacity within this facility by occupying approximately 22,000 additional square feet which we currently sublease.

CAPITALIZING ON OUR QUICK-TURN SERVICES TO CAPTURE FOLLOW-ON VOLUME PRODUCTION. Our quick-turn capabilities allow us to establish relationships with OEMs and EMS providers early in a product's life cycle and often gives us an advantage in securing a preferred vendor status for follow-on volume production opportunities. We intend to capitalize on these relationships to increase demand for our volume production services.

CONTINUING TO IMPROVE OUR TECHNOLOGICAL CAPABILITIES AND PROCESS MANAGEMENT SYSTEMS. We are consistently among the earliest adopters of new developments in printed circuit board manufacturing processes and technology. We continuously evaluate new processes and technology to further reduce our delivery times, improve quality, increase yields and decrease costs. We will continue to pursue our facility specialization strategy and deploy manufacturing processes and technology suited for each customer's delivery time and volume requirements. In addition, we will continue to develop and implement manufacturing processes and technology that allow our facilities to remain fully integrated.

PURSUING COMPLEMENTARY ACQUISITION OPPORTUNITIES. We continuously consider strategic acquisitions of companies and technologies that may enhance our competitive position by strengthening our service offering and expanding our customer base. For example, our July 1999 acquisition of Power Circuits provided us with significant quick-turn manufacturing capabilities and diversified our customer base and end-markets.

SERVICES

We provide our customers with an integrated manufacturing solution that encompasses all stages of an electronic product's life cycle from prototype through ramp-to-volume and volume production. Our services include:

QUICK-TURN SERVICES:

PROTOTYPE PRODUCTION. We provide prototype services primarily at our facility in Santa Ana, California, where we serve customers that require limited quantities of printed circuit boards. A typical order size is up to 50 printed circuit boards with delivery times ranging from as little as 24 hours to 10 days. We believe the ability to meet our customers' prototype demands strengthens our long-term relationships and gives us an advantage in securing a preferred vendor status when customers begin ramp-to-volume and volume production. Our Santa Ana facility is available seven days per week and 24 hours per day to be able to respond quickly to customer orders. We also provide prototype production as a secondary use of our Redmond facility.

RAMP-TO-VOLUME PRODUCTION. We provide ramp-to-volume services primarily at our facility in Redmond, Washington. Our ramp-to-volume service typically includes the manufacture of up to several hundred printed circuit boards per order with delivery times ranging from two to 10 days. We provide our customers with ramp-to-volume services to accommodate time-to-volume pressures or as a temporary solution for unforeseen manufacturing issues or customer demands. Our Redmond facility is available seven days per week and 24 hours per day to be able to respond quickly to customer orders. We also provide ramp-to-volume production as secondary uses of our Santa Ana and Burlington facilities.

STANDARD LEAD TIME SERVICES:

VOLUME PRODUCTION. We provide volume production primarily at our facility in Burlington, Washington, where we manufacture printed circuit boards for use in the commercial production phase. Our volume production service targets higher complexity printed circuit boards and manufactures up to several thousand printed circuit boards per order with delivery times typically ranging from three to eight weeks. Our volume production services complement our prototype and ramp-to-volume production and allow us to offer customers one-stop manufacturing capabilities. In addition, we are able to augment the services we provide to our existing volume production customers by providing prototype and ramp-to-volume manufacturing for their next generation products. Our Burlington facility operates seven days per week. We also provide volume production as a secondary use of our Redmond facility.

TECHNOLOGY

The market for our products is characterized by rapidly evolving technology. In recent years, the trend in the electronic products industry has been to increase the speed, complexity and performance of components while reducing their size. We believe our technological capabilities allow us to address the needs of manufacturers who need to bring complicated electronic products to market faster. Our printed circuit boards serve as the foundation of products such as routers, switches, servers, memory modules and cellular base-stations, among other applications.

We believe the highly specialized equipment we use is among the most

advanced in our industry. We provide a number of advanced technologies, including:

- 20+ LAYER PRINTED CIRCUIT BOARDS. Manufacturing printed circuit boards with greater layers is more difficult to accomplish due to the greater number of processes required. We reliably manufacture printed circuit boards with high numbers of layers in a time-critical manner.

- BLIND AND BURIED VIAS. Blind and buried vias are holes in the printed circuit board that are generally created with lasers employing depth control rather than mechanical drills, through which printed circuit board layers are interconnected. Blind vias are holes visible only from one side of the printed circuit board. Buried vias are holes that do not reach either surface of the printed circuit board, but are buried in the intermediate layers.

- 0.003 INCH TRACES AND SPACES. Traces are the connecting lines between the different components of the printed circuit board and spaces are the distances between traces. The smaller the traces and tighter the spaces, the higher the density on the printed circuit board and the greater the difficulty of achieving a desired final yield on an order.

- ASPECT RATIOS OF UP TO 10:1. The aspect ratio is the ratio between the thickness of the printed circuit board and the diameter of a drilled hole. The higher the ratio, the greater the difficulty to reliably form, electroplate and finish all the holes on a printed circuit board.

- 24 BY 30 INCH PANELS. Our Burlington facility is configured for volume production of printed circuit boards based on a 24 by 30 inch panel size, compared to an industry standard panel size

  of 18 by 24 inches. This larger panel size provides 67% more usable surface area than the industry standard which allows us to manufacture more printed circuit boards per panel resulting in increased manufacturing efficiencies.

- THIN CORE PROCESSING. A core is the basic inner-layer building block material from which printed circuit boards are constructed. A core consists of a flat sheet of material comprised of glass-reinforced resin with copper foil on either side. Core thickness in our printed circuit boards range from 0.002 inches to 0.059 inches. By comparison, the average human hair is 0.004 inches in diameter.

- SEQUENTIAL LAMINATION. When using blind and/or buried via technology in a multi-layer printed circuit board, we often incorporate sequential lamination construction technology. We use sequential lamination when there is a requirement for multiple sets of laminated, drilled and plated via assemblies.

- MICROVIAS. Microvias are small vias with diameters generally between 0.001 and 0.005 inches after plating.

- MICRO BALL GRID ARRAY/CHIP-ON-BOARD FEATURES. A ball grid array is a method of mounting an integrated circuit or other component to a printed circuit board. Rather than using pins, also called leads, the component is attached with small balls of solder at each contact. This array method allows for greater input/output density and requires printed circuit boards with higher layer counts and tighter lines and spaces. A micro ball grid array is an array structure where the distance between component pads is 0.031 inches or less. A chip-on-board device is a component that uses a lead structure where the distance between component pads is 0.016 inches or less.

- UP TO 25,000 TEST POINTS PER PRINTED CIRCUIT BOARD. Each component lead or attachment point of a printed circuit board corresponds to an electrical test point. Generally, the more complex the printed circuit board, the more test points are present and the higher the density of the points.

- DIFFERENTIAL IMPEDANCE. Some highly complex printed circuit boards require that certain parameters of the electric signals transmitted through traces be highly controlled. Our differential impedance technology provides the means to accurately produce printed circuit boards to these requirements.

CUSTOMERS AND MARKETS

Our customers include both OEMs and EMS providers that primarily serve rapidly growing segments of the electronics industry, including networking, high-end computing and computer peripherals. We measure customers as those companies that place at least two orders in a 12-month period. In 1999, we sold printed circuit boards to more than 400 companies.

Our top 25 customers in 1999 were:

<TABLE>
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NETWORKING	HIGH-END COMPUTING	COMPUTER PERIPHERALS
<S>	<C>	<C>
ADC Video Systems	Compaq, including Compaq-directed EMS providers	CMD Technologies
Adtran		Diversified Technology
Ciena		Kingston
Lucent	MEDICAL EQUIPMENT	Matrox Electronics
NEC	ATL Ultrasound	3DFX

</TABLE>

<TABLE>
<CAPTION>

INDUSTRIAL AUTOMATION	EMS PROVIDERS	OTHER OEMS
<S>	<C>	<C>
ACD	ACT Manufacturing	Applied Tech Service
Eastman Kodak	ETMA	Matsushita
Extron Electronics	Solectron	Motorola
General Electric		Nokia
Radisys		Sony

</TABLE>

In 1999, sales to our two largest customers, Solectron and Compaq, including Compaq-directed EMS providers, accounted for 16.9% and 15.3% of our pro forma net sales, and sales to our 10 top customers accounted for 62.3% of our pro forma net sales. Solectron accounted for 19.6% of our net sales for the first fiscal quarter 2000 and Compaq, including Compaq-directed EMS providers, accounted for 16.0% of our net sales. Sales to our top 10 customers accounted for 62.9% of our net sales for the first fiscal quarter 2000.

In 1999, 85.9% of our pro forma net sales were in the United States, 8.6% in Singapore, and the remainder in Europe and other Asian countries. For the first fiscal quarter 2000, 88.9% of our net sales were in the United States, 4.8% in Singapore, 4.7% in England and the remainder primarily in other European and Asian countries.

The following table shows the percentage of our net sales in each of the principal end-markets we served for the periods indicated. Figures for the years ended December 31, 1997, 1998 and 1999 are presented on a pro forma basis.

<TABLE>
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	YEAR ENDED DECEMBER 31,			FIRST FISCAL QUARTER
END-MARKETS	1997	1998	1999	2000
<S>	<C>	<C>	<C>	<C>
Networking	8.7 %	17.8 %	25.4 %	24.4 %
High-end computing	24.3	24.7	21.5	26.4
Computer peripherals	24.0	23.7	23.3	21.3
Industrial automation	11.4	10.1	12.2	10.6
Medical equipment	6.4	6.6	6.5	6.8
Other	25.2	17.1	11.1	10.4
Total	100.0 %	100.0 %	100.0 %	100.0 %

</TABLE>

SALES AND MARKETING

Our marketing strategy focuses on establishing long-term relationships with our customers' engineering staff and new product introduction personnel early in the product development phase. As the product moves from the prototype stage through ramp-to-volume and volume production, we shift our focus to the procurement department within the customer to be able to capture sales at each stage of the product's life cycle.

Our staff of engineers, sales support and managers support our sales representatives in advising customers with respect to manufacturing feasibility, design review and technology limits through direct

customer communication, e-mail and customer visits. We combine our sales efforts with customer service at each facility to better serve our customers. In order to establish individual salesperson accountability for each client, each customer is assigned one salesperson for all services across all facilities.

We market our services through six direct and 48 independent sales representatives, supervised by a management team of four. In 1999, 72% of our pro forma net sales were generated through our independent sales

representatives. We believe there are significant opportunities for us to increase our penetration throughout the United States through further expansion of our direct and independent sales representatives.

MANUFACTURING AND FACILITIES

Our principal manufacturing facilities are as follows:

LOCATION	SQUARE FEET	PRIMARY USE	SECONDARY USE
Santa Ana, CA	60,000	Prototype	Ramp-to-volume
Redmond, WA	56,000	Ramp-to-volume	Volume and prototype
Burlington, WA	76,000	Volume	Ramp-to-volume

We own all of our facilities with the exception of 18,000 square feet at our Santa Ana facility, which we occupy under a lease expiring in March 2018. We have a five-year option to purchase this leased space. We currently sublease 22,000 square feet of additional space in Santa Ana, which we intend to occupy for future growth in the second fiscal quarter of 2001. We own our facility in Burlington and operate it under a land lease that expires in July 2025.

We believe our facilities and state-of-the-art technology are currently adequate for our operating needs. We are qualified under various standards, including Bellcore compliance for communications products and UL (Underwriters Laboratories) approval for electronics. In addition, all of our facilities are ISO 9002 certified. These certifications require that we meet standards related to management, production and quality control, among others.

Our owned facilities are subject to mortgages under our senior credit facility. See "Management's Discussion and Analysis of Results of Operations and Financial Condition" and our consolidated financial statements contained elsewhere in this prospectus.

SUPPLIERS

The primary raw materials that we use in production include copper-clad layers of fiberglass of varying thickness impregnated with bonding materials, chemical solutions such as copper and gold for plating operations, photographic film, carbide drill bits and plastic for testing fixtures.

We use just-in-time procurement practices to maintain our raw materials inventory at low levels and work closely with our suppliers to obtain technologically advanced raw materials. Although we have preferred suppliers for some raw materials, the materials we use are generally readily available in the open market and numerous other potential suppliers exist. In addition, we periodically seek alternative supply sources to ensure that we are receiving competitive pricing and service. Adequate amounts of all raw materials have been available in the past and we believe this availability will continue in the foreseeable future.

COMPETITION

The printed circuit board industry is highly fragmented and characterized by intense competition. Our principal competitors include: DDi; Hadco, which recently agreed to be acquired by Sanmina; Merix; and Tyco.

We believe we compete favorably on the following competitive factors:

- capability and flexibility to produce customized complex products;
- ability to offer time-to-market capabilities;
- ability to offer one-stop manufacturing capabilities;
- consistently high-quality product; and
- outstanding customer service.

Some of our competitors are likely to enjoy substantial competitive advantages, including:

- greater financial and manufacturing resources that can be devoted to the development, production and sale of their products;
- more established and broader sales and marketing channels;
- more manufacturing facilities worldwide, some of which are closer in proximity to our customers;
- manufacturing facilities which are located in countries with lower

production costs; and

- greater name recognition.

BACKLOG

Although we obtain firm purchase orders from our customers, our customers typically do not make firm orders for delivery of products more than 30 to 90 days in advance. We do not believe that the backlog of expected product sales covered by firm purchase orders is a meaningful measure of future sales since orders may be rescheduled or canceled.

GOVERNMENTAL REGULATION

Our operations are subject to federal, state and local regulatory requirements relating to environmental compliance and site cleanups, waste management and health and safety matters. In particular, we are subject to regulations promulgated by:

- the Occupational Safety and Health Administration pertaining to health and safety in the workplace;

- the Environmental Protection Agency pertaining to the use, storage, discharge and disposal of hazardous chemicals used in the manufacturing processes; and

- corresponding state agencies.

To date, the costs of compliance and environmental remediation have not been material to us. Nevertheless, additional or modified requirements may be imposed in the future. If such additional or modified requirements are imposed on us, or if conditions requiring remediation were found to exist, we may be required to incur substantial additional expenditures.

In July 1998, we experienced an explosion at our wastewater-treatment facility in Redmond caused by operator error. No injuries resulted and the treatment system was completely repaired within 45 days. Our management estimates the impact of lost revenues as a result of the incident was $1.8 million. The treatment system is currently fully operational and with all necessary permits. While we have taken precautions to prevent such an incident from occurring again, there can be no assurance that such precautions will be sufficient or that such an incident will not reoccur.

EMPLOYEES

As of April 3, 2000, we had 1,141 employees, none of whom are represented by unions. Of these employees, 1,075 were involved in manufacturing and engineering, 27 worked in sales and marketing and 39 worked in accounting, systems and other support capacities. We have not experienced any labor problems resulting in a work stoppage and believe that we have good relations with our employees.

LEGAL PROCEEDINGS

We are not currently subject to any material legal proceedings; however, we may from time to time become a party to various legal proceedings arising in the ordinary course of our business.

MANAGEMENT

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth our directors and executive officers, their ages as of April 3, 2000, and the positions currently held by each person:

<TABLE>
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NAME	AGE	POSITION
<S>	<C>	<C>
Kenton K. Alder	50	Chief Executive Officer, President and Director
Jeffrey W. Goettman	41	Chairman and Director
Michael E. Moran	37	Vice-Chairman and Director
Stacey M. Peterson	36	Chief Financial Officer and Secretary
Brad W. Playford	39	Vice President, Marketing and Strategic Planning
O. Clay Swain	36	Vice President, Sales
James H. Eisenberg	44	President, Santa Ana
Dale W. Anderson	44	Vice President, Santa Ana
Gary L. Reinhart	50	Director of Operations, Redmond
Steven K. Pointer	43	Director of Operations, Burlington
George M. Dalich	51	Director of Quality and Technology

Gene L. Tasche	43	Facilities Director
Douglas P. McCormick	31	Director
Philip M. Carpenter III	28	Director

KENTON K. ALDER has served as our Chief Executive Officer, President and Director since March 1999. From January 1997 to July 1998, Mr. Alder served as Vice President Tyco Printed Circuit Group Inc., a printed circuit board manufacturer. Prior to that time, Mr. Alder served as President and Chief Executive Officer of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company, from December 1994 to December 1996. From January 1987 to November 1994, Mr. Alder served as President of Lundahl Astro Circuits Inc., the predecessor company to ElectroStar. Mr. Alder holds a Bachelor of Science in Finance and Accounting from Utah State University.

JEFFREY W. GOETTMAN has served as our Chairman and Director since December 1998. Mr. Goettman has been a Managing Director at Thayer Capital Partners, a private equity investment company, since February 1998. Prior to that time, Mr. Goettman served as a Managing Director and founder of the electronic manufacturing services group at Robertson Stephens & Co. Inc., an investment bank, from February 1994 to February 1998. In addition, Mr. Goettman has been a Director of EFTC Corporation, an electronics manufacturing services company, since March 2000. Mr. Goettman holds a Bachelor of Science from Duke University and a Master of Business Administration from the Stanford University Graduate School of Business.

MICHAEL E. MORAN has served as our Director since December 1998 and our Vice-Chairman since June 1999. Mr. Moran has been a founding partner of Brockway Moran & Partners, Inc., a private equity investment company, since January 1998. Mr. Moran served as a Senior Vice President at Trivest, Inc., a private equity investment firm, from 1994 to 1998. Mr. Moran served on the board of directors of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company that was sold to Tyco International in January 1997. Mr. Moran holds a Bachelor of Science in Business Administration from Drake University and a Master of Business Administration from DePaul University.

STACEY M. PETERSON has served as our Chief Financial Officer since February 2000. From May 1998 to February 2000, Ms. Peterson served as Business Manager, ARCO Products Company at Atlantic Richfield Company, an oil and gas company. Prior to that time, Ms. Peterson served as Chief Financial

Officer, from July 1996 to May 1998, and Controller, from November 1995 to July 1996, of PayPoint Business Unit of Atlantic Richfield Company. From August 1993 to November 1995, Ms. Peterson served as Financial Advisor, Corporate Finance at Atlantic Richfield Company. Ms. Peterson holds a Bachelor of Science in Applied Economics and Business Management from Cornell University and a Master of Business Administration from the University of Pennsylvania, the Wharton School.

BRAD W. PLAYFORD has served as our Vice President, Marketing and Strategic Planning since June 2000 and our Vice President, Sales and Marketing from July 1999 to May 2000. From January 1995 to June 1999, Mr. Playford served as Director of Sales and Marketing of Power Circuits. Mr. Playford holds a Bachelor of Arts in Materials and Logistics Management from Michigan State University.

O. CLAY SWAIN has served as our Vice President, Sales since June 2000 and our National Sales Manager from March 2000 to May 2000. From July 1999 to February 2000, Mr. Swain served as General Manager of Tyco Printed Circuit Group, Logan Division, a publicly held printed circuit board manufacturing company. From January 1997 to June 1999, Mr. Swain served as Director of Sales of Tyco Printed Circuit Group. From December 1994 to December 1996, Mr. Swain served as National Sales Manager of ElectroStar, Inc., previously a publicly held printed circuit board manufacturing company. Mr. Swain holds a Bachelor of Science and a Master in Business Administration from Utah State University.

JAMES H. EISENBERG is a founder of Power Circuits and has served as President at our Santa Ana facility since 1985. Mr. Eisenberg holds a Bachelor of Science in Accountancy from the University of Illinois, Champaign-Urbana and a Juris Doctor from the University of California, Los Angeles.

DALE W. ANDERSON is a founder of Power Circuits and has served as Vice President at our Santa Ana facility since 1985.

GARY L. REINHART has served as our Director of Operations since June 2000. From June 1986 to May 2000, Mr. Reinhart served in various positions with us, including Director of Manufacturing and Chief Operating Officer.

STEVEN K. POINTER has served as our Director of Operations at our Burlington facility since December 1999. From March 1988 to December 1999, Mr. Pointer served in various positions with us, including General Manager of our Burlington facility, Process Engineering Manager and engineer.

GEORGE M. DALICH has served as our Director of Quality and Technology, at our Redmond facility since March 1993. From June 1982 to March 1993, Mr. Dalich served as the Process Engineering Manager at Praegitzer Industries Inc., a

printed circuit board manufacturing company. Mr. Dalich holds a Bachelor of Science in General Science and Medical Technology, a Master of Science and a Doctor of Philosophy in Pharmacology/Toxicology from Oregon State University.

GENE L. TASCHE has served as our Facilities Director since February 1992.

DOUGLAS P. MCCORMICK has served as our Director since September 1999. Mr. McCormick has been a Vice President at Thayer Capital Partners, a private equity investment company, since January 1999. Prior to that time, Mr. McCormick served as an associate at Morgan Stanley & Co. Incorporated, an investment bank, from June 1997 to January 1999. From September 1995 to June 1997, Mr. McCormick attended Harvard Business School. From May 1995 to August 1995, Mr. McCormick was an associate at Bankers Trust Corporation, a financial institution. Mr. McCormick holds a Bachelor of Science in Economics from the United States Military Academy and a Master of Business Administration from Harvard Business School.

PHILIP M. CARPENTER III has served as our Director since September 1999. Mr. Carpenter has been a Vice President of Brockway Moran & Partners, Inc. since September 1998. From August 1996 to September 1998, Mr. Carpenter was an Associate at Trivest, Inc., a private equity investment firm. Prior

to that time, Mr. Carpenter was a Financial Analyst at Bear, Stearns & Co. Inc., an investment bank, from August 1994 to June 1996. Mr. Carpenter holds a Bachelor of Science in Accounting from the State University of New York at Binghamton.

BOARD COMPOSITION

All directors are elected and serve until a successor is duly elected and qualified or until the earlier of his death, resignation or removal. There are no family relationships between any of our directors or executive officers. Our executive officers are elected by and serve at the discretion of the board of directors.

Prior to the completion of this offering, our board will be divided into three classes, as nearly equal in number as possible, with each director serving a three-year term and one class being elected at each year's annual meeting of stockholders. Messrs. will be in the class of directors whose term expires at the annual meeting of our stockholders. Messrs. will be in the class of directors whose term expires at the annual meeting of our stockholders. Messrs. will be in the class of directors whose term expires at the annual meeting of our stockholders. At each annual meeting of our stockholders, successors to the class of directors whose term expires at such meeting will be elected to serve for three-year terms or until their respective successors are elected and qualified.

DIRECTOR COMPENSATION

We currently pay no compensation to our non-employee directors, and we pay no additional remuneration to our employees or executive officers for their service as directors.

COMMITTEES OF THE BOARD OF DIRECTORS

Prior to this offering, our board of directors had two committees, the audit committee and the compensation committee. The board may also establish other committees to assist in the discharge of its responsibilities.

The audit committee makes recommendations to the board of directors regarding the selection of independent auditors to be approved by the stockholders, reviews the independence of the independent auditors, approves the scope of the annual audit activities of the independent auditors, approves the audit fee payable to the independent auditors and reviews audit results with the independent auditors. Following this offering, the audit committee will be comprised of Messrs. . Arthur Andersen LLP presently serves as our independent auditors.

The compensation committee provides a general review of our compensation and benefit plans to ensure that they meet corporate objectives. In addition, the compensation committee reviews the chief executive officer's recommendations on compensation of our officers and adopting and changing major compensation policies and practices, and reports its recommendations to the whole board of directors for approval and authorization. The compensation committee administers our Management Stock Option Plan and will be comprised of Messrs. following this offering.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The members of our compensation committee do not receive compensation for their services as directors. No interlocking relationship exists between any member of our compensation committee and any member of any other company's board of directors or compensation committee.

EXECUTIVE COMPENSATION

The following table sets forth information concerning the compensation for the year ended December 31, 1999 for our Chief Executive Officer and our four other most highly compensated executive officers at the end of our last fiscal year. For ease of reference, we collectively refer to these executive officers throughout this section as our "named executive officers."

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

	ANNUAL COMPENSATION			LONG-TERM COMPENSATION	
NAME AND PRINCIPAL POSITION	SALARY	BONUS	OTHER ANNUAL COMPENSATION	SECURITIES UNDERLYING OPTIONS	ALL OTHER COMPENSATION
<S>	<C>	<C>	<C>	<C>	<C>
Kenton K. Alder..... Chief Executive Officer, President and Director	$161,155	--	$20,561		--
Gary L. Reinhart..... Director of Operations	140,925	--	--		$174,041
Steven K. Pointer..... Director of Operations, Burlington	114,820	--	--	--	158,219
George M. Dalich..... Director of Quality and Technology	111,155	--	--	--	131,849
Gene L. Tasche..... Facilities Director	95,147	--	--	--	158,219

</TABLE>

Stacey M. Peterson joined us as our Chief Financial Officer in February 2000 and is not included in the tables relating to summary compensation and option grants. Ms. Peterson is compensated at an annual salary of $160,000. In addition, she is eligible for a bonus up to 50% of her annual salary contingent upon meeting performance criteria.

The amount in the column titled "Other Annual Compensation" represents commuting costs paid by us to Mr. Alder in 1999.

The amount in the column titled "All Other Compensation" represents the amount paid by us on the total unpaid retention bonus award to each of the named executive officers which accrues at a rate of 10% per annum.

OPTION GRANTS

The following table sets forth certain information with respect to stock options granted to each of the named executive officers during the year ended December 31, 1999 under our Management Stock Option Plan.

OPTION GRANTS IN 1999

<TABLE>
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					POTENTIAL REALIZABLE VALUE AT ASSUMED ANNUAL RATES OF STOCK APPRECIATION FOR OPTION TERM	
NAME	NUMBER OF SECURITIES UNDERLYING OPTIONS GRANTED	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES DURING PERIOD	EXERCISE PRICE PER SHARE	EXPIRATION DATE	5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Kenton K. Alder.....			$			
Gary L. Reinhart.....	--	--	--	--		
Steven K. Pointer.....	--	--	--	--		
George M. Dalich.....	--	--	--	--		
Gene L. Tasche.....	--	--	--	--		

</TABLE>

The exercise price per share of each option is equal to the fair market value of the common stock as determined by the board of directors on the date of grant. The potential realizable values assume that the initial public offering price of $ per share was the fair market value of the common stock on the date of grant and that the price of the applicable stock increases from the date of grant until the end of the ten-year option term of the annual rates specified. There is no assurance provided to any holder of our securities that the actual stock price appreciation over the ten-year option term will be at the

assumed 5% and 10% levels or at any other defined level. Under our Management Stock Option Plan, 50% of each stock option grant vests on the eighth anniversary date of the grant and the remaining 50% vests ratably over five years beginning on the first anniversary of the date of grant.

The percentages above are based on an aggregate of shares subject to options we granted to employees in the year ended December 31, 1999.

OPTION EXERCISES

The following table sets forth information for the named executive officers concerning stock option exercises during our last year and options outstanding at the end of the last year after giving effect to the stock split, assuming an offering price of $ per share.

AGGREGATE OPTION EXERCISES IN 1999 AND OPTION VALUES AT DECEMBER 31, 1999

<TABLE>
<CAPTION>

NAME	SHARES ACQUIRED ON EXERCISE(#)	VALUE REALIZED($)	NUMBER OF SECURITIES UNDERLYING UNEXERCISED OPTIONS AT DECEMBER 31, 1999		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT DECEMBER 31, 1999	
			EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Kenton K. Alder.....	--	--				
Gary L. Reinhart.....	--	--				
Steven K. Pointer.....	--	--				
George M. Dalich.....	--	--				
Gene L. Tasche.....	--	--				

</TABLE>

The value of in-the-money options represents the positive spread between the exercise of the stock options and the deemed fair market value of the common stock as of December 31, 1999, which our board of directors determined was $ per share.

INCENTIVE PLANS

CASH INCENTIVE COMPENSATION PLAN. Effective January 1, 2000, the Company established a cash incentive compensation plan to provide a means of retaining and attracting capable employees and increasing the incentive to key employees to maximize the value of our company. Eligible employees

receive a portion of a bonus pool, determined by our board of directors equal to a percentage of our earnings before interest, taxes and amortization, or EBITA, as defined in the plan. The bonus pool percentage ranges from 1.0% to 5.0% of our EBITA, and is based upon achieving target levels of EBITA. The term of the agreement is for a one-year period with the bonuses payable no later than March 15(th) of the succeeding year. Upon a participant's termination of employment without cause or resignation for good reason, the participant will be entitled to a pro rata portion of the bonus for the year in which employment is terminated. Upon a termination for cause or a resignation without good reason, participants forfeit all rights to receive their cash incentive bonus.

AMENDED AND RESTATED MANAGEMENT STOCK OPTION PLAN. Our Amended and Restated Management Stock Option Plan became effective in December 1999. We have reserved shares of common stock for issuance under this plan, together with an annual increase in the number of shares reserved

thereunder beginning on the first day of our fiscal year, commencing January 1, 2001, in an amount equal to the lesser of:

- shares;

- five percent of our outstanding shares of common stock on the last day of the prior fiscal year; or

- an amount determined by our board of directors.

As a result of these annual increases, a maximum of additional shares could be issued over the remaining eight year life of this plan.

As of , 2000, options to purchase shares of our common stock were outstanding. This plan is administered by our board of which has the authority to interpret the plan. Our plan provides for the grant of both incentive stock options that qualify under Section 422 of Internal Revenue Code and nonqualified stock options to our employees and those of our subsidiaries. The exercise price of stock options is at least equal to the fair market value of our common stock on the date of grant. The exercise price of incentive stock options may not be less than the fair market value on the date of grant and the

exercise price of nonqualified stock options granted to optionees who are employed in California must have an exercise price equal to 85% of fair market value. The exercise price of stock options granted to 10% stockholders must be at least equal to 110% of the fair market value. Fifty percent of each stock option grant vests on the eighth anniversary of the date of grant and the remaining 50% vests ratably over five years beginning on the first anniversary of the date of grant. The maximum term of options granted under this plan is ten years. If the optionee's service is terminated for any reason, we have the right to purchase, exercisable for a period of 180 days, some or all of the vested options and option shares beneficially owned by the optionee and any permitted transferees.

RETENTION BONUS PLAN. In December 1998 at the time of our leveraged recapitalization, we entered into a retention bonus plan that provides certain officers and key employees with an ongoing incentive to remain employed by us. Under the plan, we are required to pay, subject to certain conditions, an aggregate of $12 million to these officers and employees. The retention bonuses vest over a period of five years at a rate of 25% for each of the first three years and 12.5% for each of the remaining two years. In addition, we are required to make annual payments to participants equal to 10% of the total unpaid retention bonus amounts. In 1999, we paid an aggregate of $1,212,566 in interest payments to plan participants. In connection with this offering, we intend to terminate this plan and pay aggregate consideration of approximately $10.8 million to the plan participants, which represents approximately 90% of the value of the retention bonuses. Following this payment, the Company will have no obligations under this plan.

401(K) PLAN. We and our subsidiary each sponsor a defined contribution plan intended to qualify under Section 401 of the Internal Revenue Code, or a 401(k) plan. All non-union employees who have completed at least one year of service are eligible to participate in the plan. Participants may elect to make pre-tax contributions to the plan of up to 15% of their eligible earnings, subject to a statutorily prescribed annual limit. Participants are fully vested in their contributions and the investment earnings. At our discretion, we make matching contributions to the 401(k) plan based upon employee contributions and profit sharing as provided for in the plan. Contributions by the participants to the 401(k) plan, and the income earned on these contributions, are generally not taxable to the participants until withdrawn.

EMPLOYMENT AGREEMENTS AND CHANGE OF CONTROL ARRANGEMENTS

We have entered into the following employment and change in control arrangements and agreements with our current officers.

KENTON K. ALDER. In June 2000, we intend to enter into an employment agreement with Kenton K. Alder, our President and Chief Executive Officer. Pursuant to the pending agreement, Mr. Alder will serve in this capacity for three years. In addition, Mr. Alder will receive an annual salary of $250,000 and will be eligible to participate in our cash incentive plan. Change of control, confidentiality, non-solicitation and non-compete provisions for Mr. Alder's employment agreement are currently under negotiation. Upon commencement of his employment, Mr. Alder received options to purchase shares of our common stock at an exercise price of $ per share under our management stock option plan. Fifty percent of these options vest on the eighth anniversary of the date of grant and the remaining 50% vest ratably over five years beginning on the first anniversary of the date of grant.

STACEY M. PETERSON. In February 2000, we entered into a letter agreement with Stacey M. Peterson, our Chief Financial Officer. Pursuant to the agreement, Ms. Peterson receives an annual salary of $160,000 and is eligible to participate in the annual incentive cash compensation pool with a bonus of up to 50% of her base salary. In addition, Ms. Peterson received options to purchase shares of our common stock at an exercise price of $ per share under our management stock option plan. Fifty percent of these options cliff vest on the eighth anniversary of the date of grant and the remaining fifty percent vest ratably over five years beginning on the first anniversary of the date of grant. Furthermore, Ms. Peterson will receive the opportunity to earn options that equate up to an additional $120,000 of equity over a two-year period for exceptional performance to be determined at the sole discretion of the Chief Executive Officer and the Board of Directors. If Ms. Peterson's employment is terminated without cause, or due to a change of control consummated in the year 2000, she will be paid $150,000 in a single lump-sum payment. If, following a merger that occurs in the year 2000, Ms. Peterson elects not to assume the role of CFO of the new corporation, she shall be entitled to a lump-sum payment of $50,000. If Ms. Peterson is terminated without cause anytime after 2000, she will receive salary continuation for six months.

JAMES H. EISENBERG. In July 1999, we entered into a transition-related employment agreement with James H. Eisenberg, President of our Santa Ana facility, which expires on December 31, 2000. Mr. Eisenberg receives a salary of $150,000 per year and an annual bonus paid at the discretion of the board of directors. If Mr. Eisenberg's employment is terminated other than for cause, or if Mr. Eisenberg resigns for good reason, he is entitled to his annual salary, reduced by any other compensation he receives for other employment, for a period

of one year after his termination. Good reason includes a material reduction in his duties or responsibilities, or that Orange County, California is no longer his principal place of work.

DALE W. ANDERSON. In July 1999, we entered into a transition-related employment agreement with Dale W. Anderson, Vice President of our Santa Ana facility, which expires on December 31, 2000. Mr. Anderson receives a salary of $150,000 per year and an annual bonus paid at the discretion of the board of directors. The terms of Mr. Anderson's agreement are substantially similiar to those of Mr. Eisenberg's agreement.

GARY L. REINHART. In December 1998, we entered into an employment agreement with Gary L. Reinhart, our Director of Operations. Pursuant to the agreement, Mr. Reinhart will serve in this capacity until December 2001. The term of the agreement can be extended twice for additional one year periods. Mr. Reinhart receives an annual salary of $133,500. Upon entering into this employment agreement, Mr. Reinhart received an option to purchase shares of our common stock at an exercise price of $ per share under the management stock option plan. Mr. Reinhart was also awarded $1,650,000 under our retention bonus plan which will be paid in 2006 and participates in our cash incentive compensation plan. If Mr. Reinhart's employment is terminated other than for cause, or if Mr. Reinhart resigns for good reason, he will be entitled to his annual salary, reduced by any other compensation he receives, for a period of one year after his termination. Good reason includes a material reduction in his duties, responsibilities or status.

STEVEN K. POINTER. In December 1998, we entered into an employment agreement with Steven K. Pointer, our Director of Operations at our Burlington facility. Pursuant to the agreement, Mr. Pointer will serve in this capacity until December 2001. The term of the agreement can be extended twice for additional one year periods. Mr. Pointer receives an annual salary of $107,500. Upon entering into this employment agreement, Mr. Pointer received an option to purchase shares of our common stock at an exercise price of $ per share under the management stock option plan. Mr. Pointer was also awarded $1,500,000 under our retention bonus plan and participates in our cash incentive compensation plan. If Mr. Pointer's employment is terminated other than for cause, or if Mr. Pointer resigns for good reason, he will be entitled to his annual salary, reduced by any other compensation he receives from subsequent employment, for a period of one year following his termination. Good reason includes a material reduction in his duties, responsibilities or status. Mr. Pointer is also entitled to benefit continuation for one year following his termination without cause or resignation for good reason.

GEORGE M. DALICH. In December 1998, we entered into an employment agreement with George M. Dalich, our Director of Quality and Technology. Mr. Dalich receives an annual salary of $107,500. Upon entering into this employment agreement, Mr. Dalich received an option to purchase shares of our common stock at an exercise price of $ per share under the management stock option plan. Mr. Dalich was also awarded $1,250,000 under our retention bonus plan and participates in our cash incentive compensation plan. The terms of Mr. Dalich's agreement are substantially similiar to those of Mr. Pointer's agreement.

GENE L. TASCHE. In December 1998, we entered into an employment agreement with Gene L. Tasche, our Facilities Director. Mr. Tasche receives an annual salary of $87,500. Upon entering into this employment agreement, Mr. Tasche received an option to purchase shares of our common stock at an exercise price of $ per share under the management stock option plan. Mr. Tasche was also awarded $1,500,000 under our retention bonus plan and participates in our cash incentive compensation plan. The terms of Mr. Tasche's agreement are substantially similiar to those of Mr. Pointer's agreement.

LIMITATIONS ON DIRECTOR'S LIABILITY AND INDEMNIFICATION

Our certificate of incorporation limits the liability of our directors and executive officers to the maximum extent permitted by Delaware law. Delaware law provides that directors of a corporation will not be personally liable for monetary damages for breach of their fiduciary duties as directors, except liability for:

- any breach of their duty of loyalty to our company or our stockholders;
- acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;
- unlawful payments of dividends or unlawful stock repurchases or redemptions as provided in Section 174 of the Delaware General Corporation Law; or
- any transaction from which the director derived an improper personal benefit.

The limits on a director or officer's liability in our certificate of incorporation do not apply to liabilities arising under the federal securities laws and do not affect the availability of equitable remedies such as injunctive

relief or rescission.

Our certificate of incorporation together with our bylaws provide that we must indemnify our directors and executive officers and may indemnify our other officers and employees and other agents to the fullest extent permitted by law. We believe that indemnification under our bylaws covers at least negligence and gross negligence on the part of indemnified parties. Our bylaws also permit us to secure insurance on behalf of any officer, director, employee or other agent for any liability arising out of his

or her actions in that capacity, regardless of whether our bylaws would otherwise permit indemnification. We believe that the indemnification provisions of our certificate of incorporation and bylaws are necessary to attract and retain qualified persons as directors and officers. We also maintain directors' and officers' liability insurance.

Prior to the effective time of this offering, we expect to enter into agreements to indemnify our directors, executive officers and other employees as determined by the board of directors. These agreements provide for indemnification for related expenses including attorneys' fees, judgments, fines and settlement amounts incurred by any such person in any action or proceeding. We believe that these provisions and agreements are necessary to attract and retain qualified persons as our directors and executive officers.

At present we are not aware of any pending litigation or proceeding involving any director, officer, employee or agent of our company where indemnification will be required or permitted. Nor are we aware of any threatened litigation or proceeding that might result in a claim for indemnification.

RELATED PARTY TRANSACTIONS

All future related party transactions, other than compensation, stock options pursuant to the plan and other benefits available to employees generally, including any loans from us to our officers, directors, principal stockholders or affiliates, will be approved by a majority of our board of directors, including a majority of our independent and disinterested members of our board of directors. If required by law, these future transactions will be approved by a majority of the disinterested stockholders. These future transactions will be on terms no less favorable to us than we could obtain from unaffiliated third parties.

PERSONS OR ENTITIES RELATED TO OUR DIRECTORS

Four of our directors are principals in entities that control Circuit Holdings, our largest stockholder. Jeffrey W. Goettman, a director of TTM, is also a Managing Director of Thayer Capital Partners. Douglas P. McCormick, a director of TTM, is also a Vice President of Thayer Capital Partners. Thayer Capital Partners is affiliated with one of our stockholders Thayer Equity Investors III, L.P., which also owns approximately 31% of Circuit Holdings, and with another of our stockholders Thayer Equity Investors IV, L.P., which also owns approximately 28% of Circuit Holdings. Thayer Capital Partners is also affiliated with another of our stockholders TC Circuits, L.L.C., which also owns approximately 2% of Circuit Holdings. Michael E. Moran, another director of TTM, is a Partner of Brockway Moran & Partners. Philip M. Carpenter III, a director of TTM, is also a Vice President of Brockway Moran & Partners. Brockway Moran & Partners controls another of our stockholders Brockway Moran & Partners Fund, L.P., which also owns approximately 40% of Circuit Holdings.

Entities related to our directors have had, or are currently expected to have, the following involvements in our corporate history:

LEVERAGED RECAPITALIZATION

Pacific Circuits, Inc., the predecessor to TTM, was formed as a Washington corporation in March 1978. In November 1998, Thayer Equity Investors III, L.P., Brockway Moran & Partners Fund, L.P. and TC Circuits, L.L.C. formed Circuit Holdings, LLC, a Delaware limited liability company, for the purpose of acquiring the majority of our outstanding capital stock. On December 15, 1998, Pacific Circuits, our existing stockholders and Circuit Holdings entered into a recapitalization and stock purchase agreement. Under the agreement, we borrowed $62.5 million and paid cash dividends, including the payment of excess cash as defined in the agreement, totaling $59.5 million to existing stockholders, and Circuit Holdings purchased 90% of our outstanding capital stock from existing stockholders.

ACQUISITION OF POWER CIRCUITS

On July 14, 1999, we acquired Power Circuits. We financed $37.5 million of the purchase price through the issuance of new shares to Circuit Holdings and the remainder through our senior credit facility and our senior subordinated credit facility.

THE REORGANIZATION

Immediately prior to the completion of this offering, we will complete a plan of reorganization with our majority stockholder Circuit Holdings, pursuant to which Circuit Holdings will transfer its entire equity ownership in TTM to TTM in exchange for newly-issued TTM common stock, a small portion of which shares Circuit Holdings will then distribute to its equity holders..

MANAGEMENT FEES AND AGREEMENTS

In connection with the recapitalization transaction in December 1998, we paid transaction fees and expenses totaling approximately $1.2 million to T.C. Management, LLC and Brockway Moran & Partners Management, LLP, affiliates of Thayer Capital Partners and Brockway Moran & Partners.

In connection with our acquisition of Power Circuits, we paid transaction fees and expenses totaling approximately $1.6 million to T.C. Management Partners IV, L.L.C. and Brockway Moran & Partners Management, LLP in return for advisory services. T.C. Management Partners IV is an affiliate of Thayer Capital Partners and Brockway Moran & Partners Management is an affiliate of Brockway Moran & Partners.

We currently have a management agreement with T.C. Management and Brockway Moran & Partners Management pursuant to which we pay these entities management fees totaling $600,000 per year in return for corporate finance, strategic and capital planning and other advisory services. In consideration for advisory and management services rendered to us in connection with this offering, we will pay T.C. Management and Brockway Moran & Partners Management a fee of $1.0 million upon consummation of this offering. In addition, we intend to use approximately $1.5 million of the net proceeds we receive from this offering to terminate this management agreement upon completion of this offering.

RETENTION BONUS PLAN

In December 1998, we entered into a retention bonus plan that provides certain officers and key employees with an ongoing incentive to remain employed by us. Under the agreement, we are required to pay, subject to certain conditions, an aggregate of $12.0 million to these officers and employees. The retention bonuses vest over a period of five years at a rate of 25% for each of the first three years and 12.5% for each of the remaining two years. In addition, we are required to make payments which accrue at a rate of 10% per annum on the total unpaid retention bonuses. In the event that a participating employee resigns for other than good reason prior to becoming fully vested in the retention bonus, any unpaid amounts become payable to Lewis O. Coley III. In 1999, we paid an aggregate of $1,212,566 in interest payments to plan participants. In connection with this offering, we intend to terminate this plan and pay aggregate consideration of approximately $10.8 million to the plan participants. Following this payment, the Company will have no obligations under this plan.

NOTE TO LEWIS O. COLEY, III

In December of 1998, Lewis O. Coley III, our stockholder, made a loan to us for approximately $4.0 secured by a subordinated note. The loan accrues interest at a rate of 10% per year and the interest is paid semi-annually in arrears. The principal balance and any unpaid interest is due in December 2006. In connection with this offering, we intend to pay the balance of this subordinated note.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information known to us with respect to the beneficial ownership of our common stock as of , 2000, after giving effect to a tax-free reorganization of Circuit Holdings that is being consummated immediately prior to the offering, and as adjusted to reflect the sale of common stock offered hereby by:

- each stockholder known to us to own beneficially more than five percent of our common stock;
- each of the Named Executive Officers;
- each director of our company; and
- all directors and executive officers as a group.

<TABLE>
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	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING			SHARES BENEFICIALLY OWNED AFTER OFFERING	
NAME AND ADDRESS	NUMBER	PERCENT	NUMBER OF SHARES BEING OFFERED	NUMBER	PERCENT

<S>	<C>	<C>	<C>	<C>	<C>
Circuit Holdings entities		87.6%			
1455 Pennsylvania Ave. NW Suite 350 Washington, DC 22004					
Lewis O. Coley, III		5.2			
Jeffrey W. Goettman		52.6			
Douglas P. McCormick		52.6			
Michael E. Moran		35.0			
Philip M. Carpenter III		35.0			
Kenton K. Alder		*			
Stacey M. Peterson		--			
Gary L. Reinhart		*			
Steven K. Pointer		*			
George M. Dalich		*			
Gene L. Tasche		*			
TCW entities		3.7			
200 Crescent Court, Suite 1600 Dallas, Texas 75201					
All named executive officers and directors as a group (9 persons)		88.0			

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* Represents beneficial ownership of less than 1% of the outstanding shares of common stock.

Except as otherwise noted above, the address of each person listed on the table is 17550 N.E. 67(th) Court, Redmond, WA 98052. Information on shares beneficially owned prior to this offering is presented to give effect to the distribution of shares by Circuit Holdings to its equity holders in connection with our plan of reorganization.

As of , 2000, shares of our common stock were outstanding. The columns regarding beneficial ownership before and after the offering assume that the underwriters' over-allotment option is not exercised. If the over-allotment option is exercised in full, we will sell an aggregate of shares of new common stock.

We have determined beneficial ownership in accordance with the rules of the Securities and Exchange Commission. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, we have included the shares of common stock subject to options and warrants held by that person that are currently exercisable or will become exercisable within

60 days after , 2000, but we have not included those shares for purposes of computing percentage ownership of any other person. We have assumed unless otherwise indicated below that the persons and entities named in the table have sole voting and investment power with respect to all shares beneficially owned, subject to community property laws where applicable.

The equity holders of Circuit Holdings are Thayer Equity Investors III, L.P., Thayer Capital Equity Investors IV, L.P., Brockway Moran & Partners Fund, L.P. and TC Circuits, L.L.C. Thayer Equity Investors III, L.P. owns approximately 31% of Circuit Holdings and Thayer Capital Equity Investors IV, L.P. owns approximately 28% of Circuit Holdings. Brockway Moran & Partners Fund, L.P. owns approximately 40% of Circuit Holdings. TC Circuits, L.L.C. owns approximately 2% of Circuit Holdings.

The beneficial ownership reported for Circuit Holdings entities includes:

- shares held by Thayer Equity Investors III, L.P.;
- shares held by Thayer Capital Equity Investors IV, L.P.;
- shares held by Brockway Moran & Partners Fund, L.P.; and
- shares held by TC Circuits, L.L.C.

Mr. Goettman, one of our directors, is a Managing Director of Thayer Capital Partners. Entities affiliated with Thayer Capital Partners beneficially own shares. Mr. Goettman disclaims beneficial ownership of the shares held by Thayer Capital Partners and its affiliated entities, except to the extent of his pecuniary interest therein.

Mr. McCormick, one of our directors, is a Vice President of Thayer Capital Partners. Entities affiliated with Thayer Capital Partners beneficially own shares. Mr. McCormick disclaims beneficial ownership of the shares held by Thayer Capital Partners and its affiliated entities, except to the extent of his pecuniary interest therein.

Mr. Moran, one of our directors, is a Partner of Brockway Moran & Partners. An entity affiliated with Brockway Moran & Partners beneficially own shares. Mr. Moran disclaims beneficial ownership of the shares held by Brockway Moran & Partners and its affiliated entity, except to the extent of his pecuniary interest therein.

Mr. Carpenter, one of our directors, is a Vice President of Brockway Moran & Partners. An entity affiliated with Brockway Moran & Partners beneficially own shares. Mr. Carpenter disclaims beneficial ownership of the shares held by Brockway Moran & Partners and its affiliated entity, except to the extent of his pecuniary interest therein.

The beneficial ownership reported for TCW entities includes:

- shares of common stock issuable upon exercise of warrants;
- shares held by TCW/Crescent Mezzanine Partners II, L.P.;
- shares held by TCW/Crescent Mezzanine Trust II;
- shares held by TCW Leveraged Income Trust, L.P.; and
- shares held by TCW Leveraged Income Trust II, L.P.

The beneficial ownership of the persons set forth above includes the following options to purchase our common stock that may be exercised by such person within 60 days of , 2000:

SECURITIES EXERCISABLE WITHIN 60 DAYS OF , 2000

<TABLE>
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	OPTIONS
<S>	<C>
Kenton K. Alder.....	
Stacey M. Peterson.....	
Gary L. Reinhart.....	
Steven K. Pointer.....	
George M. Dalich.....	
Gene L. Tasche.....	
All named executive officers and directors...	

</TABLE>

DESCRIPTION OF INDEBTEDNESS

After giving effect to this offering, we and our subsidiary will have outstanding debt under the First Union senior credit facility.

FIRST UNION SENIOR CREDIT FACILITY

We have entered into a credit agreement, for which First Union National Bank is the administrative agent, Sun Trust Bank is the documentation agent, Dresdner Bank AG is the co-syndication agent, and First Union Securities Inc. as the lead arranger. The lenders are a syndicate comprised of various banks, financial institutions or other entities which hold transferable interests in the First Union senior credit facility. All borrowings are collateralized by our assets. The First Union senior credit facility, as of April 3, 2000, consists of:

- Tranche A term facility of up to approximately $37.5 million;
- Tranche B term facility of up to $75.0 million; and
- a revolving line of credit of up to $12.5 million and up to $2.5 million on a swingline loan subfacility.

We intend to use some of the proceeds of this offering to reduce the indebtedness under our senior credit facility, which was $137.2 million as of April 3, 2000.

The senior credit facility requires us to meet financial ratios and benchmarks and to comply with other restrictive covenants. The covenants include capital expenditure limits, leverage and interest coverage ratios, and consolidated EBITDA. The Tranche A term facility amortizes in 20 quarterly installments through June 30, 2004. The Tranche B term facility amortizes in 24 quarterly installments through June 30, 2005. The revolving line of credit expires on June 30, 2004. We are required to pay a quarterly commitment fee of

.50% on the unused portion of the revolver and a letter of credit fee on the average daily maximum amount available for each letter of credit outstanding.

Our borrowings under the First Union senior credit facility bear interest at varying rates based, at our option, on either LIBOR plus 225 to 325 basis points or the alternate base rate plus 75 to 150 basis points, in the case of Tranche A and revolving loans, and LIBOR plus 350 to 375 basis points or the alternate base rate plus 225 basis points in the case of Tranche B. The alternate base rate is the greater of (i) First Union's prime rate or (ii) the effective rate for federal funds plus 50 basis points. The amount added to the LIBOR rate or the alternate base rate varies depending upon our leverage ratios. The overall effective interest rate at April 3, 2000 was 9.9%. We must apply proceeds of sales of debt, equity or material assets to prepayment on our senior credit facility, subject to some exceptions, and must also, in some circumstances, pay excess cash flow to the lenders under our senior credit facility.

This summary of the material provisions of the First Union senior credit facility, is qualified in its entirety by reference to all of its provisions, which has been filed as an exhibit to the registration statement of which this prospectus forms a part. See "Where You Can Find Additional Information." We will enter into an amendment to the credit agreement governing this credit facility prior to the effectiveness of this offering. In connection with the amendment, we will pay our lenders a fee of basis points on the outstanding balance of borrowings under the credit agreement. The amendment will permit the uses of proceeds described herein.

DESCRIPTION OF CAPITAL STOCK

Upon the closing of this offering, we will be authorized to issue shares of common stock, $0.001 par value, and shares of undesignated preferred stock, $0.001 par value.

COMMON STOCK

As of , 2000, we had shares of common stock outstanding held by 12 stockholders.

The holders of common stock are entitled to one vote per share on all matters to be voted upon by the stockholders. Subject to preferences that may be applicable to any outstanding preferred stock, the holders of common stock are entitled to receive ratably any dividends that may be declared from time to time by the board of directors out of funds legally available for that purpose. In the event of our liquidation, dissolution or winding up, the holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities, subject to prior distribution rights of preferred stock then outstanding. The common stock has no preemptive or conversion rights or other subscription rights. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are fully paid and nonassessable, and the shares of common stock to be issued upon the closing of this offering will be fully paid and nonassessable.

PREFERRED STOCK

Upon the closing of this offering, our board of directors will have the authority, without action by our stockholders, to designate and issue preferred stock in one or more series. The board of directors may also designate the rights, preferences and privileges of each series of preferred stock; any or all of which may be superior to the rights of the common stock. It is not possible to state the actual effect of the issuance of any shares of preferred stock upon the rights of holders of the common stock until the board of directors determines the specific rights of the holders of the preferred stock. However, these effects might include:

- restricting dividends on the common stock;
- diluting the voting power of the common stock;
- impairing the liquidation rights of the common stock; and
- delaying or preventing a change in control of our company without further action by the stockholders.

We have no present plans to issue any shares of preferred stock.

TCW WARRANTS

In July 1999, we issued to TCW/Crescent Mezzanine Partners II, L.P., TCW/Crescent Mezzanine Trust II, TCW/Leverage Income Trust, L.P. and TCW/Leveraged Income Trust II, L.P. warrants to purchase shares of our common stock at an exercise price of $ per share. These warrants were issued in connection with $12.5 million in senior subordinated notes issued to TCW/Crescent Mezzanine Partners II L.P., which will be redeemed with the proceeds to us from this offering. These warrants will remain outstanding after the completion of this offering. The warrants have preemptive rights allowing

the purchase of a portion of any additional securities offered by us, except in the case of (i) any securities issued to any source of, and in connection with, financing for us, (ii) any securities issued or issuable to our employees, directors, and consultants pursuant to an incentive or employee plan, so long as the aggregate issuance does not exceed 10% of our then total outstanding common stock, assuming full exercise of all securities granted to our employees, directors, and consultants, (iii) any securities issued or issuable to all stockholders on a proportionate basis, or (iv) any securities

issued in connection with a merger, consolidation, or acquisition. The warrants have an expiration date of July 2009.

REGISTRATION RIGHTS

Registration rights agreements between us and some of our stockholders entitle these stockholders to require us to register some or all of their shares of common stock under the Securities Act as described below.

GENERAL DEMAND REGISTRATION RIGHTS. At any time after 180 days following this offering until July 14, 2005, Mr. James H. Eisenberg and Mr. Dale W. Anderson, can each make one request that we register all or a portion of their shares with respect to at least shares so long as we are eligible to use Form S-3. We will be required to file registration statements in response to their demand registration rights. We may postpone the filing a registration statement for up to 60 days no more than twice during any 12-month period if we determine that the filing would be seriously detrimental to us and our stockholders.

TCW/CRESCENT DEMAND REGISTRATION RIGHTS. At any time after 180 days following this offering until July 14, 2005, the TCW/Crescent entities and their affiliates can request three registrations, two of which must be on Form S-3, for all or a portion of their shares. The registration on form other than Form S-3 must be exercised in respect of at least shares. Each registration of Form S-3 must be exercised in respect of at least the lesser of shares of common stock or all shares of common stock held by each TCW/Crescent entities. We may postpone the filing of a registration statement for up to 60 days no more than twice during any 12-month period if we determine that the filing would be seriously detrimental to us and our stockholders.

COLEY AND CIRCUIT HOLDINGS DEMAND REGISTRATION RIGHTS. At any time after 180 days following this offering until December 14, 2004, Mr. Lewis O. Coley, III can make one request that we register all or a portion of his shares with respect of at least shares of common stock so long as we are eligible to use Form S-3. For the same period of time, Circuit Holdings is entitled to four demand registrations, at least two of which must be on Form S-3. Each of Circuit Holdings' demand registrations on forms other than Form S-3 must be exercised in respect to at least shares. Each demand registration on Form S-3 by Circuit Holdings must be exercised for at least shares of common stock. We may postpone the filing of a registration statement for up to 60 days no more than twice during any 12-month period if we determine that the filing would be seriously detrimental to us and our stockholders.

PIGGYBACK REGISTRATION RIGHTS. If we register any securities for public sale, some of the holders of shares of our common stock will have the right to include their shares of common stock in the registration statement. The managing underwriter of any underwritten offering will have the right to limit the number of shares registered by these holders due to marketing reasons.

We will pay all expenses incurred in connection with the registrations described above, except for underwriters' and brokers' discounts and commissions, which will be paid by the selling stockholders.

The registration rights described above will expire with respect to a particular stockholder if it can sell all of its shares in a three month period under Rule 144 of the Securities Act.

ANTI-TAKEOVER EFFECTS OF SOME PROVISIONS OF DELAWARE LAW AND OUR CHARTER DOCUMENTS

A number of the provisions of Delaware law and our certificate of incorporation and bylaws could make the acquisition of our company through a tender offer, a proxy contest or other means more difficult and could make the removal of incumbent officers and directors more difficult. These provisions include our failure to "opt out" of the protections of Section 203 of the Delaware Code, as

described below, as well as our reservation of shares of blank check preferred and our staggered board of directors. We expect these provisions to discourage coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of our company to first negotiate with our board of directors. We believe that the benefits provided by our ability to negotiate with the proponent of an unfriendly or unsolicited proposal outweigh the disadvantages of discouraging such proposals. We believe the

negotiation of an unfriendly or unsolicited proposal could result in an improvement of its terms.

DELAWARE LAW

We are subject to Section 203 of the Delaware General Corporation Law, an anti-takeover law. In general, Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years following the date the person became an interested stockholder, unless:

- prior to the date of the transaction, the board of directors of the corporation approved either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder;

- the stockholder owned at least 85% of the voting stock of the corporation outstanding at the time the transaction commenced, excluding for purposes of determining the number of shares outstanding (a) shares owned by persons who are directors and also officers, and (b) shares owned by employee stock plans in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer; or

- on or subsequent to the date of the transaction, the business combination is approved by the board and authorized at an annual or special meeting of stockholders, and not by written consent, by the affirmative vote of at least 66 2/3% of the outstanding voting stock which is not owned by the interested stockholder.

Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An "interested stockholder" is a person who, together with affiliates and associates, owns or, within three years prior to the determination of interested stockholder status, did own 15% or more of a corporation's outstanding voting securities. We expect the existence of this provision to have an anti-takeover effect with respect to transactions our board of directors does not approve in advance. We also anticipate that Section 203 may also discourage attempts that might result in a premium over the market price for the shares of common stock held by stockholders.

CHARTER DOCUMENTS

Upon completion of this offering, our certificate of incorporation provides for our board of directors to be divided into three classes serving staggered terms. Approximately one-third of the board of directors will be elected each year. The provision for a classified board could prevent a party who acquires control of a majority of the outstanding voting stock from obtaining control of the board of directors until the second annual stockholders meeting following the date the acquirer obtains the controlling stock interest. The classified board provision could discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our company and could increase the likelihood that incumbent directors will retain their positions. Our certificate of incorporation provides that directors may be removed:

- with cause by the affirmative vote of the holders of at least a majority of the outstanding shares of voting stock; or

- without cause by the affirmative vote of the holders of at least 66 2/3% of the then-outstanding shares of the voting stock.

Our bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of our stockholders, including proposed nominations of persons for election to the board of directors. At an annual meeting, stockholders may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the board of directors. Stockholders may also consider a proposal or nomination by a person who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given to our Secretary timely written notice, in proper form, of his or her intention to bring that business before the meeting. The bylaws do not give the board of directors the power to approve or disapprove stockholder nominations of candidates or proposals regarding other business to be conducted at a special or annual meeting of the stockholders. However, our bylaws may have the effect of precluding the conduct of that item of business at a meeting if the proper procedures are not followed. These provisions may also discourage or deter a potential acquirer from conducting a solicitation of proxies to elect the acquirer's own slate of directors or otherwise attempting to obtain control of our company.

Under Delaware law, a special meeting of stockholders may be called by the board of directors or by any other person authorized to do so in the certificate of incorporation or the bylaws. The following persons are authorized to call a special meeting of stockholders:

- a majority of our board of directors;

- the chairman of the board;

- the chief executive officer; or

- 50% of our stockholders entitled to vote at the special meeting.

The limitation on the right of our stockholders to call a special meeting will make it more difficult for a stockholder to force stockholder consideration of a proposal over the opposition of the board of directors by calling a special meeting of stockholders. The restriction on the ability of stockholders to call a special meeting also will make it more difficult to replace the board until the next annual meeting.

Although Delaware law provides that stockholders may execute an action by written consent in lieu of a stockholder meeting, it also allows us to eliminate stockholder actions by written consent. Elimination of written consents of stockholders may lengthen the amount of time required to take stockholder actions since actions by written consent are not subject to the minimum notice requirement of a stockholder's meeting. However, we believe that the elimination of stockholders' written consents may deter hostile takeover attempts. Without the availability of stockholder's actions by written consent, a holder controlling a majority of our capital stock would not be able to amend our bylaws or remove directors without holding a stockholders meeting. The holder would have to obtain the consent of a majority of the board of directors, the chairman of the board or the chief executive officer to call a stockholders' meeting and satisfy the notice periods determined by the board of directors. Our certificate of incorporation provides for the elimination of actions by written consent of stockholders upon the closing of this offering.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for our common stock is . is located at and its telephone number is .

NASDAQ STOCK MARKET LISTING

We have applied to have our common stock approved for quotation on the Nasdaq National Market under the symbol "TTMI".

SHARES ELIGIBLE FOR FUTURE SALE

Prior to this offering, there has been no public market for our stock. Future sales of substantial amounts of our common stock in the public market following this offering of the possibility of such sales occurring could adversely affect prevailing market prices for our common stock or could impair our ability to raise capital through an offering of equity securities.

After this offering, we will have outstanding shares of common stock, based upon shares outstanding as of , 2000, assuming no exercise of the underwriters' over-allotment option and no exercise of outstanding options or warrants after , 2000. All of the shares sold in this offering will be freely tradable without restriction under the Securities Act except for any shares purchased by our "affiliates" as that term is defined in Rule 144 under the Securities Act. The remaining shares of common stock held by existing stockholders are "restricted" shares as that term is defined in Rule 144 under the Securities Act. We issued and sold the restricted shares in private transactions in reliance upon exemptions from registration under the Securities Act. Restricted shares may be sold in the public market only if they are registered under the Securities Act or if they qualify for an exemption from registration, such as Rule 144 or 701 under the Securities Act, which are summarized below.

Our officers, directors, employees, and other stockholders, who collectively hold an aggregate of restricted shares, and the underwriters entered into lock-up agreements in connection with this offering. These lock-up agreements provide that, with limited exceptions, our officers, directors, employees and stockholders have agreed not to offer, sell, contract to sell, grant any option to purchase or otherwise dispose of any of our shares for a period of 180 days after the effective date of this offering. FleetBoston Robertson Stephens Inc. may, in its sole discretion and at any time without prior notice, release all or any portion of the shares subject to these lock-up agreements. We have also entered into an agreement with FleetBoston Robertson Stephens Inc. that we will not offer, sell or otherwise dispose of our common stock until 180 days after the effective date of this offering.

Taking into account the lock-up agreements, the number of shares that will be available for sale in the public market under the provisions of Rules 144, 144(k) and 701 will be as follows:

<TABLE>
<CAPTION>

DATE OF AVAILABILITY FOR SALE	NUMBER OF SHARES

180 days after the effective date of this offering.....	
Upon expiration of applicable one-year holding periods under Rule 144, which will expire between , 2000 and , 2000, subject to sales volume restrictions under Rule 144.....	
Upon expiration of applicable one-year holding periods under Rule 144, which will expire between , 2000 and , 2000, subject to sales volume restrictions under Rule 144.....	

Following the expiration of the lock-up period, shares issued upon exercise of options granted by us prior to the completion of this offering will also be available for sale in the public market pursuant to Rule 701 under the Securities Act unless those shares are held by one of our affiliates, directors or officers.

In general, under Rule 144 as currently in effect, a person, or persons whose shares are aggregated, who has beneficially owned restricted shares for at least one year, including the holding

period of any prior owner except an affiliate, would be entitled to sell within any three-month period a number of shares that does not exceed the greater of:

- one percent of the number of shares of common stock then outstanding, which will equal approximately shares immediately after the offering; or

- the average weekly trading volume of the common stock during the four calendar weeks preceding the filing of a Form 144 with respect to such sale.

Sales under Rule 144 are also subject to manner of sale provisions that require arm's length sales through a stockbroker, notice requirements with respect to sales by our officers, directors and greater than five percent stockholders and to the availability of current public information about us. Under Rule 144(k), a person who is not deemed to have been an affiliate of our company at any time during the three months preceding a sale, and who has beneficially owned the shares proposed to be sold for at least two years including the holding period of any prior owner except an affiliate, is entitled to sell such shares without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

Rule 701, as currently in effect, permits our employees, officers, directors or consultants who purchased shares under a written compensatory plan or contract to resell these shares in reliance upon Rule 144. Rule 701 provides that affiliates may sell their Rule 701 shares under Rule 144 without complying with the holding period requirement and that non-affiliates may sell these shares in reliance on Rule 144 without complying with the holding period, public information, volume limitation or notice provisions of Rule 144.

We intend to file, shortly after the effectiveness of this offering, a registration statement on Form S-8 under the Securities Act covering all shares of common stock reserved for issuance under the stock plans and subject to outstanding options under our stock option plan. See "Management--Incentive Plans." Shares of common stock issued upon exercise of options under the Form S-8 will be available for sale in the public market, subject to Rule 144 volume limitations applicable to affiliates and subject to the contractual restrictions described above. As of , 2000, options to purchase shares of common stock were outstanding of which approximately options were then vested and exercisable. Beginning 180 days after the effective date of this offering, approximately shares issuable upon the exercise of vested stock options will become eligible for sale in the public market, if such options are exercised.

Beginning 180 days after the effective date of this offering, approximately shares issuable upon the exercise of vested warrants as of , 2000 will become eligible for sale in the public market, if such warrants are exercised.

Following this offering, the holders of an aggregate of shares of outstanding common stock and shares of common stock issuable upon the exercise of warrants, as of , 2000, have the right to require us to register their shares for sale upon meeting requirements to which the parties have previously agreed. See "Description of Capital Stock--Registration Rights" for additional information regarding registration rights.

UNDERWRITING

We and the selling stockholders are offering the shares of common stock described in this prospectus through a number of underwriters. FleetBoston

Robertson Stephens Inc., Chase Securities Inc., Donaldson, Lufkin & Jenrette Securities Corporation and First Union Securities, Inc. are the representatives of the underwriters. We and the selling stockholder entered into an underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we and the selling stockholders agreed to sell to the underwriters, and each underwriter separately agreed to purchase, the number of shares of common stock listed next to its name below at the public offering price, less the underwriting discount described on the cover page of this prospectus:

<TABLE>
<CAPTION>

UNDERWRITER	NUMBER OF SHARES
<S>	<C>
FleetBoston Robertson Stephens Inc.	
Chase Securities Inc.	
Donaldson, Lufkin & Jenrette Securities Corporation	
First Union Securities, Inc.	
Total	

</TABLE>

The underwriting agreement provides that the underwriters must buy all of these shares if they buy any of them. The underwriters will sell these shares to the public when and if the underwriters buy them from us and the selling stockholders. The underwriters are offering the common stock subject to a number of conditions, including:

- the underwriters' receipt and acceptance of the common stock from us; and

- the underwriters' right to reject orders in whole or in part.

FleetBoston Robertson Stephens Inc. expects to deliver the shares of common stock to purchasers on , 2000.

OVER-ALLOTMENT OPTION. We have granted the underwriters an option to buy up to additional shares of our common stock at the same price per share as they are paying for the shares shown in the table above. The underwriters may exercise this option only to the extent that they sell more than the total number of shares shown in the table above. The underwriters may exercise this option at any time within 30 days after the date of this prospectus. To the extent that the underwriters exercise this option, the underwriters will be obligated to purchase the additional shares from us in the same proportions as they purchased the shares shown in the table above. If purchased, these additional shares will be sold by the underwriters on the same terms as those on which the other shares are sold.

STOCK MARKET LISTING. We expect our common stock will be quoted on the Nasdaq National Market under the symbol "TTMI."

DETERMINATION OF OFFERING PRICE. Before this offering, there has been no public market for our common stock. The initial public offering price will be determined through negotiations between us and the representatives. In addition to prevailing market conditions, the factors to be considered in determining the initial public offering price will include:

- the valuation multiples of publicly-traded companies that the representatives believe are comparable to us;

- our financial information;

- our history and prospects and the outlook for our industry;

- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues;

- the present state of our development and the progress of our business plan; and

- the above factors in relation to market values and various valuation measures of other companies engaged in activities similar to ours.

An active trading market for our shares may not develop. Even if an active market does develop, the public price at which our shares trade in the future may be below the offering price.

UNDERWRITING DISCOUNTS AND COMMISSIONS. The underwriting discount is the difference between the price the underwriters pay to us and the selling stockholders and the price at which the underwriters initially offer the shares to the public. The size of the underwriting discount is determined through an arms-length negotiation between us, the selling stockholders and the representatives. The following table shows the per share and total underwriting

discount we will allow to the underwriters. These amounts are shown assuming no exercise and full exercise of the underwriters' over-allotment option described above:

<TABLE>
<CAPTION>

		TOTAL	
	PER SHARE	NO EXERCISE OF OPTION	FULL EXERCISE OF OPTION
<S>	<C>	<C>	<C>
Public offering price	$	$	$
Underwriting discount allowed by us	$	$	$
Underwriting discount allowed by the selling stockholders	$	$	$

</TABLE>

The expenses of this offering, not including the underwriting discount, are estimated to be approximately $. Expenses include the SEC filing fee, the NASD filing fee, Nasdaq listing fees, printing expenses, legal and accounting fees, transfer agent and registrar fees and other miscellaneous fees and expenses. All of the expenses of this offering will be paid by us.

LOCK-UP AGREEMENTS. We and our executive officers, directors and substantially all of our stockholders, have agreed, with exceptions, not to sell or transfer any shares of our common stock for 180 days after the date of this prospectus without first obtaining the written consent of FleetBoston Robertson Stephens, Inc. Specifically, we and these other individuals have agreed not to, directly or indirectly:

- offer to sell, contract to sell, or otherwise sell or dispose of any shares of our common stock;

- loan, pledge or grant any rights with respect to any shares of our common stock;

- engage in any hedging or other transaction that might result in a disposition of shares of our common stock by anyone;

- execute any short sale, whether or not against the box; or

- purchase, sell or grant any put or call option or other right with respect to our common stock or with respect to any security other than a broad-based market basket or index that includes, relates to or derives any significant part of its value from our common stock.

These lock-up agreements apply to shares of our common stock and also to any options or warrants to purchase any shares of our common stock or any securities convertible into or exchangeable for shares of our common stock. These lock-up agreements apply to all such securities that are owned or later acquired by the persons executing the agreements, except for securities acquired on the open market. In addition, we have agreed with FleetBoston Robertson Stephens Inc. that, to the extent that we have separate lock-up agreements with some of our stockholders, we will not consent to the stockholders' disposition of any shares subject to those separate lock up agreements

prior to the expiration of the lock-up period. However, FleetBoston Robertson Stephens Inc. may release any of us from these agreements at any time during the 180 day period, in its sole discretion and without notice, as to some or all of the shares covered by these agreements. Currently, there are no agreements between the representatives and us or any of our shareholders to release any of us from the lock-up agreements during such 180 days period.

INDEMNIFICATION OF THE UNDERWRITERS. We and the selling stockholders will indemnify the underwriters against some civil liabilities, including liabilities under the Securities Act and liabilities arising from breaches of our representations and warranties contained in the underwriting agreement. If we are unable to provide this indemnification, we will contribute to payments the underwriters may be required to make in respect of those liabilities.

DEALERS' COMPENSATION. The underwriters initially will offer our shares to the public at the price specified on the cover page of this prospectus. The underwriters may allow to selected dealers a concession of not more than $ per share. The underwriters may also allow, and any other dealers may reallow, a concession of not more than $ per share to some other dealers. If all the shares are not sold at the public offering price, the underwriters may change the public offering price and the other selling terms. A change in the public offering price will not affect the amount of proceeds that we receive.

DISCRETIONARY ACCOUNTS. The underwriters have advised us that they do not expect to sell more than 5% of the total number of shares in this offering to accounts over which they exercise discretionary authority.

DIRECTED SHARE PROGRAM. At our request, the underwriters have reserved for sale, at the initial public offering price, up to shares, or 5%, of the shares of our common stock offered by this prospectus for sale to some of our directors, officers and employees and their family members, and other persons with relationships with us. The number of shares of our common stock available for sale to the general public will be reduced to the extent those persons purchase the reserved shares. Any reserved shares which are not orally confirmed for purchase within one day of the pricing of this offering may be offered by the underwriters to the general public on the same terms as the other shares offered by this prospectus.

ONLINE ACTIVITIES. A prospectus in electronic format may be made available on the internet sites or through other online services maintained by one or more of the underwriters of this offering, or by their affiliates. In those cases, prospective investors may view offering terms online and, depending upon the particular underwriter, prospective investors may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares for sale to online brokerage account holders. Any such allocation for online distributions will be made by the representatives on the same basis as other allocations.

In particular, FleetBoston Robertson Stephens Inc. has informed us that it will allocate a portion of the shares that it is underwriting for distribution by E*TRADE Securities, Inc. Copies of the prospectus in electronic format will be made available on Internet websites maintained by E*OFFERING Corp. and E*TRADE Securities, Inc. Customers of E*TRADE Securities, Inc. who complete and pass an online eligibility profile may place conditional offers to purchase shares in this offering through E*TRADE's Internet website. In the event that the demand for shares from the customers of E*TRADE exceeds the amounts allocated to E*TRADE, E*TRADE will use a random allocation methodology to distribute shares in even lots of 100 shares per customer. Other than the prospectus in electronic format, information on these web sites is not a part of this prospectus and you should not rely on other information on these web sites in making a decision to invest in our shares.

STABILIZATION AND OTHER TRANSACTIONS. The rules of the SEC generally prohibit the underwriters from trading in our common stock on the open market during this offering. However, the underwriters

are allowed to engage in some open market transactions and other activities during this offering that may cause the market price of our common stock to be above or below that which would otherwise prevail in the open market. These activities may include stabilization, short sales and over-allotments, syndicate covering transactions and penalty bids.

- Stabilizing transactions consist of bids or purchases made by the lead representative for the purpose of preventing or slowing a decline in the market price of our common stock while this offering is in progress.

- Short sales and over-allotments occur when the representatives, on behalf of the underwriting syndicate, sell more of our shares than they purchase from us in this offering. In order to cover the resulting short position, the representatives may exercise the over-allotment option described above and/or they may engage in syndicate covering transactions.

- Syndicate covering transactions are bids for or purchases of our common stock on the open market by the representatives on behalf of the underwriters in order to reduce a short position incurred by the representatives on behalf of the underwriters.

- A penalty bid is an arrangement permitting the representatives to reclaim the selling concession that would otherwise accrue to an underwriter if the common stock originally sold by that underwriter was later repurchased by the representatives and therefore was not effectively sold to the public by such underwriter.

If the underwriters commence these activities, they may discontinue them at any time without notice. The underwriters may carry out these transactions on the Nasdaq National Market, in the over-the-counter market or otherwise.

PASSIVE MARKET MAKING. Following the pricing of this offering, and until the commencement of any stabilizing bid, underwriters and dealers who are qualified market makers on the Nasdaq National Market may engage in passive market making transactions. Passive market making is allowed during the period when the SEC's rules would otherwise prohibit market activity by the underwriters and dealers who are participating in this offering. Passive market makers must comply with applicable volume and price limitations and must be identified as such. In general, a passive market maker must display its bid at a price not in excess of the highest independent bid for our common stock; but if all independent bids are lowered below the passive market maker's bid, the passive market maker must also lower its bid once it exceeds specified purchase limits. Net purchases by a passive market maker on each day are limited to a specified percentage of the passive market maker's average daily trading volume

in our common stock during a specified period and must be discontinued when such limit is reached. Underwriters and dealers are not required to engage in passive market making and may end passive market making activities at any time.

QUALIFIED INDEPENDENT UNDERWRITER. First Union National Bank is the administrative agent and a lender and First Union Securities, Inc. is the lead arranger and a lender under our senior credit facility. We intend to use a portion of the net proceeds to repay indebtedness under our senior credit facility as described in "Use of Proceeds." First Union National Bank is an affiliate of First Union Securities, Inc., one of the underwriters, and each of them will receive their proportionate share of such repayment. We expect to use more than 10% of the net proceeds of this offering to pay down our senior credit facility. Accordingly, this offering will be conducted in accordance with Rules 2710(c)(8) and 2720 of the Conduct Rules of the National Association of Securities Dealers, Inc., which provide that when more than 10% of the net proceeds are intended to be paid to underwriters or their affiliates, the offering price can be no higher than that recommended by a "qualified independent underwriter," or QIU, meeting certain standards. In accordance with this requirement, FleetBoston Robertson Stephens Inc. is assuming the responsibilities of acting as QIU and will recommend a price in compliance with the requirements of Rule 2720. In connection with this offering, FleetBoston Robertson Stephens Inc. is performing due diligence investigations and reviewing and participating in the preparation of this prospectus and the registration statement of which this prospectus forms a part.

LEGAL MATTERS

The validity of the shares of common stock to be issued in this offering will be passed upon for us by Shearman & Sterling, Menlo Park, California. Legal matters in connection with this offering will be passed upon for the underwriters by O'Melveny & Myers LLP, San Francisco, California. As of the date of this prospectus, Shearman & Sterling beneficially owns an aggregate of shares of our common stock through TC Circuits, L.L.C.

EXPERTS

The consolidated financial statements of TTM Technologies, Inc. as of December 31, 1998 and 1999, and for each of the three years in the period ended December 31, 1999 and the financial statements of Power Circuits, Inc. for the period from January 1, 1999 to July 14, 1999 included in this prospectus and elsewhere in the registration statement have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their reports with respect thereto, and are included herein in reliance upon the authority of said firm as experts in giving said reports.

The financial statements of Power Circuits, Inc. for the years ended December 31, 1997 and 1998, included in this prospectus, have been so included in reliance on the report of Ernst & Young LLP, independent auditors, given on the authority of said firm as experts in auditing and accounting.

The selected income statement data for the years ended December 31, 1995 and 1996 and the selected balance sheet data as of December 31, 1995 and 1996 included in this prospectus and derived from audited financial statements not included in this prospectus, have been so included in reliance on the authority of Simon Dadoun & Co., P.S., independent certified public accountants, as experts in auditing and accounting.

WHERE YOU CAN FIND ADDITIONAL INFORMATION

We have filed with the Securities and Exchange Commission a registration statement on Form S-1, including exhibits and schedules, under the Securities Act with respect to the common stock to be sold in this offering. With respect to each contract, agreement or other document filed as an exhibit to the registration statement, we refer you to the exhibit for a more complete description of the matter involved, and each statement in this prospectus shall be deemed qualified in its entirety by this reference.

You may read and copy all or any portion of the registration statement or any reports, statements or other information in the files at the public reference facilities of the SEC at Room 1024, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C., 20549 and at the regional offices of the SEC located at Seven World Trade Center, 13th Floor, New York, New York 10048 and 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. You can request copies of these documents upon payment of a duplicating fee by writing to the SEC. You may call the SEC at 1-800-SEC-0330 for further information on the operation of its public reference rooms. Our filings, including the registration statement, will also be available to you on the internet site maintained by the SEC at http://www.sec.gov.

TTM TECHNOLOGIES, INC.
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To TTM Technologies, Inc.:

We have audited the accompanying consolidated balance sheets of TTM Technologies, Inc. (a Washington corporation) and subsidiary as of December 31, 1998 and 1999, and the related consolidated statements of operations, shareholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TTM Technologies, Inc. and subsidiary as of December 31, 1998 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1999 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Salt Lake City, Utah
February 11, 2000

TTM TECHNOLOGIES, INC.

CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

	AS OF DECEMBER 31,

	1998	1999
<S>	<C>	<C>
ASSETS		
Current assets:		
Cash	$ 197,289	$ 1,316,362
Accounts receivable, net of allowances of $400,000 and $374,800, respectively	13,636,493	21,022,954
Inventories	3,082,884	5,992,416
Income taxes receivable	--	532,474
Prepaid expenses and other current assets	189,750	320,095
Total current assets	17,106,416	29,184,301
Property, plant and equipment, at cost:		
Land	877,551	2,216,551
Machinery and equipment	22,582,350	32,451,348
Buildings and improvements	7,246,467	8,583,858
Leasehold improvements	--	1,095,782
Furniture and fixtures	238,347	367,782
Automobiles	132,706	139,283
	31,077,421	44,854,604
Less accumulated depreciation and amortization	(14,761,611)	(17,307,552)
Net property, plant and equipment	16,315,810	27,547,052
Other assets:		
Deferred retention bonus, net of accumulated amortization of $77,035 and $1,925,892, respectively	7,318,373	5,469,515
Debt issuance costs, net of accumulated amortization of $20,423 and $470,372, respectively	2,602,506	4,379,628
Deferred income taxes	13,000,000	12,998,173
Goodwill and other intangible assets, net of accumulated amortization of $2,230,203 at December 31, 1999	--	87,912,721
Other	109,989	835,957
Total other assets	23,030,868	111,595,994
	$ 56,453,094	$168,327,347
LIABILITIES AND SHAREHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Current maturities of long-term debt	$ 2,600,000	$ 3,562,500
Accounts payable	3,425,496	6,500,583
Accrued salaries, wages and benefits	2,567,713	3,662,823
Other accrued expenses	442,363	1,463,703
Total current liabilities	9,035,572	15,189,609
Long-term liabilities:		
Long-term debt, less current maturities	62,767,049	128,916,531
Deferred retention bonus payable	7,405,036	7,684,120
Total long-term liabilities	70,172,085	136,600,651
COMMITMENTS AND CONTINGENCIES (NOTES 5 AND 8)		
SHAREHOLDERS' EQUITY (DEFICIT):		
Common stock, no par value; 10,000,000 shares authorized, 41,250 and 78,750 shares issued and outstanding, respectively	5,000	37,505,000
Accumulated deficit	(22,759,563)	(22,986,913)
Common stock warrants	--	2,019,000
Total shareholders' equity (deficit)	(22,754,563)	16,537,087
	$ 56,453,094	$168,327,347

</TABLE>

The accompanying notes are an integral part of these consolidated balance sheets.

TTM TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999

<S>	<C>	<C>	<C>
Net sales	$76,920,805	$78,525,869	$106,447,418
Cost of goods sold	62,090,181	65,331,900	82,200,333
Gross profit	14,830,624	13,193,969	24,247,085
Operating expenses:			
Sales and marketing	2,533,223	2,434,404	3,919,874
General and administrative	2,235,074	2,187,790	2,583,911
Amortization of intangibles	--	--	2,230,203
Amortization of deferred retention bonus	--	77,035	1,848,857
Management fees	--	12,500	439,402
Total operating expenses	4,768,297	4,711,729	11,022,247
Operating income	10,062,327	8,482,240	13,224,838
Other income (expense):			
Interest expense	(578,276)	(847,594)	(10,432,310)
Amortization of debt issuance costs	(27,902)	(134,095)	(755,426)
Interest income and other, net	556,971	926,918	54,827
Total other expense, net	(49,207)	(54,771)	(11,132,909)
Income before income taxes and extraordinary item	10,013,120	8,427,469	2,091,929
Income taxes	--	--	836,110
Income before extraordinary item	10,013,120	8,427,469	1,255,819
Extraordinary item, write-off of debt issuance costs resulting from early extinguishment of debt, net of tax benefit of approximately $834,000	--	--	(1,483,169)
Net income (loss)	$10,013,120	$ 8,427,469	$ (227,350)
Basic earnings per share:			
Income before extraordinary item	$ 242.74	$ 204.30	$ 21.39
Extraordinary item	--	--	(25.26)
Net income (loss)	$ 242.74	$ 204.30	$ (3.87)
Diluted earnings per share:			
Income before extraordinary item	$ 242.74	$ 204.30	$ 21.05
Extraordinary item	--	--	(24.86)
Net income (loss)	$ 242.74	$ 204.30	$ (3.81)
Unaudited pro forma information:			
Income before income taxes	$10,013,120	$ 8,427,469	
Income taxes	3,404,460	2,865,339	
Net income	$ 6,608,660	$ 5,562,130	
Basic and diluted earnings per share	$ 160.21	$ 134.84	

</TABLE>

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

TTM TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (DEFICIT)

<TABLE>
<CAPTION>

	COMMON STOCK		ACCUMULATED EARNINGS	COMMON STOCK	
	SHARES	AMOUNT	(DEFICIT)	WARRANTS	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	41,250	$ 5,000	$20,644,376	$ --	$ 20,649,376
Dividends to shareholders	--	--	(3,621,969)	--	(3,621,969)
Net income	--	--	10,013,120	--	10,013,120
Balance, December 31, 1997	41,250	5,000	27,035,527	--	27,040,527
Dividends to shareholders	--	--	(70,686,427)	--	(70,686,427)
Recapitalization costs	--	--	(536,132)	--	

(536,132)					
Deferred income taxes	--	--	13,000,000	--	13,000,000
Net income	--	--	8,427,469	--	8,427,469
Balance, December 31, 1998	41,250	5,000	(22,759,563)	--	(22,754,563)
Sale of common stock for cash	37,500	37,500,000	--	--	37,500,000
Issuance of common stock warrants in connection with notes payable	--	--	--	2,019,000	2,019,000
Net loss	--	--	(227,350)	--	(227,350)
Balance, December 31, 1999	78,750	$37,505,000	$(22,986,913)	$2,019,000	$ 16,537,087

</TABLE>

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

TTM TECHNOLOGIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		
	1997	1998	1999
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$10,013,120	$ 8,427,469	$ (227,350)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization on property and equipment	2,883,687	3,014,498	3,634,673
Amortization of goodwill and other intangible assets	--	--	2,230,203
Amortization of deferred retention bonus	--	77,035	1,848,858
Amortization of and write-off debt issuance costs	27,902	134,095	3,072,878
Non-cash interest imputed on long-term subordinated liabilities	--	11,541	454,566
Deferred income taxes	--	--	1,827
Net (gain) loss on sale of property and equipment	(83,555)	36,339	67,122
Net gain on sale of short-term investments	--	(9,827)	--
Changes in operating assets and liabilities, net of effect of acquisition:			
Accounts receivable, net	(2,828,417)	(1,804,989)	(2,426,362)
Inventories	(12,770)	(579,725)	(2,375,234)
Income tax receivable	--	--	(532,474)
Prepaid expenses and other	(305,241)	418,875	(619,470)
Debt issuance costs	--	(2,736,601)	(4,850,000)
Accounts payable	1,033,845	660,849	1,659,712
Accrued expenses	731,376	(133,045)	(4,166,306)
Net cash provided by (used in) operating activities	11,459,947	7,516,514	(2,227,357)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of Power Circuits, Inc., net of cash acquired	--	--	(95,475,369)
Purchase of property and equipment	(2,590,070)	(1,718,404)	(4,489,758)
Proceeds from sale of property and equipment	512,413	7,500	58,800
Proceeds from sale of short-term investments	28,739,000	7,367,541	--
Purchase of short-term investments	(35,775,073)	--	--
Net cash provided by (used in) investing activities	(9,133,730)	5,656,637	(99,906,327)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of long-term debt	617,648	62,900,000	133,168,000
Principal payments on long-term debt	(430,000)	(10,889,090)	(67,415,243)
Sale of common stock for cash	--	--	37,500,000
Recapitalization costs	--	(536,132)	--
Dividends paid	(3,621,969)	(68,167,291)	--
Net cash provided by (used in) financing activities	(3,434,321)	(16,692,513)	103,252,757

Net increase (decrease) in cash and cash equivalents.....	(1,108,104)	(3,519,362)	1,119,073
Cash and cash equivalents at beginning of year.....	4,824,755	3,716,651	197,289
Cash and cash equivalents at end of year.....	$ 3,716,651	$ 197,289	$ 1,316,362
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the year for interest.....	$ 559,692	$ 510,768	$ 10,075,265
Cash paid during the year for income taxes.....	--	--	450,000

</TABLE>

SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING ACTIVITIES:

On July 14, 1999, the Company acquired the stock of Power Circuits, Inc. The fair value of the acquired assets was $106,364,164, net of $2,312,884 of cash acquired. The Company assumed $10,888,795 of liabilities.

During 1998, the Company made noncash dividends totaling $2,519,136 (see Note 9).

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

TTM TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

TTM Technologies, Inc., formerly Pacific Circuits, Inc. was incorporated under the laws of the State of Washington on March 20, 1978. On December 15, 1998, the shareholders of TTM Technologies, Inc. sold 90% of their common stock to Circuit Holdings, LLC which was accounted for as a recapitalization (see Note 3). Circuit Holdings, LLC is a company owned by various private equity funds and individual investors. In July 1999, Power Circuits, Inc., was acquired and became a wholly-owned subsidiary of TTM Technologies, Inc. TTM Technologies, Inc. and its wholly-owned subsidiary are collectively referred to as "the Company."

The Company is a manufacturer of complex printed circuit boards ("PCBs") used in sophisticated electronic equipment. The Company sells to a variety of customers located both within and outside of the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of TTM Technologies, Inc. and its wholly owned subsidiary, Power Circuits, Inc. All significant intercompany accounts and transactions have been eliminated in consolidation.

REVENUE RECOGNITION

The Company derives its revenue primarily from the sale of PCBs using customer supplied engineering and design plans and recognizes revenues when products are shipped to the customer. The Company provides its customers a limited right of return for defective PCBs. The Company accrues an estimated amount for sales returns and allowances at the time of sale based on historical information. For 1997, 1998 and 1999 the provision for sales returns was less than 2% of gross sales.

CASH AND CASH EQUIVALENTS

The Company considers highly liquid investments with an original maturity of three months or less to be cash equivalents. As of December 31, 1998 and 1999, there were no cash equivalents.

TTM TECHNOLOGIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
INVENTORIES

Inventories are stated at the lower of cost (determined on a first-in,

first-out basis) or market. Inventories as of December 31, 1998 and 1999 consist of the following:

<TABLE>
<CAPTION>

	1998	1999
<S>	<C>	<C>
Raw materials	$ 861,201	$1,784,172
Work-in-process	2,221,683	3,598,498
Finished goods	--	609,746
	$3,082,884	$5,992,416

</TABLE>

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. Depreciation expense is computed using the straight-line method over the estimated useful lives of the assets. The Company uses the following estimated useful lives:

<TABLE>

<S>	<C>
Buildings and improvements	10-40 years
Leasehold improvements	18 years
Machinery and equipment	5-10 years
Furniture and fixtures	5-10 years
Automobiles	5 years

</TABLE>

Upon retirement or other disposition of property, plant and equipment, the cost and related accumulated depreciation are removed from the accounts. The resulting gain or loss is included in the determination of income. Major renewals and betterments are capitalized and depreciated over their estimated useful lives while minor expenditures for maintenance and repairs are charged to expense as incurred.

OTHER ASSETS

Debt issuance costs are amortized to expense over the period of the underlying indebtedness using the effective interest rate method adjusted to give effect to any early repayments. During 1999, the Company repaid certain indebtedness in connection with a refinancing. Accordingly, unamortized deferred debt issuance costs were written off and classified as an extraordinary item, net of the tax benefit.

Deferred retention bonuses represent amounts owed to various key employees (see Note 5). These amounts are charged to expense over the vesting periods as set forth in the agreements.

Goodwill and other intangibles resulted from the Company's acquisition of Power Circuits, Inc. and are amortized using the straight-line method over 15 to 20 years.

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

Long-lived assets, including intangibles, are reviewed for impairment whenever events or changes in circumstances indicate that the book value of the asset may not be recoverable. The Company

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

evaluates, at each balance sheet date, whether events and circumstances have occurred that indicates possible impairment. The Company uses an estimate of the future undiscounted net cash flows of the related asset over the remaining life in measuring whether the assets are recoverable. As of December 31, 1999, management of the Company does not consider any of the Company's long-lived assets to be impaired.

IMPUTED INTEREST EXPENSE

Interest is imputed on long-term debt obligations where it has been determined that the contractual interest rates are below the market rate for debt with similar risk characteristics (see Notes 5 and 6). In addition, a discount from the face amount of notes, resulting from allocating proceeds between debt and equity instruments issued, is recorded as interest expense over the term of the debt (see Note 6). For 1998 and 1999, non-cash interest expense for these obligations were as follows:

<TABLE>

<CAPTION>

	1998	1999
<S>	<C>	<C>
Deferred retention bonus	$ 9,628	$279,084
Senior subordinated notes	--	82,454
Subordinated notes	1,913	93,028
	$11,541	$454,566

</TABLE>

INCOME TAXES

The Company recognizes deferred tax assets or liabilities for expected future tax consequences of events that have been recognized in the financial statements or tax returns. Under this method, deferred tax assets or liabilities are determined based upon the difference between the financial statements and income tax basis of assets and liabilities using enacted tax rates expected to apply when differences are expected to be settled or realized.

Prior to December 15, 1998, the Company had elected, for federal income tax purposes, to include its taxable income with that of its shareholders (an S Corporation election). Accordingly, the Company had no provision for income taxes prior to December 15, 1998.

The unaudited pro forma information presents the pro forma effects on historical net income adjusted for a pro forma provision for income taxes. The pro forma provision for income taxes has been determined assuming the Company had been taxed as a C corporation for income tax purposes using an effective tax rate of 34%. Prior to its acquisition of Power Circuits, Inc., the Company was not subject to state income taxes because of its location (Washington).

EARNINGS PER SHARE

Basic earnings per common share ("Basic EPS") excludes dilution and is computed by dividing net income (loss) by the weighted average number of common shares outstanding during the period. Diluted earnings per common share ("Diluted EPS") reflects the potential dilution that could occur if stock options or other common stock equivalents were exercised or converted into common stock.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following is a reconciliation of the numerator and denominator used to calculate Basic EPS and Diluted EPS:

<TABLE>
<CAPTION>

	1997			1998			1999
	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE	LOSS SHARES
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Basic EPS	$10,013,120	41,250	$242.74	$8,427,469	41,250	$204.30	$(227,350) 58,716
Effect of warrants		--			--		940
Diluted EPS	$10,013,120	41,250	$242.74	$8,427,469	41,250	$204.30	$(227,350) 59,656

<CAPTION>

	1999
	PER SHARE
<S>	<C>
Basic EPS	$(3.87)
Effect of warrants	
Diluted EPS	$(3.81)

</TABLE>

For the year ended December 31, 1999, options to purchase 6,024.3 shares of common stock were not considered for Diluted EPS because the exercise price was equal to the average fair value during the year.

CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company extends credit to its customers, which are concentrated in the computer and electronics instrumentation industries. The Company performs ongoing credit evaluations of customers and does not require collateral. The Company regularly reviews its accounts receivable and makes provisions for potential losses.

As of December 31, 1999, three customers in the aggregate accounted for 43% of total accounts receivable. For the year ended December 31, 1999, two customers accounted for 19% and 17% of net sales. For the year ended December 31, 1998, two customers accounted for 24% and 12% of net sales. For the year ended December 31, 1997, two customers accounted for 25% and 21% of net sales. One of these customer's sales includes sales directed by this customer to other customers. If any one or group of these customers were lost or their receivables balances should be deemed to be uncollectable, it would have a material adverse effect on the Company's financial condition or results of operations.

RECENT ACCOUNTING PRONOUNCEMENT

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133 ("SFAS No. 133") "Accounting for Derivative Instruments and Hedging Activities." SFAS No. 133 requires the recognition of all derivatives as either assets or liabilities in the balance sheet and the measurement date of those instruments at fair value. Gains and losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedge accounting. SFAS No. 133, as amended, is effective for fiscal years beginning after June 15, 2000. Based upon the nature of the financial instruments and hedging activities of the Company, this pronouncement would require the Company to reflect the fair value of its derivative instruments (interest rate swaps) on the consolidated balance sheet. Changes in fair value of these derivatives will be reflected as a component of comprehensive income. The Company will adopt SFAS No. 133 effective January 1, 2001 and has not yet determined the impact of this statement on its financial statements.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of assets and liabilities as reported on the balance sheet at December 31, 1999 and 1998, which qualify as financial instruments, approximates fair value. The fair value of interest

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
rate swap agreements held by the Company at December 31, 1999 and 1998 which were not recorded in the accompanying consolidated financial statements was $1,040,000 and $13,800, respectively, which represents the cash the Company would receive to settle these agreements.

3. RECAPITALIZATION AND STOCK PURCHASE

On December 15, 1998, the Company, its existing shareholders and Circuit Holdings, LLC, entered into a recapitalization and stock purchase agreement. Under the agreement, the Company borrowed $62.5 million and paid cash dividends (including the payment of excess cash as defined in the agreement) totaling $59,481,663 to the existing shareholders. The existing shareholders sold 90% of their outstanding shares to Circuit Holdings, LLC as described in the agreement. In addition, the Company entered into notes payable with the existing shareholders with an aggregate undiscounted principal amount of $4 million. This transaction has been accounted for as a recapitalization because the Company did not become substantially wholly-owned by the new owners. In connection with this transaction, the Company incurred transaction expenses of $536,132 which were recorded as a reduction to retained earnings.

As part of this agreement, the Company entered into a retention bonus plan agreement, which provides for retention bonuses to certain key employees totaling $12 million (see Note 5).

For income tax purposes, the existing shareholders and Circuit Holdings, LLC agreed to file a Section 338(h)(10) election in accordance with the Internal Revenue Service ("IRS") rules and regulations. Generally, this election has the effect of characterizing a stock purchase as an asset purchase and requires that the adjusted grossed-up basis of the Company's shares be allocated to the acquired assets. This transaction resulted in significant differences between the financial reporting basis and adjusted tax basis of assets. These

differences are generally deductible for income tax purposes over future periods as outlined in the IRS rules and regulations. The tax effect of these differences, consisting principally of goodwill, has been recorded as deferred tax assets for financial reporting purposes with a corresponding increase to retained earnings (see Note 7).

4. ACQUISITION OF POWER CIRCUITS, INC.

In July 1999, the Company acquired the stock of Power Circuits, Inc. for approximately $97.8 million, which included direct acquisition costs of approximately $850,000. The acquisition was financed from borrowings under the Company's new credit facilities. The acquisition was accounted for under the purchase method of accounting. Accordingly, results of operations of Power Circuits, Inc. are included in the accompanying consolidated financial statements from the date of acquisition. The total goodwill and other intangibles recorded in connection with this acquisition were approximately $90.1 million, which are deductible for income tax purposes over future periods in accordance with IRS rules and regulations.

The unaudited pro forma information below presents the results of operations as if the Power Circuits acquisition occurred at the beginning of 1999, after giving effect to certain adjustments, including amortization of intangibles, elimination of nonrecurring bonuses, adjustments to reflect new incentive compensation and management fee arrangements, interest expense and amortization of deferred financing costs related to the acquisition debt and the related income tax effects. The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. ACQUISITION OF POWER CIRCUITS, INC. (CONTINUED)
what would have occurred had the acquisition been made at the beginning of the year or of the results which may occur in the future.

<TABLE>
<CAPTION>

	1999
<S>	<C>
Net sales	$124,315,513
Operating income	16,314,390
Net income	622,740

</TABLE>

5. DEFERRED RETENTION BONUS

On December 15, 1998, the Company entered into a retention bonus plan agreement. Under the agreement, the Company is required to pay, subject to certain restrictions, a total of $12 million to certain key employees no later than December 31, 2006. In the event employees leave the Company prior to becoming fully vested in the bonus, any unpaid amounts are payable to the selling shareholders under the stock purchase agreement as described in Note 3. Accordingly, the entire obligation has been recorded as a long-term liability along with the corresponding asset. In the event of a change in control of the Company, participating employees will receive 50% of the unforfeited retention bonus at the time of such change in control. In addition, the Company will deposit into a trust or escrow the remaining 50% to be paid to employees on the second anniversary of the change of control. The deferred retention bonus asset is being amortized over the five-year vesting period as set forth in the agreement, which resulted in expense of $77,000 in 1998 and $1,849,000 in 1999. The remaining deferred expense of $5,469,000 will be amortized as follows: $1,849,000 in 2000, $1,811,000 in 2001, $925,000 in 2002, and $884,000 in 2003.

In addition, under the agreement, the Company is required to make annual payments, similar to interest, which accrue at the rate of 10% per annum on the total unpaid retention bonus. Management believes that the 10% rate is a below market rate given the related-party nature of this obligation and the rate that would be appropriate for debt with similar risk characteristics (see Note 6). Accordingly, interest has been imputed at 20% resulting in an additional 10% interest on the $12,000,000 obligation. Accordingly, this resulted in an initial recorded present value of approximately $7,395,000. For the years ended December 31, 1998 and 1999, approximately $61,600 and $1,480,000, respectively, has been recorded as interest expense in the accompanying consolidated financial statements, which includes the contractual 10% interest amount, and the additional amount to impute interest at 20%.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. LONG-TERM DEBT

Long-term debt consists of the following as of December 31, 1998 and 1999:

	1998	1999
A term loan payable to banks with interest ranging from LIBOR plus 2.25% to 3.25% or the Alternate Base rate plus 0.75% to 1.75%, due in quarterly payments of various amounts through June 30, 2004 (see below)	$ --	$ 36,562,500
B term loan payable to banks with interest ranging from LIBOR plus 3.50% to 3.75% or the Alternate Base rate plus to 2.25%, due in quarterly payments of various amounts through June 30, 2005 (see below)	--	74,625,000
Revolving loan commitment with banks, interest ranging from LIBOR plus 2.25% to 3.25% or the Alternate Base rate plus 0.75% to 1.75%, (see below)	--	6,500,000
Swingline loan subfacility with banks, interest ranging from Alternate Base rate plus 0.75% to 1.75%, (see below)	--	1,668,000
Senior subordinated notes payable to TCW/Crescent Mezzanine Partners II L.P. with interest at 12.0%, with quarterly interest-only payments through January 13, 2006 (see below)	--	10,563,454
Subordinated notes payable to shareholders with interest at 10%, semi-annual interest-only payments, with $4,000,000 principal payment due December 14, 2006 (interest imputed at 20%, initial present value of $2,465,000)	2,467,049	2,560,077
Revolving loan and A and B term loans with a bank, paid in full in 1999 as a result of refinancing	62,900,000	--
Total long-term debt	65,367,049	132,479,031
Less current maturities	(2,600,000)	(3,562,500)
Long-term debt, less current maturities	$62,767,049	$128,916,531

The aggregate amount of principal maturities of long-term debt at December 31, 1999 are as follows:

YEAR ENDING DECEMBER 31,	
2000	$ 3,562,500
2001	6,375,000
2002	10,125,000
2003	12,937,500
2004	42,562,500
Thereafter	56,916,531
	$132,479,031

The Company's A and B term loans, revolving loans and swingline loans are with several banks pursuant to a credit agreement dated July 13, 1999. All borrowings are collateralized by the assets of the Company. The agreement provides, among other things, for borrowings on the revolver of up to

6. LONG-TERM DEBT (CONTINUED)

the lesser of $12.5 million or the borrowing base, as defined in the agreement and up to $2.5 million on the swingline loan subfacility. The revolving and swingline loan commitments expire on June 30, 2004. The Company is required to pay a quarterly commitment fee of .50% on the unused revolver commitment under the agreement. As of December 31, 1999, the Alternate Base rate was 10.25% and the LIBOR rate was 6.19%. The amount added to the LIBOR rate or the Alternate Base rate varies depending upon the Company's leverage ratios as defined in the agreement. The Company's outstanding A and B term loans, revolving loans and swingline loans under this agreement had a weighted average interest rate of 9.81% at December 31, 1999. Borrowing availability under the agreement was $6,832,000 at December 31, 1999. During 1999, the proceeds from the borrowings were used to retire certain debt before the contractual due date. Prepayment of this debt resulted in an extraordinary write-off of debt issuance costs of $1,483,169, net of an income tax benefit of $834,283.

The agreements with banks contain certain financial and other covenants.

These covenants include capital expenditure limits, leverage and interest coverage ratios, consolidated EBITDA and various other covenants. At December 31, 1999, the Company was in compliance with these covenants.

As of December 31, 1999, the Company has entered into interest rate swap agreements with two banks (the "counterparty") which are designated as a partial hedge of the Company's variable rate debt. The agreements obligate the Company to make fixed payments to the counterparty which, in turn, is obligated to make variable payments to the Company. The amount to be paid or received is measured by applying contractually agreed upon variable and fixed rates to the notional amounts of principal. The notional amounts, which decrease over the term of the agreement, are used to measure the contractual amounts to be received or paid and do not represent the amount of exposure to credit loss. The agreements terminate through December 31, 2001 and have notional amounts ranging from $20.0 million to $38.0 million. At December 31, 1999, the fixed rates on the contracts range from 5.08% to 6.36% and the variable rates under the contracts range from 5.51% to 6.19%. Net amounts paid or received on these swaps are recorded as an adjustment to interest expense.

On July 13, 1999, the Company issued $12.5 million in senior subordinated notes to TCW/Crescent Mezzanine Partners II L.P., a shareholder, with interest at 12.0%. In connection therewith, the Company issued warrants for the purchase of 2,019 shares of common stock at an exercise price of $0.01 per share. The $12.5 million has been allocated between the notes and the warrants based on the relative fair values at the date of issuance. This resulted in allocating $10,481,000 to the notes and $2,019,000 to the warrants. The difference between the face amount of the notes and the amount allocated to the notes is recorded as interest expense over the term of the notes. The Company may redeem all or any of the notes, in whole or in part, during the 12-month period beginning July 13, 1999, 2000, 2001, 2002, 2003 and 2004 (and thereafter) at a redemption price of 105%, 104%, 103%, 102%, 101% or 100%, respectively of the unpaid principal balance on the notes. In the event of a sale or initial public offering, the Company may redeem all of the notes during the 12-month period beginning July 13, 1999, 2000 and 2001 (and thereafter) at a redemption price of 102%, 102% and 100%, respectively. The Company is required to redeem the notes in the event of a change in control as defined in the agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. INCOME TAXES

Effective December 15, 1998, in connection with a recapitalization, the Company's S Corporation election was terminated. The Company generated a loss for the period in 1998 after the termination of the S corporation status.

The components of the provision for income taxes for the year ended December 31, 1999 are as follows (excluding the $834,283 deferred benefit allocated to the extraordinary item):

<TABLE>
<S> <C>
Current provision..... $ --
Deferred provision:
Federal..... 789,659
State..... 46,451
Total provision for income taxes..... $836,110
</TABLE>

The following is a reconciliation between the statutory federal income tax rate and the Company's 1999 effective income tax rate which is derived by dividing the provision for income taxes by the income before income taxes and extraordinary item:

<TABLE>
<S> <C>
Statutory federal income tax rate..... 34.0%
State income taxes, net of federal benefit..... 2.2
Other..... 3.8
Total provision for income taxes..... 40.0%
</TABLE>

The components of the net deferred tax assets at December 31, 1998 and 1999 are as follows:

<TABLE>
<CAPTION>

	1998	1999
</TABLE>

Deferred tax assets:		
Tax goodwill related to recapitalization	$26,112,482	$25,786,187
Operating loss carryforwards	91,690	1,759,256
Deferred retention bonus	42,500	693,321
Deferred compensation interest	--	103,936
Other	10,200	--
Total	26,256,872	28,342,700
Valuation allowance	(13,256,872)	(14,798,111)
	13,000,000	13,544,589
Deferred tax liabilities:		
Goodwill amortization from Power Circuits, Inc. acquisition	--	(278,842)
Other	--	(267,574)
Net deferred income tax asset	$13,000,000	$12,998,173

A valuation allowance is provided when it is more likely than not that all or some portion of the deferred tax assets will not be realized. At the date of our recapitalization, December 14, 1998, we determined that a valuation allowance was required based upon the estimate of our ability to generate

7. INCOME TAXES (CONTINUED)

future taxable income over a 15-year period, sufficient to realize this asset. At December 31, 1999, we reassessed the realizability of our deferred tax assets and concluded, based upon generating a tax net operating loss of $4.9 million, among other factors, that the valuation allowance was still necessary. The amount of the net deferred tax assets considered realizable, however, could change in the near term based on changing conditions.

At December 31, 1999, the Company has tax net operating loss carryforwards of approximately $4,887,000 which expire through 2019.

8. COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

The Company leases facilities and manufacturing equipment under noncancellable operating leases with terms expiring through 2018. The facilities are leased from related parties (see Note 12). Future minimum lease payments under these leases as of December 31, 1999 are as follows:

YEAR ENDING DECEMBER 31,	
2000	$1,564,905
2001	1,564,905
2002	1,564,905
2003	406,409
2004	303,600
Thereafter	4,477,900
Future minimum lease payments	$9,882,624

Total rent expense for the years ended December 31, 1997, 1998 and 1999 was approximately $809,000, $983,000 and $1,409,000, respectively.

LEGAL MATTERS

The Company is subject to various legal matters, which it considers normal for its business activities. Management believes, after consultation with legal counsel, that these matters will not have a material impact on the financial condition, liquidity or results of operations of the Company.

ENVIRONMENTAL MATTERS

The process to manufacture printed circuit boards requires adherence to city, county, state and federal environmental regulations regarding the storage, use, handling and disposal of chemicals, solid wastes and other hazardous materials as well as air quality standards. Management believes that its facilities comply in all material respects with environmental laws and regulations. The Company has in the past received certain notices of violations

and has been required to engage in certain minor corrective activities. There can be no assurance that violations will not occur in the future.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. COMMITMENTS AND CONTINGENCIES (CONTINUED)
CASH INCENTIVE COMPENSATION PLAN

Effective January 1, 1999 the Company has established a cash incentive compensation plan to provide a means of retaining and attracting capable employees and increasing the incentive of key employees. Eligible employees receive a bonus equal to a percentage of earnings before interest, taxes, depreciation and amortization ("EBITDA"), as defined in the agreement. The bonus percentage, which ranges from 1.5% to 4.0%, is based upon achieving certain target levels of EBITDA. The term of the agreement is for five successive one-year periods. For the year ended December 31, 1999, no amounts were earned under this plan.

9. DIVIDENDS TO SHAREHOLDERS

During 1998, the Company made dividends to shareholders totaling $70,686,427. The 1998 dividends include the amounts made in connection with the recapitalization and stock repurchase agreement (see Note 3). Of the total $70,686,427 of dividends in 1998, non cash dividends totaled $2,519,136 of which $2,465,136 related to the Company's note payable to stockholder (see Note 6) and the remaining $54,000 related to the value of vehicles which were distributed to the shareholders.

10. STOCK OPTION PLAN

On December 15, 1998, the Company adopted the Management Stock Option Plan (the "Plan"). The Plan as amended in 1999, provides for issuance of a maximum of 7,312.5 shares of the Company's common stock. Stock options may be granted as "Incentive Stock Options" (as defined by the Internal Revenue Code and awards) or nonqualified options. The exercise price is determined by the compensation committee of the Board of Directors and may not be less than the fair market value at the date of the grant. Each option and award shall vest and expire as determined by the Compensation Committee. Options expire no later than 10 years from the grant date. The Plan expires December 1, 2009. A summary of stock option activity is as follows:

<TABLE>
<CAPTION>

	SHARES	EXERCISE PRICE
<S>	<C>	<C>
Granted during 1998 and outstanding at December 31, 1998	2,805.0	$1,000
Granted in 1999	3,500.0	1,000
Forfeited in 1999	(280.7)	1,000
Outstanding at December 31, 1999	6,024.3	1,000
Exercisable at December 31, 1999	383.8	1,000

</TABLE>

As of December 31, 1999, of the 6,024.3 options outstanding, 3,152.6 options vest equally over 5 years from the grant date. Options to purchase 2,871.9 shares vest upon the occurrence of a liquidity event as defined in the agreement or after 8 years. The weighted average remaining contractual life of options outstanding at December 31, 1999 was 9.4 years.

During 1999, the Company modified the vesting for options to purchase 1,121.8 shares. The options previously vested over 5 years subject to the Company meeting specific EBITDA targets each year and were modified to vest upon the occurrence of a liquidity event or after 8 years.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10. STOCK OPTION PLAN (CONTINUED)
The Company accounts for stock options issued to employees, officers and directors under Accounting Principles Board Opinion No. 25 and the related interpretations and provides pro forma disclosures as required by Statement of Financial Accounting Standards No. 123 ("SFAS No. 123"). Had compensation cost been determined in accordance with SFAS No. 123, the Company's net income (loss) would have been changed to the following pro forma amounts:

<TABLE>

<CAPTION>

	1998	1999
<S>	<C>	<C>
Net income (loss):		
As reported	$8,427,469	$(227,350)
Pro forma	8,420,426	(457,893)

</TABLE>

For pro forma disclosure purposes, the fair value of each option is estimated on the date of grant using the Black-Scholes option-pricing model with the following assumptions used for the grants in 1999 and 1998: zero dividend yield; zero expected volatility; risk-free rate of 6.5% for 1999 and 5.2% for 1998; and expected life of 8 years for 1999 and 7 years for 1998. For purposes of the pro forma disclosure, the estimated fair value of the stock options is amortized over the estimated life of the respective stock options.

11. EMPLOYEE BENEFIT PLAN

The Company maintains a profit sharing plan covering substantially all of its full-time employees, except participants in the cash incentive plan. At the direction of the Board of Directors, the Company may contribute up to 15% of an eligible employee's salary to the plan. For the years ended December 31, 1997, 1998 and 1999, contributions accrued to the plan were approximately $1,700,000, $1,200,000 and $1,125,000, respectively. These amounts were paid to the plan subsequent to each year-end.

The Company's subsidiary maintains a 401(k) savings plan (the "Plan") under which all full-time employees 18 years of age or older with at least one year or 1,000 hours of service are eligible to participate. Under the Plan, eligible employees voluntarily contribute to the Plan up to 15% of their salary through payroll deductions. Employer contributions may be made by the Company at its discretion based upon matching employee contributions, within limits, and profit sharing provided for in the Plan. Employer contributions of $18,313 were made during the period from July 15, 1999 to December 31, 1999.

12. RELATED-PARTY TRANSACTIONS

In connection with the recapitalization transaction (see Note 3), T.C. Management Partners IV, L.L.C. and Brockway Moran & Partners Management, LLP, affiliates of certain principal shareholders of the Company, were paid transaction fees and expenses totaling $1.2 million of which $840,000 was capitalized as debt issuance costs and $360,000 was charged against retained earnings as a cost of the recapitalization.

In connection with the purchase of Power Circuits, Inc. (see Note 4), T.C. Management Partners IV, L.L.C. and Brockway Moran & Partners Management, LLP, affiliates of certain principal shareholders of the Company, were paid transaction fees and expenses totaling $1.6 million of which $986,000 was capitalized as debt issuance costs and $569,000 was recorded as acquisition costs.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. RELATED-PARTY TRANSACTIONS (CONTINUED)

The Company has management agreements with T.C. Management Partners IV, L.L.C. and Brockway Moran & Partners Management, LLP which requires management fees totaling $600,000 per year. Under the agreement, T.C. Management Partners IV, L.L.C. and Brockway Moran & Partners Management, LLP will provide corporate finance, strategic and capital planning and other advisory services. For the years ended 1998 and 1999, expense under the agreements were $12,500 and $439,400, respectively.

The Company has issued subordinated notes payable to shareholders (see Note 6).

The Company leases facilities from Harbor Building, LLC, a business owned by the former owners of Power Circuits, Inc. and now minor shareholders and employees of the Company. Total rent expense for the period from July 15, 1999 to December 31, 1999 was approximately $115,000. The lease expires in 2018. The Company has the option of purchasing the facilities on or before July 13, 2004 for approximately $3,413,000.

13. FOREIGN SALES

Sales representing more than 5% of the Company's net sales by country are as follows:

<TABLE>
<CAPTION>

	1997	1998	1999

<S>	<C>	<C>	<C>
United States	$61,357,761	$67,161,462	$ 85,893,045
Canada	3,875,067	1,055,973	194,889
England	7,150,089	6,758,802	5,029,479
Singapore	--	584,850	10,722,608
Other	4,537,888	2,964,782	4,607,397
Total	$76,920,805	$78,525,869	$106,447,418

</TABLE>

TTM TECHNOLOGIES, INC.

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEET

<TABLE>
<CAPTION>

	AS OF APRIL 3, 2000
<S>	<C>
ASSETS	
Current assets:	
Cash	$ 1,132,484
Accounts receivable, net	23,911,586
Inventories	5,002,542
Income taxes receivable	412,160
Prepaid expenses and other current assets	435,471
Total current assets	30,894,243
Property, plant and equipment, net	28,097,302
Other assets:	
Deferred retention bonus, net	5,007,300
Debt issuance costs, net	4,138,274
Deferred income taxes	11,791,157
Intangible assets, net	86,710,816
Other	737,110
Total	108,384,657
	$167,376,202
CURRENT LIABILITIES:	
Current maturities of long-term debt	$ 4,031,250
Accounts payable	5,771,601
Accrued salaries, wages and benefits	3,835,145
Other accrued expenses	1,896,853
Total current liabilities	15,534,849
LONG-TERM LIABILITIES:	
Long-term debt, less current maturities	125,410,143
Deferred retention bonus payable	7,767,840
Total long-term liabilities	133,177,983
SHAREHOLDERS' EQUITY:	
Common stock	37,760,180
Accumulated deficit	(20,863,812)
Deferred stock-based compensation	(251,998)
Common stock warrants	2,019,000
Total shareholders' equity	18,663,370
	$167,376,202

</TABLE>

The accompanying notes are an integral part of this condensed consolidated balance sheet.

TTM TECHNOLOGIES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	QUARTER ENDED	
	APRIL 4, 1999	APRIL 3, 2000
<S>	<C>	<C>

Net sales	$24,788,369	$42,080,156
Cost of goods sold	19,080,124	29,802,370
Gross profit	5,708,245	12,277,786
Operating Expenses:		
Sales and marketing	648,648	1,878,555
General and administrative	601,220	1,243,930
Amortization of intangibles	--	1,201,906
Amortization of deferred retention bonus	462,213	462,215
Management fees	75,000	150,000
Total operating expenses	1,787,081	4,936,606
Operating income	3,921,164	7,341,180
Other income (expense):		
Interest expense	(1,859,057)	(3,810,865)
Amortization of debt issuance costs	(132,749)	(241,384)
Other, net	33,124	109,596
Total other expense, net	(1,958,682)	(3,942,653)
Income before income taxes	1,962,482	3,398,527
Income taxes	676,424	1,275,426
Net income	$ 1,286,058	$ 2,123,101
Earnings per share:		
Basic earnings per share	$ 31.18	$ 26.96
Diluted earnings per share	$ 31.18	$ 25.85

</TABLE>

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

TTM TECHNOLOGIES, INC.

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	QUARTER ENDED	
	APRIL 4, 1999	APRIL 3, 2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$1,286,058	$2,123,101
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization on property and equipment	719,715	949,344
Loss (gain) on sale of property and equipment	2,200	(500)
Amortization of intangibles	--	1,201,906
Stock-based compensation	--	3,182
Amortization of deferred retention bonus	462,213	462,215
Amortization of debt issuance costs	132,749	241,354
Non-cash interest imputed on long-term liabilities	93,028	162,928
Deferred income taxes	483,333	1,207,016
Changes in operating assets and liabilities:		
Accounts receivable, net	(2,031,439)	(2,888,632)
Inventories	(362,166)	989,874
Income tax receivable	--	120,314
Prepaid expenses and other	(135,728)	(127,455)
Other assets	(592)	98,847
Accounts payable	(316,745)	(728,982)
Accrued expenses	941,770	617,550
Net cash provided by operating activities	1,274,396	4,432,062
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(363,485)	(1,499,594)
Proceeds from sale of property and equipment	41,800	500
Net cash used in investing activities	(321,685)	(1,499,094)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Principal payments on long-term debt	(1,150,000)	(3,116,846)
Net decrease in cash	(197,289)	(183,878)
Cash at beginning of period	197,289	1,316,362
Cash at end of period	$ --	$1,132,484
</TABLE>

SUPPLEMENTAL CASH FLOW INFORMATION:		
Cash paid for interest	$ 532,458	$3,059,185
Cash paid for income taxes	50,000	--

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

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The accompanying condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and disclosures normally included in financial statement prepared in accordance with accounting principles generally accepted in the United States, have been condensed or omitted pursuant to such rules and regulations. These condensed consolidated financial statements reflect all adjustments (consisting only of normal recurring adjustments), which in the opinion of management, are necessary to present fairly the results of operations of the Company for the periods presented. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and the notes thereto included elsewhere in this prospectus.

The results of operations for the interim periods are not necessarily indicative of the results to be expected for the full year.

2. INVENTORIES

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market. Inventories as of April 3, 2000 consist of the following:

Raw materials	$1,700,984
Work-in-process	3,216,072
Finished goods	85,486
	$5,002,542

3. EARNINGS PER COMMON SHARE

The following is a reconciliation of the numerator and denominator used to calculate basic earnings per common share and diluted earnings per common share for the quarters ended April 4, 1999 and April 3, 2000:

	APRIL 4, 1999			APRIL 3, 2000		
	INCOME	SHARES	PER SHARE	INCOME	SHARES	PER SHARE
Basic EPS	$1,286,058	41,250	$31.18	$2,123,101	78,750	$26.96
Effect of stock options and warrants		--			3,381	
Diluted EPS	$1,286,058	41,250	$31.18	$2,123,101	82,131	$25.85

4. STOCK-BASED COMPENSATION

During the quarter ended April 3, 2000, the Company issued options to employees to purchase 930 shares of common stock with an exercise price of $1,000 per share and options to purchase 260 shares were forfeited. Of the 930 options granted during the quarter options to purchase 465 shares vest upon the occurrence of liquidity events as defined in the agreement or after 8 years and options to purchase 465 shares vest equally over five years from the grant date.

In connection with these stock options, the Company recorded deferred stock-based compensation in the aggregate amount of $255,180 representing the difference between the deemed fair value of the Company's common stock for accounting purposes and the exercise price of stock options at the date

4. STOCK-BASED COMPENSATION (CONTINUED)
of grant. The Company is amortizing the deferred stock-based compensation over the option vesting periods. For the quarter ended April 3, 2000, amortization expense was $3,182. At April 3, 2000, the remaining stock-based compensation of $251,998 is estimated to be amortized as follows: $31,269 for the remainder of fiscal 2000, $45,938 in 2001, $45,938 in 2002, $45,938 in 2003, $45,938 in 2004, $17,858 in 2005 and $19,119 thereafter. The amount of deferred stock-based compensation expense to be amortized could change during these periods as a result of accelerated vesting changes and forfeitures.

At April 3, 2000, there were outstanding options to purchase 6,694.6 shares of common stock with an exercise price of $1,000.

5. SUBSEQUENT EVENTS

In connection with an initial public offering of common stock, the Company intends to terminate the management agreement with T.C. Management Partner IV, L.L.C. and Brockway Moran & Partners Management LLP and will pay a one-time fee of $1.5 million. In addition, the Company intends to use the proceeds from its offering to buy-out its deferred retention bonus obligation for approximately $10.8 million and to repay other long-term debt. These transactions will result in the write-off of debt issuance costs and will result in losses on early retirement of debt. The amount of such write-offs and losses will depend in part on the amount of proceeds received from the offering.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Power Circuits, Inc.:

We have audited the accompanying statements of income, shareholders' equity and cash flows of Power Circuits, Inc. (a California corporation) for the period from January 1, 1999 to July 14, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Power Circuits, Inc. for the period from January 1, 1999 to July 14, 1999 in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Salt Lake City, Utah
August 26, 1999

REPORT OF INDEPENDENT AUDITORS

To Power Circuits, Inc.:

We have audited the accompanying statements of income, shareholders' equity and cash flows of Power Circuits, Inc. for the years ended December 31, 1997 and 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the results of operations and cash flows of Power Circuits, Inc. for the years ended December 31, 1997 and 1998 in conformity with generally accepted accounting principles.

ERNST & YOUNG LLP

Newport Beach, California

STATEMENTS OF INCOME

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,		JANUARY 1, 1999 TO
	1997	1998	TO JULY 14, 1999
<S>	<C>	<C>	<C>
Net sales	$40,034,000	$36,722,000	$17,868,000
Cost of goods sold	20,085,000	19,841,000	10,267,000
Gross profit	19,949,000	16,881,000	7,601,000
Operating expenses:			
Selling and marketing	3,476,000	2,814,000	1,323,000
General and administrative	3,383,000	3,502,000	1,686,000
Nonrecurring bonuses	--	--	3,395,000
Total operating expenses	6,859,000	6,316,000	6,404,000
Operating income	13,090,000	10,565,000	1,197,000
Other income (expense):			
Interest expense, net	(222,000)	(201,000)	(99,000)
Other, net	23,000	155,000	158,000
Total other income	(199,000)	(46,000)	59,000
Income before provision for state franchise taxes	12,891,000	10,519,000	1,256,000
Provision for state franchise taxes	57,000	1,000	1,000
Net income	$12,834,000	$10,518,000	$ 1,255,000

</TABLE>

The accompanying notes are in integral part of these statements.

STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	COMMON STOCK		RETAINED	
	SHARES	AMOUNT	EARNINGS	TOTAL
<S>	<C>	<C>	<C>	<C>
Balance, December 31, 1996	6,443	$52,000	$ 5,354,000	$ 5,406,000
Shareholder tax distributions and dividends	--	--	(10,720,000)	(10,720,000)
Net income	--	--	12,834,000	12,834,000
Balance, December 31, 1997	6,443	52,000	7,468,000	7,520,000
Shareholder tax distributions and dividends	--	--	(9,071,000)	(9,071,000)
Net income	--	--	10,518,000	10,518,000
Balance, January 1, 1999	6,443	52,000	8,915,000	8,967,000
Shareholder tax distributions and dividends	--	--	(2,577,000)	(2,577,000)
Net income	--	--	1,255,000	1,255,000
Balance, July 14, 1999	6,443	$52,000	$ 7,593,000	$ 7,645,000

</TABLE>

The accompanying notes are an integral part of these statements.

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEAR ENDED DECEMBER 31,	JANUARY 1, 1999

	1997	1998	TO JULY 14, 1999
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$12,834,000	$10,518,000	$1,255,000
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	638,000	802,000	507,000
Loss (gain) on sale of equipment	132,000	34,000	(8,000)
Changes in operating assets and liabilities:			
Accounts receivable, net	(240,000)	(1,218,000)	(921,000)
Inventories	(6,000)	(48,000)	(79,000)
Deposits and other	(12,000)	(29,000)	(155,000)
Accounts payable and accrued liabilities	600,000	388,000	4,876,000
Net cash provided by operating activities	13,946,000	10,447,000	5,475,000
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment	(2,386,000)	(2,139,000)	(1,481,000)
Proceeds from sale of property, plant and equipment	100,000	8,000	30,000
Net cash used in investing activities	(2,286,000)	(2,131,000)	(1,451,000)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of notes payable	1,563,000	2,868,000	--
Principal payments on notes receivable	(1,646,000)	(2,164,000)	(1,574,000)
Shareholder tax distributions and dividends	(10,720,000)	(9,071,000)	(2,577,000)
Collection of notes receivable	13,000	103,000	--
Related party (advances) repayments	(50,000)	50,000	--
Net cash used in financing activities	(10,840,000)	(8,214,000)	(4,151,000)
Net increase (decrease) in cash	820,000	102,000	(127,000)
Cash at beginning of period	1,518,000	2,338,000	2,440,000
Cash at end of period	$ 2,338,000	$ 2,440,000	$2,313,000
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest	$ 306,000	$ 290,000	$ 145,000

</TABLE>

The accompanying notes are an integral part of these statements.

POWER CIRCUITS, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF OPERATIONS

Power Circuits, Inc. ("the Company") was incorporated under the laws of the State of California. The Company is a manufacturer of complex printed circuit boards ("PCBs") used in sophisticated electronic equipment. The Company sells to a variety of OEMs located both within and outside of the United States.

On July 14, 1999, the Company was acquired by an unrelated entity. These financial statements represent the operations of the Company prior to the completion of the transaction.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could materially differ from those estimates in the near term.

REVENUE RECOGNITION

The Company derives its revenue primarily from the sale of PCBs using customer supplied engineering and design plans and recognizes revenues when products are shipped to the customer.

INVENTORIES

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are depreciated using the straight-line method over the estimated useful lives of the assets. The Company uses the following estimated useful lives:

Buildings	40 years
Building improvements	34-40 years
Machinery and equipment	7-10 years

Major renewals and betterments are capitalized and depreciated over their estimated useful lives while minor expenditures for maintenance and repairs are charged to expense as incurred.

INCOME TAXES

The Company has elected for federal and state income tax purposes to include its taxable income with that of its shareholders (an S Corporation election). The provision for income taxes represents the 1.5% state franchise tax which is based on the Company's California taxable income. The difference between the expected income tax rate and the Company's effective tax rate is primarily attributable to the utilization of enterprise zone and manufacturing investment tax credits. The Company makes distributions to its shareholders for the payment of income taxes.

CONCENTRATION OF CREDIT RISK

In the normal course of business, the Company extends credit to its customers, which are concentrated in the computer, telecommunications, and electronics instrumentation industries. The Company performs ongoing credit evaluations of customers and generally does not require collateral. The Company regularly reviews its accounts receivable and makes provisions for potential losses.

Total sales to one customer approximated 48% and 24% of net sales in 1997 and 1998, respectively. For the period from January 1, 1999 to July 14, 1999, this customer accounted for 9% of net sales. This customer represented approximately 22%, 17% and 13% of trade accounts receivable at December 31, 1997 and 1998 and July 14, 1999, respectively.

3. COMMITMENTS AND CONTINGENCIES

OPERATING LEASES

In March 1998, the Company entered into a noncancellable long-term operating lease for an industrial facility owned by Harbor Building, LLC, an affiliated entity which expires in 2018.

As of July 14, 1999, the future minimum lease payments under noncancellable operating leases are as follows:

YEAR ENDING DECEMBER 31,	
1999 (July 15-Dec. 31)	$ 126,500
2000	276,000
2001	276,000
2002	276,000
2003	299,000
Thereafter	4,781,500
	$6,035,000

Total rent expense for the year ended December 31, 1998 and for the period from January 1, 1999 to July 14, 1999 was approximately $224,000 and $161,000, respectively.

LEGAL MATTERS

The Company is subject to various legal matters, which it considers normal for its business activities. Management believes, after consultation with legal counsel, that these matters will not have a material impact on the financial

condition, liquidity or results of operations of the Company.

ENVIRONMENTAL MATTERS

The process to manufacture circuit boards requires adherence to city, county, state and federal environmental regulations regarding the storage, use handling and disposal of chemicals, solid wastes and other hazardous materials as well as air quality standards. Management believes that its facilities comply in all material respects with environmental laws and regulations. The Company has in the past received certain notices of violations and has been required to engage in certain minor corrective activities. There can be no assurance that violations will not occur in the future.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. EMPLOYEE BENEFIT PLAN

The Company maintains a 401(k) savings plan (the "Plan") under which all full-time employees 18 years of age or older with at least one year or 1,000 hours of service are eligible to participate. Under the Plan, eligible employees voluntarily contribute to the Plan up to 15% of their salary through payroll deductions. Employer contributions may be made by the Company at its discretion based upon matching employee contributions, within limits, and profit sharing provided for in the Plan. Employer contributions of $29,800, $42,400 and $20,625 were made for 1997 and 1998 and for the period from January 1, 1999 to July 14, 1999, respectively.

5. BONUSES

In July 1999, just prior to the sale of the Company, the Company paid one-time bonuses to its employees totaling $3,395,000.

[LOGO]
PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the various expenses in connection with the sale and distribution of the securities being registered, other than the underwriting discounts, payable by the Registrant in connection with the sale of the securities being registered. All amounts shown are estimates, except the SEC registration fee, the NASD filing fee and the Nasdaq National Market listing fee.

<TABLE>
<S> <C>
SEC registration fee..... $30,360
NASD filing fee..... 12,000
Nasdaq National Market listing fee.....
Printing and engraving expenses.....
Legal fees and expenses.....
Accounting fees and expenses.....
Blue sky fees and expenses.....
Transfer agent and registrar fees.....
Miscellaneous.....

Total..... $
=======
</TABLE>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 145 of the Delaware General Corporation Law permits indemnification of officers, directors and other corporate agents under certain circumstances and subject to certain limitations. The Registrant's Delaware Certificate of Incorporation and Bylaws, as in effect immediately prior to the closing of this offering, provide that the Registrant shall indemnify its directors, officers, employees and agents to the full extent permitted by Delaware General Corporation Law, including in circumstances in which indemnification is otherwise discretionary under Delaware law. In addition, the Registrant intends to enter into separate indemnification agreements with its directors, officers and certain employees which would require the Registrant, among other things, to indemnify them against certain liabilities which may arise by reason of their status or service (other than liabilities arising from willful misconduct of a culpable nature). The Registrant also intends to maintain director and officer liability insurance, if available on reasonable terms.

These indemnification provisions and the indemnification agreement to be entered into between the Registrant and its officers and directors may be

sufficiently broad to permit indemnification of the Registrant's officers and directors for liabilities (including reimbursement of expenses incurred) arising under the Securities Act.

The Registrant intends to obtain in conjunction with the effectiveness of the Registration Statement a policy of directors' and officers' liability insurance that insures the Registrant's directors and officers against the cost of defense, settlement or payment of a judgment under certain circumstances.

The underwriting agreement filed as Exhibit 1.1 to this Registration Statement provides for indemnification by the underwriters of the Registrant and its officers and directors for certain liabilities arising under the Securities Act, or otherwise.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

During the last three years, TTM Technologies has issued the following securities without registration under the Securities Act of 1933, as amended (the "Securities Act"):

1. In December 1998, Pacific Circuits, our existing stockholders and Circuit Holdings entered into a recapitalization and stock purchase agreement. Under the agreement, we borrowed $62.5 million and paid cash dividends, including the payment of excess cash as defined in the agreement, totaling $59.5 million to existing stockholders, and Circuit Holdings purchased shares of our common stock at $ per share from existing stockholders.

2. In July 1999, we acquired Power Circuits and recorded the acquisition under the purchase method of accounting. The excess purchase price over the fair market value of the net tangible assets acquired was approximately $90.0 million of which $72.0 million was allocated to goodwill and $18.0 million was allocated to identifiable intangibles. We financed $37.5 million of the purchase price through the issuance of shares of our common stock, or $ per share, to Circuit Holdings and the remainder through our senior credit facility and our senior subordinated credit facility.

3. In July 1999, in connection with the Power Circuits acquisition, TCW/Crescent Mezzanine Partners II, L.P., TCW/Crescent Mezzanine Trust II, TCW Leverage Income Trust, L.P. and TCW Leveraged Income Trust II, L.P., and four of our employees purchased shares of our common stock at $ per share.

4. In July 1999, in connection with the Power Circuits acquisition, we issued shares of our common stock at $ per share to certain former employees of Power Circuits.

5. In July 1999, we issued to TCW/Crescent Mezzanine Partners II, L.P., TCW/Crescent Mezzanine Trust II, TCW Leverage Income Trust, L.P. and TCW Leveraged Income Trust II, L.P. warrants to purchase shares of our common stock at an exercise price of $ per share. These warrants will remain outstanding after the completion of this offering. The warrants have an expiration date of July 2009.

6. As of , 2000, we have issued an aggregate of shares of our common stock pursuant to exercises of stock options granted under our Amended and Restated Management Stock Option Plan at an exercise price of $ per share.

All sales of common stock made pursuant to the exercise of stock options were made in reliance on Rule 701 of the Securities Act or on Section 4(2) of the Securities Act.

All other sales were made in reliance on Section 4(2) of the Securities Act and/or Regulation D promulgated under the Securities Act. These sales were made without general solicitation or advertising.

The recipients of securities in each such transaction represented their intentions to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and warrants issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(A) EXHIBITS:

<TABLE>
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1.1* Form of Underwriting Agreement.

2.1* Form of Plan of Reorganization.
</TABLE>

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2.2*	Merger Agreement between the Registrant, a Washington corporation and the Registrant, a Delaware corporation.
2.3	Recapitalization and Stock Purchase Agreement dated as of December 15, 1998 by and among Circuit Holdings, LLC, the Registrant and Lewis O. Coley, III, the Colleen Beckdolt Trust No. 2 and the Ian Lewis Coley Trust No. 2.
3.1*	Form of Delaware Certificate of Incorporation of the Registrant as in effect immediately prior to the closing of this offering.
3.2*	Form of Delaware By-laws of the Registrant as in effect immediately prior to the closing of this offering.
4.1*	Form of certificate representing shares of Common Stock.
4.2	Registration Rights Agreement dated as of December 15, 1998 among the Registrant, Lewis O. Coley, III and Circuit Holdings, LLC.
4.3	Registration Rights Agreement dated as of July 13, 1999 among the Registrant and certain Purchasers listed on Schedule I.
4.4	Registration Rights Agreement dated as of July 13, 1999 among the Registrant and certain Purchasers of Warrants listed on Schedule I.
4.5	Warrant Agreement dated as of July 13, 1999 by and among the Registrant and the Purchasers party hereto.
4.6	Subscription Agreement dated as of July 13, 1999 among the Registrant and Purchasers of Company Common Stock listed on Schedule I.
5.1	Form of Opinion of Shearman & Sterling.
8.1*	Opinion of Shearman & Sterling regarding tax matters.
10.1	Credit Agreement dated as of July 13, 1999 among the Registrant, Circuit Holdings, LLC, the Lenders parties hereto, First Union National Bank, Dresdner Bank AG, Sunstrust Bank and First Union Securities Inc.
10.2	Securities Purchase Agreement dated as of July 13, 1999 by and among the Registrant and the Subsidiary Guarantors named herein.
10.3	Subordinated Note dated as of December 15, 1998 issued to Lewis O. Coley, III.
10.4	Management and Consulting Agreement dated as of July 14, 1999 between the Registrant, TC Management IV, LLC and Brockway Moran & Partners Management, LP.
10.5*	Form of Employment Agreement between the Registrant and Kenton K. Alder.
10.6*	Form of Offer Letter dated as of February 25, 1999 between the Registrant and Stacey M. Peterson.
10.7	Employment Agreement dated as of December 15, 1998 between the Registrant and Gary L. Reinhart.
10.8	Employment Agreement dated as of December 15, 1998 between the Registrant and Steven K. Pointer.
10.9	Employment Agreement dated as of December 15, 1998 between the Registrant and George M. Dalich.
10.10	Employment Agreement dated as of December 15, 1998 between the Registrant and Gene L. Tasche.
10.11	Employment Agreement dated as of July 13, 1999 between Power Circuits, Inc. and James H. Eisenberg.

</TABLE>

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10.12	Employment Agreement dated as of July 13, 1999 between Power Circuits, Inc. and Dale W. Anderson.

10.13*	Amended and Restated Management Stock Option Plan.
10.14	1998 Retention Bonus Plan.
10.15*	Form of Indemnification Agreement with directors, officers and key employees.
10.16	Lease Agreement dated as of July 19, 1995 between the Port of Skagit County and the Registrant.
10.17	Standard Industrial/Commercial Single-Tenant Lease dated as of March 9, 1998 between Harbor Building, LLC and Power Circuits, Inc.
10.18	First Amendment to Lease dated as of February 1999 by Harbor Building, LLC and Power Circuits, Inc.
21.1*	Subsidiaries of the Registrant.
23.1	Consent of Arthur Andersen LLP.
23.2	Consent of Ernst & Young LLP regarding Power Circuits, Inc.
23.3	Consent of Simon Dadoun & Co., P.S.
23.4	Consent of Shearman & Sterling (included in opinion filed as Exhibit 5.1).
24.1	Power of Attorney pursuant to which amendments to this registration statement may be filed (included on the signature page in Part II).
24.2*	Power of Attorney of Selling Stockholders.
24.3*	Custody Agreement for Selling Stockholders.

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* To be filed by amendment.

(B) FINANCIAL STATEMENT SCHEDULES.

Schedules not listed above have been omitted because the information required to be set forth therein is not applicable or is shown in the financial statements or notes thereto.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the provisions described under "Item 14--Indemnification of Directors and Officers" above, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement certificates in such denominations and registered in such manner as requested by the underwriters to permit prompt delivery to each purchaser.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(2) For the purposes of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered

therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act, TTM Technologies has duly caused this Registration Statement on Form S-1 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of San Francisco, State of California, on this 22(nd) day of June, 2000.

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TTM TECHNOLOGIES, INC.

By: /s/ KENTON K. ALDER

Name: Kenton K. Alder
Title: PRESIDENT AND CHIEF EXECUTIVE OFFICER

</TABLE>

* * * *

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Kenton Alder and Stacey Peterson, and each of them, his attorneys-in-fact, each with the power of substitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this registration statement, and to sign any registration statement for the same offering covered by this registration statement that is to be effective upon filing pursuant to Rule 462(b) promulgated under the Securities Act of 1933, as amended, and all post-effective amendments thereto, and to file the same, with all exhibits thereto and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that such attorneys-in-fact and agents or any of them, or his or their substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act, this Registration Statement on Form S-1 has been signed by the following persons in the capacities and on the dates indicated:

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SIGNATURE	TITLE	DATE
<C>	<S>	<C>
/s/ KENTON K. ALDER Kenton K. Alder	President, Chief Executive Officer and Director (Principal Executive Officer)	June 22, 2000
/s/ STACEY M. PETERSON Stacey M. Peterson	Chief Financial Officer and Secretary (Principal Financial and Accounting Officer)	June 22, 2000
/s/ JEFFREY W. GOETTMAN Jeffrey W. Goettman	Chairman of the Board	June 22, 2000
/s/ MICHAEL E. MORAN Michael E. Moran	Vice-Chairman of the Board	June 22, 2000
/s/ PHILIP M. CARPENTER III Philip M. Carpenter III	Director	June 22, 2000
/s/ DOUGLAS L. MCCORMICK Douglas L. McCormick	Director	June 22, 2000

</TABLE>

EXHIBIT INDEX

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* To be filed by amendment.

Exhibit 2.3

==========

RECAPITALIZATION
AND
STOCK PURCHASE AGREEMENT

==========

CIRCUIT HOLDINGS, LLC

PACIFIC CIRCUITS, INC.

AND

LEWIS 0. COLEY, III,
THE COLLEEN BECKDOLT TRUST NO. 2,
AND
THE IAN LEWIS COLEY TRUST NO. 2

DATED AS OF DECEMBER 15, 1998

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LIST OF SCHEDULES

LIST OF EXHIBITS

RECAPITALIZATION AND STOCK PURCHASE AGREEMENT

THIS RECAPITALIZATION AND STOCK PURCHASE AGREEMENT (this "AGREEMENT"), is made effective as of December 15, 1998, by and among Circuit Holdings, LLC, a Delaware limited liability company ("BUYER"); Pacific Circuits, Inc. (the "COMPANY"); and Lewis 0. Coley, III ("COLEY"), the Colleen Beckdolt Trust No. 2, dated October 16, 1996 (the "BECKDOLT TRUST"), and the Ian Lewis Coley Trust No. 2, dated October 16, 1996 (the "COLEY TRUST," and together with the Beckdolt Trust, collectively, the "TRUSTS"), (the Trusts and Coley are sometimes collectively referred to as the "SHAREHOLDERS").

INTENDING TO BE LEGALLY BOUND, and in consideration of the premises and the mutual representations, warranties, covenants and agreements contained herein, Buyer, the Company, and the Shareholders hereby agree as follows:

ARTICLE I

DEFINITIONS

For purposes of this Agreement, capitalized terms shall have the following meanings:

"ABOVEGROUND STORAGE TANK" shall mean a stationary device that is: (1) designed to contain an accumulation of Hazardous Substances; (2) constructed primarily of non-earthen materials to provide structural support; and (3) situated in such a way that the entire surface area of the tank is completely above the plane of the adjacent surrounding surface and the entire surface area of the tank (including the tank bottom) is able to be visually inspected.

"ACCOUNTING ARBITRATOR" shall mean Price Waterhouse.

"ACQUIRED SHARES" shall have the meaning given in Section 2.2.

"ACQUIRED SHARES PURCHASE PRICE" shall have the meaning given in Section 2.2.

"AGREEMENT" shall mean this Recapitalization and Stock Purchase Agreement.

"ALLOCATION" shall have the meaning given in Section 5.8(f)(11).

"ANTITRUST LAWS" shall mean the HSR Act, the Sherman Act, as amended, the Clayton Act, as amended, the Federal Trade Commission Act, as amended, and any other federal, state or foreign statutes, rules, regulations, or Orders that are designed to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade.

"ASSETS" shall mean all of the properties and assets owned or leased by the Company, except for the Owned Properties and the Leased Premises, whether personal or mixed, tangible or intangible, wherever located.

"BUSINESS CONDITION" with respect to any entity shall mean the business, financial condition, results of operations or assets (without giving effect to the consequences of the Transaction contemplated by this Agreement) of such entity and its subsidiaries taken as a whole.

"BUYER" shall mean Circuit Holdings, LLC, a Delaware limited liability company.

"BUYER DISCLOSURE SCHEDULE" shall mean a document referring specifically to the representations and warranties in this Agreement that is delivered by Buyer to the Company prior to the execution of this Agreement.

"BUYER NOTICE" shall have the meaning given in Section 5.8(c).

"BUYER REQUIRED STATUTORY APPROVALS" shall have the meaning given in Section 4.3(c).

"CASH DIVIDEND" and "CASH DIVIDEND AMOUNT" shall each have the meaning given in Section 2.1.

"CASH INCENTIVE COMPENSATION PLAN" shall have the meaning given in Section 5.3.

"CLAIM NOTICE" shall mean a written notice in reasonable detail of the facts and circumstances that form the basis of an indemnification claim hereunder and setting forth an estimated amount of the potential Losses and the

sections of this Agreement upon which the claim for indemnification for such Losses is based.

"CLOSING" shall mean the closing of the Transaction.

"CLOSING DATE" shall have the meaning given in Section 2.4.

"CLOSING STATEMENT" shall have the meaning given in Section 2.3(a).

"CLOSING BALANCE SHEET" shall have the meaning given in Section 2.3(b).

"CODE" shall mean the Internal Revenue Code of 1986, as amended.

"COMPANY" shall mean Pacific Circuits, Inc., a Washington corporation.

"COMPANY DISCLOSURE SCHEDULE" shall mean a document referring specifically to the representations and warranties in this Agreement that is delivered by the Company to Buyer prior to the execution of this Agreement.

"COMPANY FINANCIAL STATEMENTS" shall have the meaning given in Section 3.5.

"COMPANY INDEBTEDNESS" shall mean (i) debt for borrowed money, (ii) debt for the deferred purchase price for goods and services, some portion of which was due more than twelve (12) months after the date the purchase was consummated, (iii) all capitalized lease obligations

(but excluding all operating lease obligations), and (iv) any monetary obligation evidenced by an instrument with an original maturity date not less than twelve (12) months after the date of issue, in all cases determined from the Company's books and records in accordance with generally accepted accounting principles.

"COMPANY REQUIRED STATUTORY APPROVALS" shall have the meaning given in Section 3.4(c).

"COMPANY SHARES" shall mean the issued and outstanding shares of capital stock of the Company.

"CONFIDENTIALITY AGREEMENT" shall mean that certain Confidentiality and Nonsolicitation Agreement dated June 1, 1998, entered into between the Company and TC Management Partners, an affiliate of Buyer.

"CONSENT" shall mean a consent, approval, Order, or authorization of, or registration, declaration, or filing with, or exemption by a Governmental Entity.

"COUNTERNOTICE" shall mean a written objection to a claim or payment setting forth the basis for disputing such claim or payment.

"CURRENT BALANCE SHEET" shall have the meaning given in Section 3.5.

"ELECTION" shall have the meaning given in Section 5.8(f).

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

"ENVIRONMENTAL LAWS" means all federal, state, regional or local statutes, laws, rules, regulations, codes, Orders, Licenses, plans, or ordinances where the Company conducts business, any of which govern pollution, protection of the environment, air emissions, water discharges, hazardous or toxic substances, or solid or hazardous waste, as any of these terms are defined in such statutes, laws, rules, regulations, codes, Order, Licenses, or ordinances.

"ENVIRONMENTAL SITE ASSESSMENT" shall mean a study or investigation undertaken to determine if a particular parcel of real property is adversely affected by any contamination.

"FINANCING" shall have the meaning set forth in Section 2.1.

"FIXED ASSETS" shall mean all vehicles, machinery, equipment, tools, supplies, leasehold improvements, furniture, and fixtures used by or located on the premises of the Company, set forth in the Current Balance Sheet, or acquired by the Company since the date of the Current Balance Sheet.

"GOVERNMENTAL ENTITY" shall mean a court, administrative agency, or commission or other governmental authority or instrumentality, whether domestic or foreign.

"HAZARDOUS SUBSTANCES" shall include any toxic or hazardous substance, material, or waste, and any other contaminant, pollutant or constituent thereof, whether liquid, solid, semi-solid, sludge and/or gaseous, including without limitation chemicals, compounds, by-products, pesticides, asbestos-containing materials, petroleum or petroleum products, and polychlorinated biphenyls, the presence of which requires investigation or remediation under any Environmental Laws, or which are at the time of Closing regulated, listed or controlled by, under or pursuant to any Environmental Laws.

"HSR ACT" shall mean the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"INCOME TAXES" shall mean any and all federal, state, or local Taxes imposed on net income.

"INTELLECTUAL PROPERTY RIGHTS" shall mean the rights to all trademarks, trade names, service marks, trade dress, mask works, software, copyrights and any applications therefor, patents and any applications therefor, and intangible proprietary information or material, in each case, throughout the world, that in any material respect are used in the business of the Company as currently conducted.

"IRS" shall mean the United States Internal Revenue Service.

"KNOWLEDGE OF THE COMPANY" shall mean the actual knowledge, without further inquiry, of the following individuals: (i) Lewis 0. Coley, III, (ii) Gary Reinhardt, (iii) George Daliech, (iv) Gene Tasche, and (v) Steve Pointer.

"LEASED PREMISES" shall mean all parcels of real estate subject to leases to which the Company is a party as a lessee.

"LICENSED INTELLECTUAL PROPERTY" shall have the meaning set forth in Section 3.18(b).

"LICENSES" shall mean all licenses, certificates, permits, approvals and registrations as are required by any Governmental Entity for the conduct of the business of the Company.

"LOSSES" shall mean direct and actual losses, damages, liabilities, claims, judgments, settlements, fines, costs, and expenses (including reasonable attorneys' fees) of any kind net of insurance entitlements and tax benefits resulting from such items, and excluding all indirect and/or consequential damages of any kind.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect other than resulting from (i) changes attributable to conditions affecting the circuit board manufacturing business generally, (ii) changes in general economic conditions, or (iii) changes attributable to the announcement or pendency of the Transaction.

"MINIMUM WORKING CAPITAL" shall have the meaning given in Section 2.2.

"NOTICE OF DISPUTE" shall have the meaning given in Section 2.3(d).

"NOTICES" shall mean non-compliance orders and notices of violation.

"ORDERS" shall mean a decree, judgment, injunction, ruling or other order of a Governmental Entity having jurisdiction.

"OWNED PROPERTY" shall mean a parcel of real estate owned by the Company as of the date hereof.

"PAYMENT CERTIFICATE" shall mean a written claim for payment of Losses in reasonable detail and specifying the amount of such Losses.

"PERCENTAGE INTEREST" shall mean the percentage interest of the total number of shares sold to Buyer transferred by each of the Shareholders in connection with the Transaction, as set forth on SCHEDULE 2.2(a) attached hereto.

"PERMITTED EXCEPTIONS" shall have the meaning given in Section 3.16(a)(i).

"PLAN" shall mean an employee bonus, profit sharing, retirement, stock purchase, stock option, recapitalization, insurance, medical, life, disability, severance, or other benefit plan which the Company maintains, contributes to, or participates in, or has at any time in the preceding three (3) years maintained, contributed to, or participated in.

"PROCEEDING" shall mean any claim in writing, suit, action, or administrative or judicial proceeding.

"PROCEEDING NOTICE" shall have the meaning given in Section 5.8(c).

"PROFIT SHARING PLAN" shall mean the Pacific Circuits, Inc. Profit Sharing Plan.

"PROMISSORY NOTES" shall have the meaning given in Section 2.2.

"PROPOSED ALLOCATION" shall have the meaning given in Section 5.8(f)(i).

"PURCHASE PRICE" shall have the meaning given in Section 2.2.

"REGISTERED INTELLECTUAL PROPERTY" shall have the meaning set forth in Section 3.18(a).

"RETENTION BONUS PLAN" shall have the meaning given in Section 5.3.

"RETURN PERIODS" shall have the meaning given in Section 3.8(a).

"SHAREHOLDERS" shall mean Lewis 0. Coley, III; the Colleen Beckdolt Trust No. 2, dated October 16, 1996; and the Ian Lewis Coley Trust No. 2, dated October 16, 1996.

"SHAREHOLDER REPRESENTATIVE" shall have the meaning given in Section 7.7.

"STOCK OPTION PLAN" shall have the meaning given in Section 5.3.

"TAX" and "TAXES" shall mean any and all taxes, charges, fees, levies, or other assessments of whatever kind or nature, including without limitation any federal, state, local, or foreign net income, gross income, gross receipts, unitary, license, payroll, unemployment, excise, severance, stamp, premium, windfall profits, environmental, occupational, lease, fuel, customs, duties, capital stock, franchise, profits, withholding, Social Security, disability, real property, personal property (tangible and intangible), sales, use, transfer, registration, value added, alternative or minimum, estimated, or any other kind of tax whatsoever, including the recapture of any tax items, and including any interest, addition, penalty, or other associated charge thereto, whether disputed or not.

"TAX RETURNS" shall mean any returns, informational returns, reports, or statements with respect to Taxes that are required to be filed with any taxing authority.

"THIRD PARTY CLAIM" shall have the meaning given in Section 7.4.

"TRANSACTION" shall mean the purchase by Buyer from the Shareholders of the Company Shares as set forth on SCHEDULE 2.2(a) attached hereto pursuant to the terms of this Agreement and all other transactions contemplated by this Agreement.

"THRESHOLD AMOUNT" shall have the meaning given in Section 7.6.

"WORKING CAPITAL" shall have the meaning given in Section 2.2.

"WORKING CAPITAL DEFICIT" shall have the meaning given in Section 2.3(a).

ARTICLE II

PURCHASE OF COMPANY SHARES

2.1 CONSUMMATION OF FINANCING; DIVIDEND. Upon the terms and subject to the conditions of this Agreement, (a) at the Closing, the Shareholders shall cause the Company to borrow from Dresdner Bank AG, New York and Grand Cayman Branches, on the terms previously described to the Shareholders (the "FINANCING"), in the amount of $62,500,000, the proceeds of which Financing (net of any fees, expenses and other costs required to be paid by the Company in connection with the Financing and the transactions contemplated hereby) shall be sufficient to pay the Cash Dividend Amount; and (b) at the Closing, the Company shall declare a dividend payable to the Shareholders and pay to the Shareholders on the Closing Date an amount in cash (the "CASH DIVIDEND"), equal to $49,212,080 (the "CASH DIVIDEND AMOUNT").

2.2 PURCHASE OF SHARES. In consideration for the sale and transfer to Buyer by each of the Shareholders of the number of Company Shares set forth on SCHEDULE 2.2(a) (collectively,

the "ACQUIRED SHARES"), and the representations, warranties, and covenants contained herein, Buyer agrees to pay to the Shareholders on the Closing Date, an aggregate amount equal to the sum of (a) $43,573,528 and (b) $41,144, representing the amounts paid in cash by the Company prior to the date hereof for the equipment listed on SCHEDULE 2.2(c), less (i) $5,069,161, representing the pay-off amount associated with the operating leases listed on SCHEDULE 2.2(b), (ii) $22,319, representing unpaid amounts related to the electroless line, (iii) any amounts by which the Company's working capital (the "WORKING CAPITAL") as of the Closing Date estimated on the Closing Statement is less than $10,000,000 (the "MINIMUM WORKING CAPITAL"), (iv) $1,098,192, representing the amount of Profit Sharing Plan contributions for plan year 1998 that the Shareholders have agreed to bear, and (v) $300,000, representing the amount of the year-end Christmas bonus to be paid by the Company to its employees that the Shareholders have agreed to bear (the "ACQUIRED SHARES PURCHASE PRICE", which equals $37,125,000; and, together with the Cash Dividend Amount, the "PURCHASE PRICE"). The Acquired Shares Purchase Price shall be allocated among the Shareholders based upon each Shareholder's Percentage Interest being transferred, as set forth on SCHEDULE 2.2(a), and the entire Purchase Price shall be payable by wire transfer of immediately available funds at Closing. In addition, at Closing the Company shall deliver to the Shareholders promissory notes in the form of EXHIBIT 2.2, attached hereto (the "PROMISSORY NOTES") in the aggregate principal amount of Four Million Dollars ($4,000,000). The Shareholders and Buyer agree that immediately prior to Closing, the Company may dividend out the cash and cash equivalents on the Closing Statement in the amount of $10,669,583.

2.3 ADJUSTMENT OF PURCHASE PRICE. Notwithstanding the foregoing, the Purchase Price shall be adjusted as follows:

(a) The Company shall prepare a statement (the "CLOSING STATEMENT"), as of 11:59 P.M. on the day prior to the Closing, estimating (i) Company Indebtedness, and (ii) the amount, if any, by which the Working Capital is less than the Minimum Working Capital (the "WORKING CAPITAL DEFICIT").

(b) As soon as practicable after the Closing Date, but in no event more than ninety (90) days thereafter, Buyer shall cause to be prepared and delivered to the Shareholders an audited closing balance sheet of the Company as of the Closing Date (the "CLOSING BALANCE SHEET"), prepared in accordance with generally accepted accounting principles, consistent with the past practice of the Company, calculating Company Indebtedness, Working Capital, and the Working Capital Deficit.

(c) (i) In the event that Company Indebtedness set forth on the Closing Balance Sheet exceeds Company Indebtedness set forth on the Closing Statement, the Shareholders shall pay to Buyer the amount of such excess.

(ii) In the event that Company Indebtedness set forth on the Closing Balance Sheet is less than Company Indebtedness set forth on the Closing Statement, Buyer shall pay to the Shareholders the amount of such shortfall.

(iii) In the event that the Working Capital Deficit estimated on the Closing Statement exceeds the Working Capital Deficit set forth on the Closing Balance Sheet, Buyer shall pay to the Shareholders the amount of such excess.

(iv) In the event that the Working Capital Deficit estimated on the Closing Statement is less than the Working Capital Deficit set forth on the Closing Balance Sheet, the Shareholders shall pay to Buyer the amount of such shortfall.

(d) If a Shareholder wishes to dispute the Closing Balance Sheet, the Shareholder Representative shall notify Buyer in writing within ten (10) business days after the date of receipt of the Closing Balance Sheet. Such notice (a "NOTICE OF DISPUTE"), shall specify the points of disagreement, which shall be limited to a failure to be in accordance with generally accepted accounting principles, consistent with the past practice of the Company. Failure of the Shareholders to respond to the Closing Balance Sheet within the ten (10) business day notice period shall be deemed an acceptance of the Closing Balance Sheet prepared by Buyer, whereupon it shall be deemed finalized. In the event of the delivery to Buyer of a Notice of Dispute, Buyer and the Shareholders shall consult in good faith with respect to such point(s) of disagreement in an effort to resolve such dispute. If such dispute cannot be resolved within fifteen (15) days after Buyer receives the Notice of Dispute, the Shareholders and the Company hereby mutually agree to appoint Price Waterhouse (the "ACCOUNTING ARBITRATOR"), to determine all outstanding points of disagreement with respect to the Closing Balance Sheet.

(e) Buyer and the Shareholders agree that in resolving any dispute with respect to the Closing Balance Sheet, the Accounting Arbitrator shall apply generally accepted accounting principles, consistent with the past practice of the Company. All determinations made by the Accounting Arbitrator shall be final, conclusive and binding on each party. Upon such determination, the

Closing Balance Sheet as adjusted by the Accounting Arbitrator, shall be deemed finalized. The Accounting Arbitrator shall be directed to make its determination within forty-five (45) days of appointment. Each party shall bear its own costs and expenses associated with such determination. The fees and expenses of the Accounting Arbitrator (if any) shall be borne by the Shareholders; provided, however, that, if the determination of the Accounting Arbitrator results in an adjustment of the amount due from Buyer to the Shareholders of more than five percent (5%), such fees and costs shall be borne by Buyer.

(f) The Purchase Price will be adjusted based upon the Closing Balance Sheet in accordance with the foregoing. In the event an amount is owed hereunder by Buyer to Shareholders as a result of any such adjustment, Buyer shall deliver such amount in immediately available funds to the Shareholders within fifteen (15) business days after (i) receipt of the Closing Balance Sheet, in the event there is no Notice of Dispute, or (ii) a final determination by the Accounting Arbitrator. In the event an amount is owed hereunder by Shareholders to Buyer as a result of any such adjustment, the Shareholders shall deliver such amount in immediately available funds to the Buyer within fifteen (15) business days after (i) receipt of the Closing Balance Sheet, in the event there is no Notice of Dispute, or (ii) a final determination by the Accounting Arbitrator.

2.4 CLOSING. The Closing will take place at the offices of Preston Gates & Ellis LLP, 701 Fifth Avenue, Suite 5000, Seattle, Washington on December 15, 1998 (the "CLOSING DATE"), unless another place or date is agreed to in writing by the parties hereto. At the Closing, the Company shall consummate the Financing and pay the Cash Dividend declared pursuant to Section 2.1, by wire transfer of immediately available funds to an account or accounts designated by the Shareholders prior to Closing. Contemporaneously therewith, the parties shall make the deliveries described in Section 2.5 hereof.

2.5 CLOSING DATE DELIVERIES.

(a) On the Closing Date, the Company and the Shareholders, as applicable, shall deliver to Buyer the following:

(i) Copy of the Articles of Incorporation of the Company, certified as of a recent date by the Washington Secretary of State;

(ii) Certificate of Existence of the Company as of a recent date issued by the Washington Secretary of State;

(iii) Officer's Certificate of the Company, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, as to (w) no amendments to the Articles of Incorporation of the Company since July 16, 1998; (x) Bylaws of the Company; (y) resolutions of the Board of Directors of the Company authorizing the execution and performance of this Agreement and the Transaction contemplated hereby; and (z) incumbency and signatures of the officers of the Company executing this Agreement and any agreement executed and delivered in connection herewith;

(iv) Stock certificates evidencing the Acquired Shares, together with executed stock assignments in form reasonably appropriate for transfer;

(v) A Protective Covenant Agreement executed by Coley, substantially in the form of EXHIBIT 2.5(a)(v), attached hereto;

(vi) An opinion of Preston Gates & Ellis LLP, counsel to the Company, in the form of EXHIBIT 6.2.5, attached hereto; and

(vii) The certificates required by Sections 6.2.1 and 6.2.2.

(b) On the Closing Date, Buyer shall deliver the following:

(i) To each Shareholder, that portion of the Purchase Price due to such Shareholder in accordance with Section 2.2;

(ii) The certificates required by Sections 6.3.1 and 6.3.2.

(iii) Copies of Buyer's Certificate of Formation, certified as of a recent date by the Delaware Secretary of State;

(iv) Certificate of good standing of Buyer issued as of a recent date by the Delaware Secretary of State;

(v) Officer's Certificate of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to the Company, as to (x) no amendments to the Certificate of Formation since November 25, 1998; (y) the resolutions of the Board of Directors of Buyer authorizing the execution and

performance of this Agreement and the Transaction contemplated hereby; and (z) incumbency and signatures of the officers of Buyer executing this Agreement and any agreement executed and delivered in connection herewith; and

(vi) Opinions of counsel to Buyer substantially in the form of EXHIBIT 6.3.3(a) and (b), attached hereto.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SHAREHOLDERS

Except as disclosed in the Company Disclosure Schedule, the Company and the Shareholders jointly and severally represent and warrant to Buyer as herein set forth below. Disclosure of an item in response to one Section of this Agreement shall constitute disclosure and response to every Section of this Agreement, notwithstanding the fact that no express cross-reference is made, but only to the extent that the information provided in the Company Disclosure Schedule is meaningful and not misleading in the context deemed disclosed for such other purpose(s) and reasonably appears to be responsive to the requirements of any other Section.

3.1 ORGANIZATION; EXISTENCE AND POWER.

(a) The Company is a corporation duly organized and validly existing under the laws of the State of Washington, has all requisite power and authority to own, lease, and operate its properties and to carry on its business as now being conducted. The Company is not, and is not required to be, qualified in any other jurisdiction to own, lease and operate its properties and to carry on its business as it is now being conducted. The Company does not have any subsidiaries.

(b) Each of the Trusts is a trust duly formed and validly existing under the laws of the State of Washington, and has all requisite power and authority to own, lease and operate its properties and carry on its business as now being conducted. Each of the Trusts is not, and is not required to be, qualified in any other jurisdiction to own, lease and operate its properties and to carry on its business as it is now being conducted.

3.2 CAPITAL STRUCTURE. The authorized capital stock of the Company consists of Ten Million (10,000,000) shares of common stock, of which Five Million Six Hundred Thousand (5,600,000) shares are issued and outstanding. All Company Shares have been duly authorized and validly issued, are fully paid and nonassessable, and were issued in compliance with applicable federal and state securities laws and were not issued in violation of any pre-emptive rights. There are not any options, warrants, calls, conversion rights, commitments, agreements, contracts, understandings, restrictions, arrangements, or rights of any character to which the Company is a party or by which the Company may be bound obligating the Company to issue, deliver, or sell, or cause to be issued, delivered, or sold, additional shares of the capital stock of the Company, or obligating the Company to grant, extend, or enter into any such option, warrant, call, conversion right, commitment, agreement, restriction, or right. The Shareholders are the lawful record and beneficial owners of all of the Company Shares shown as owned by such Shareholders on SCHEDULE 2.2(a) and have valid title thereto, free and clear of all liens, pledges, encumbrances, security interests, restrictions on transfer (other than restrictions under federal and state securities laws), claims, and equities of every kind. There are no voting trusts, shareholder agreements, proxies or other agreements in effect with respect to the voting or transfer of the Company Shares. Except for this Agreement, there are no outstanding warrants, options, or rights of any kind to acquire the Company Shares from the Shareholders.

3.3 AUTHORITY. The Company has all requisite corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and, subject to the Company Required Statutory Approvals, to consummate the Transaction contemplated hereby. Each of the Shareholders has the full power and authority to enter into this Agreement, to carry out its respective obligations hereunder and to consummate the Transaction contemplated hereby. The execution and delivery by the Company and the Shareholders of this Agreement, the performance of their respective obligations hereunder, and the consummation of the Transaction contemplated hereby have been duly authorized by all necessary corporate or trust actions on the part of the Company and the Shareholders, as applicable. This Agreement has been duly executed and delivered by the Company and the Shareholders and constitutes a valid and binding obligation of the Company and the Shareholders enforceable in accordance with its terms, except that such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, or other similar laws relating to enforcement of creditors' rights generally, and (ii) general equitable principles.

3.4 COMPLIANCE WITH LAWS AND OTHER INSTRUMENTS.

(a) The Company holds all Licenses material to the lawful conduct of

its business pursuant to all applicable statutes, laws, ordinances, rules, and regulations of all Governmental Entities having jurisdiction over it or any part of its operations. To the Knowledge of the Company, there are no violations or claimed violations of any such License or any statute, law, ordinance, rule, or regulation applicable to the conduct of the Company's business and the Company is in compliance therewith.

(b) Subject to the satisfaction of the conditions set forth in Sections 6.1 and 6.3, the execution and delivery of this Agreement do not, and the consummation of the Transaction contemplated hereby will not conflict with or result in any violation of, or default

under, or give rise to a right of termination, cancellation, or acceleration of any obligation or to loss of a material benefit under, or the creation of a lien, pledge, security interest, charge, or other encumbrance on assets pursuant to (i) any provision of (A) the Articles of Incorporation or Bylaws of the Company, or (B) the organizational documents of the Trusts, or (ii) (A) any loan or credit agreement, note, bond, mortgage, indenture, contract, lease, or other agreement or instrument, permit, or (B) any concession, franchise, License, Order, statute, law, ordinance, rule or regulation, in each case, applicable to the Company or its properties or Assets, other than, in the case of (ii)(A), any such violation or default which individually or in the aggregate would not have a Material Adverse Effect on the Business Condition of the Company.

(c) No Consent of any third party is required by or with respect to the Company or the Shareholders in connection with the execution and delivery of this Agreement by the Company and the Shareholders or the consummation by the Company and the Shareholders of the Transaction contemplated hereby except for Consents, if any, relating to the filing of a premerger notification report and all other required documents by Buyer and the Company, and the expiration of all applicable waiting periods under the HSR Act (the "COMPANY REQUIRED STATUTORY APPROVALS").

3.5 COMPANY FINANCIAL STATEMENTS. Attached as SCHEDULE 3.5 are the following financial statements: (i) audited income statements, changes in equity, balance sheets, and statements of cash flow of the Company as of the close of the fiscal year ended December 1997, (ii) an interim income statement, balance sheet, and statement of cash flow of the Company for the period from January 1, 1998 to June 30, 1998 (which balance sheet shall be referred to as the "CURRENT BALANCE SHEET") (the statements in (i) and (ii) above are collectively referred to as the "COMPANY FINANCIAL STATEMENTS"). Such Company Financial Statements: (i) are in accordance with the books and records of the Company; (ii) present fairly, in all material respects, the financial position of the Company as of the dates indicated; and (iii) have been prepared in accordance with generally accepted accounting principles consistently applied throughout the period indicated (except as otherwise indicated in the notes thereto); provided, however, that the Current Balance Sheet does not include footnotes and there have been no period-end adjustments.

3.6 ABSENCE OF UNDISCLOSED LIABILITIES. Except for liabilities that are accrued or reserved against in the Current Balance Sheet, the Company has no liabilities or obligations (whether absolute, accrued, or contingent) that generally accepted accounting principles would require the Company to set forth on the Current Balance Sheet. To the Knowledge of the Company, the Company has no liabilities or obligations (whether absolute, accrued, or contingent) other than those that are accrued or reserved against in the Current Balance Sheet.

3.7 NO MATERIAL ADVERSE CHANGE. Except as disclosed on the Company Disclosure Schedule, since December 31, 1997, the Company has conducted its business in the ordinary course and consistent with past practice and there has not been:

(a) To the Knowledge of the Company, any Material Adverse Effect on the Business Condition of the Company or any development or combination of developments that is reasonably likely to result in such a Material Adverse Effect;

(b) Any damage, destruction or loss, whether or not covered by insurance, to the assets or properties of the Company in the aggregate in excess of $50,000;

(c) Any declaration, setting aside, or payment of any dividend or other distribution (whether in cash, stock or property) with respect to the capital stock of the Company, except as otherwise provided in Schedule 3.6;

(d) Any increase or change in the compensation or benefits payable or to become payable by the Company to any of its employees, except in the ordinary course of business consistent with past practice;

(e) Any acquisition or sale of a material amount of property of the Company, except in the ordinary course of business;

(f) Any increase in or implementation or modification of any bonus, pension, insurance, severance, employment, deferred compensation, retirement, or other employee benefit plan, payment, arrangement or agreement made to, for, or with any of its directors or employees;

(g) The granting of stock options, restricted stock awards, stock bonuses, stock appreciation rights and similar equity based awards;

(h) Any capital expenditures by the Company that exceed $30,000 in the aggregate;

(i) Except for sales of inventory in the ordinary course of business, any sale, assignment, transfer, lease or other disposition or agreement to sell, assign, transfer, lease or otherwise dispose of any of the fixed assets of the Company having an aggregate value exceeding $50,000;

(j) (A) any acquisition by the Company (by merger, consolidation, or acquisition of stock or assets) of any corporation, partnership or other business organization or division thereof, or (B) any incurrence of any indebtedness for borrowed money or issuance of any debt securities or assumption, grant, guarantee or endorsement, or other accommodation or arrangement making the Company responsible for, the obligations of any person, or any loans or advances, the aggregate value of any matter set forth in this clause (j) which exceeds $50,000;

(k) Any change in any method of accounting, accounting practice, pricing policies or payment, collection, credit or inventory maintenance practices used by the Company, other than such changes required by generally accepted accounting principles;

(l) Any issuance or sale of additional shares of the capital stock of, or other equity interests in, the Company, or securities convertible into or exchangeable for such shares or equity interests in the Company, or issuance or granting of any options, warrants, calls, subscription rights or other rights of any kind to acquire additional shares of such capital stock, such other equity interests, or such securities;

(m) Any amendment to the Company's Articles of Incorporation or Bylaws;

(n) Any entering into or performance of transactions by the Company with affiliates;

(o) Any labor union organizing activities, or any actual or threatened employee strikes, work stoppages, slow-downs or lock-outs at the Company; and

(n) Any agreement by the Company to take any of the actions specified in this Section 3.7, except in accordance with this Agreement and the Transaction contemplated hereby.

3.8 TAXES.

(a) The Company has timely filed (or caused to be filed) all Tax Returns required to be filed by the Company, which Tax Returns are true, correct, and complete in all material respects, and has paid all Taxes required to be paid as shown on such Tax Returns. All Taxes required to be paid in respect of the periods covered by such Tax Returns ("RETURN PERIODS") have either been paid or fully accrued on the books of the Company. The Company has fully accrued all unpaid Taxes in respect of all periods (or the portion of any such periods) subsequent to the Return Periods. No deficiencies or adjustments for any material amount of Tax have been claimed, proposed or assessed, or to the Knowledge of the Company, threatened. The Company Disclosure Schedule accurately sets forth the years for which the Company's federal and state income tax returns, respectively, have been audited and any years that are the subject of a pending audit by the IRS and the applicable state agencies. Except as so disclosed, the Company is not subject to any pending or, to the Knowledge of the Company, threatened, tax audit or examination and the Company has not waived any statute of limitations with respect to the assessment of any Tax. The Current Balance Sheet contains adequate accruals for all unpaid Taxes. The Company has provided Buyer true and correct copies of all Tax Returns, work papers and other tax data reasonably requested by Buyer. No consent or agreement has been made under Section 341 of the Code by or on behalf of the Company.

(b) There are no liens for Taxes upon the Assets of the Company, except for Taxes that are not yet payable. The Company has not entered into any agreements, waivers, or other arrangements in respect of the statute of limitations in respect of its Taxes or Tax Returns. The Company has withheld all Taxes required to be withheld in respect of wages, salaries, and other payments

to all employees, officers, and directors and timely paid all such amounts withheld to the proper taxing authority.

(c) The Company is not required to include in income any adjustment pursuant to Section 481(a) of the Code (or similar provisions of other law or regulations) in its current or in any future taxable period, by reason of a change in accounting method; nor, to the Knowledge of the Company, has the IRS (or other taxing authority) proposed, or is the IRS (or other taxing authority) considering, any such change in accounting method. The Company is not a party to any agreement, contract, or arrangement that would result in the payment of any "excess parachute payment" within the meaning of Section 280G of the Code. None of the

Assets of the Company is property that is required to be treated as owned by any other person pursuant to the "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954 as amended and in effect immediately prior to the enactment of the Tax Reform Act of 1986 and none of the Assets of the Company is "tax exempt use property" within the meaning of Section 168(h) of the Code. Except as disclosed, none of the Assets of the Company secures any debt the interest on which is tax exempt under Section 103 of the Code.

(d) The Company has, for each taxable period since July 1, 1988, been a valid S corporation within the meaning of Section 1361 of the Code.

3.9 EMPLOYEES. The Company has no collective bargaining agreements with any of its employees. There is no labor union organizing activity pending or, to the Knowledge of the Company, threatened with respect to the Company. No employee of the Company has any written agreement or contract regarding his or her employment, other than an agreement for at-will employment. To the Knowledge of the Company, no employee of the Company, nor any consultant with whom the Company has contracted, is in violation of any term of any employment contract, proprietary information agreement, or any other agreement relating to the right of any such individual to be employed by, or to contract with, the Company because of the nature of the business to be conducted by the Company and, to the Knowledge of the Company, the continued employment by the Company of its present employees, and the performance of the Company's contracts with its independent contractors, will not result in any such violation. The Company has not received any notice alleging that any such violation has occurred. No employee of the Company has been granted the right to continued employment by the Company or to any material compensation following termination of employment with the Company. The Company is in material compliance with all currently applicable laws respecting employment, employment practices and terms, conditions of employment and wages and hours. The Company is not engaged in any unfair labor practice and there is no unfair labor practice complaint pending or threatened against the Company before the National Labor Relations Board. Except as disclosed on the Company Disclosure Schedule, there are no pending or threatened charges or complaints alleging sexual harassment or other discrimination by the Company or any of its employees.

3.10 EMPLOYEE BENEFIT PLANS. Each Plan covering active, former, or retired employees of the Company is listed in SCHEDULE 3.10. The Company has heretofore made available to the Buyer true, correct and complete copies of each Plan that is presently in effect. Except as set forth on the Company Disclosure Schedule, (i) each Plan has been maintained and administered in material compliance with its terms and with the requirements prescribed by all applicable statutes, Orders, rules, and regulations, and is, to the extent required by applicable law or contract, fully funded without having any deficit or unfunded actuarial liability; (ii) to the extent applicable, the Plans comply, in all material respects, with the requirements of ERISA and the Code, and any Plan intended to be qualified under Section 401(a) of the Code has been determined by the IRS to be so qualified and, to the Knowledge of the Company, nothing has occurred to cause the loss of such qualified status; (iii) no Plan is covered by Title IV of ERISA or Section 412 of the Code; (iv) the Company has not incurred any liability or penalty under Section 4975 of the Code or Section 502(i) of ERISA; (v) there are no pending or anticipated material claims against or otherwise involving any of the Plans and no suit, action, or other

litigation (excluding claims for benefits incurred in the ordinary course of Plan activities) has been brought against or with respect to any such Plan; (vi) all material contributions, reserves or premium payments, required to be made as of the date hereof to the Plans have been made or provided for; (viii) the Company has not incurred any liability under Subtitle C or D of Title IV of ERISA with respect to any "single-employer plan," within the meaning of Section 4001(a)(15) of ERISA, currently or formerly maintained by the Company or any entity that is considered one employer with Company under Section 4001 of ERISA; (ix) the Company has not incurred any withdrawal liability under Subtitle E of Title IV of ERISA with respect to any "multiemployer plan," within the meaning of Section 4001(a)(3) of ERISA; and (x) the Company has no obligations for

retiree health and life benefits under any Plan, and there are no restrictions on the rights of the Company to amend or terminate any such Plan without incurring any liability thereunder. All material expenses and liabilities relating to all of the Plans have been, and will on the Closing Date be, fully and properly accrued on the Company's books and records and disclosed in accordance with generally accepted accounting principles and in Plan financial statements.

3.11 CERTAIN AGREEMENTS. Except as expressly contemplated by this Agreement, neither the execution and delivery of this Agreement nor the consummation of the Transaction contemplated hereby will (i) result in any payment (including, without limitation, severance, unemployment compensation, parachute payment, bonus or otherwise) becoming due to any director, employee, or independent contractor of the Company, from the Company under any Plan, agreement, or otherwise, (ii) materially increase any benefits otherwise payable under any Plan or agreement, or (iii) result in the acceleration of the time of payment or vesting of any such benefits.

3.12 LITIGATION. SCHEDULE 3.12 contains a list of each pending or threatened Proceeding against the Company or the Shareholders or to which the Company or the Shareholders is a party. There is no Proceeding pending or, to the Knowledge of the Company, threatened, that could effect the validity or enforceability of this Agreement or the consummation of the Transaction, or would, if adversely determined, individually or in the aggregate, have a Material Adverse Effect on the Business Condition of the Company, nor is there any Order of any Governmental Entity or arbitrator outstanding against the Company having, or which, insofar as reasonably can be foreseen, in the future could have any such effect. To the Knowledge of the Company, except as set forth on the Company Disclosure Schedule, there is no investigation pending or threatened against the Company before any foreign, federal, state, municipal, or other governmental department, commission, board, bureau, agency, instrumentality, or other Governmental Entity.

3.13 TITLE TO AND CONDITION OF ASSETS.

(a) The Company has good and marketable title to, or in the case of Assets held under lease or other contractual obligation, a valid and enforceable right to use under an enforceable lease or license for, all of its Assets, including, without limitation, all Assets reflected in the Current Balance Sheet (except as sold or otherwise disposed of in the ordinary course of business or otherwise in accordance with this Agreement), free and clear of any material liens or restrictions that would preclude their current use, except: (i) liens of current

taxes and assessments not yet delinquent, and (ii) liens imposed by law and incurred in the ordinary course of business for obligations not yet due to materialmen, warehousemen and the like.

(b) The Fixed Assets taken as a whole currently in use or necessary for the business and operations of the Company are in good working condition, operating condition and state of repair for the operation of the Company's business, ordinary wear and tear excepted. Except as set forth in this Agreement, the Assets are AS IS, WHERE IS, and without representation as to merchantability or fitness for any particular purpose.

(c) The Assets constitute all properties, rights and assets held for, used in or necessary for the conduct of the business of the Company as currently conducted by the Company.

3.14 MAJOR CONTRACTS. SCHEDULE 3.14 contains a list of each of the following agreements to which the Company is a party or subject:

(a) Any joint venture contract or arrangement or any other agreement that has involved or is expected to involve a sharing of gross revenues of $1,000,000 per annum or more to other persons;

(b) Any lease for personal property in which the amount of payments that the Company is required to make on an annual basis exceeds $25,000, which is for a duration of more than one (1) year, and which is not reflected in the Company Financial Statements as a capitalized lease;

(c) Any contract containing covenants purporting to materially limit the Company's freedom to compete in any line of business in any geographic area;

(d) All contractual obligations (including, without limitation, options) to sell or otherwise dispose of any Assets, except for sales of inventory in the ordinary course of business;

(e) All contractual obligations under which the Company has or will after the Closing have any liability or obligation to or for the benefit of the Shareholders or any affiliates of the Shareholders;

(f) All contractual obligations under which the Company is or may become obligated to pay any amount in respect of indemnification obligations, purchase price adjustment or otherwise in connection with any (i) acquisition or disposition of assets or securities, (ii) merger, consolidation or other business combination, or (iii) series or group of related transactions or events of a type specified in subclauses (i) and (ii);

(g) All agreements with sales representatives and distributors; and

(h) Any other material agreement or commitment to which the Company is a party, or otherwise relating to or affecting any of the Company's assets, properties, or operations, requiring payments in excess of $10,000.

All contracts, plans, agreements, leases, and other commitments listed on SCHEDULE 3.14 are valid and in full force and effect and neither the Company nor, to the Knowledge of the Company, has any other party thereto, breached any material provisions of, or is in default in any material respect under the terms thereof.

3.15 CUSTOMERS AND SUPPLIERS. SCHEDULE 3.15 sets forth a complete and correct list of: (a) the Company's ten (10) largest customers during the fiscal year ended December 31, 1997, and for the six (6) months ended June 30, 1998, based upon gross sales amounts, and (b) the ten (10) largest suppliers by dollar volume of the Company and the aggregate dollar volume of purchases by the Company from such suppliers for the fiscal year ended December 31, 1997, and for the six (6) months ended June 30, 1998. None of such customers or suppliers has terminated or, to the Knowledge of the Company, expressed an intent to terminate its business with the Company in the future or to materially reduce the amount of such business.

3.16 REAL PROPERTY.

(a) SCHEDULE 3.16(a) sets forth the street address and legal description of each Owned Property. With respect to the Owned Properties:

(i) The Company has good and marketable title to each parcel of Owned Property, free and clear of any liens, easements, covenants, and restrictions other than: (x) liens for real estate taxes and assessments not yet delinquent; (y) easements, covenants, and other restrictions that do not preclude the current use or occupancy of the Owned Property subject thereto; and (z) liens securing indebtedness reflected in the Current Balance Sheet (collectively, "PERMITTED EXCEPTIONS");

(ii) There are no pending or, to the Knowledge of the Company, threatened, condemnation Proceedings relating to any of the Owned Properties affecting adversely the current use or occupancy thereof;

(iii) There are no contracts granting to any party or parties the right of use or occupancy of any portion of the Owned Properties;

(iv) There are no outstanding options or rights of first refusal to purchase the Owned Properties, or any portion thereof or interest therein;

(v) There are no parties (other than the Company) in possession of the Owned Properties;

(vi) The Company has not received written notice of: (A) any condemnation Proceeding with respect to any portion of the Owned Properties or affecting

access thereto; or (B) any special assessment which may encumber any parcel of the Owned Properties; and

(vii) To the Knowledge of the Company, the use of the Owned Property is in compliance in all material respects with all applicable zoning ordinances, laws, rules and regulations.

(b) SCHEDULE 3.16(b) sets forth a list of all Leased Premises, in each case, setting forth the lessor and lessee thereof and the date and term of each of the leases, and the street address of each property covered thereby. Each of the leases is legal, valid, binding, enforceable and in full force and effect, will continue to be legal, valid, binding, enforceable and in full force and effect upon the consummation of the Transaction and has not been amended, and the Company is not in material default or breach under any lease. No event has occurred which, with the passage of time or the giving of notice or both, would cause a material breach of or default under any of such leases. With respect to each such Leased Premises:

(i) The Company has a valid leasehold interest in the Leased Premises and the right to quiet enjoyment of such property;

(ii) The Leased Premises that are used in the business of the Company are in the aggregate sufficient to meet the requirements of the Company's current normal business activities as conducted thereat;

(iii) The Company has not received notice of: (A) any condemnation Proceeding with respect to any portion of the Leased Premises or any access thereto; or (B) any special assessment that may encumber any of the Leased Premises; and

(iv) To the Knowledge of the Company, the use of the Leased Premises is in compliance in all material respects with all applicable zoning ordinances, laws, rules and regulations.

3.17 ENVIRONMENTAL MATTERS.

(a) To the Knowledge of the Company after due inquiry, the Company is and has at all times been in material compliance with all Environmental Laws governing its business, operations, properties, and assets, including, without limitation: (i) all requirements of Environmental Law relating to the discharge and handling of Hazardous Substances; (ii) all requirements of Environmental Law relating to notice, record keeping and reporting; and (iii) all requirements of Environmental Law relating to obtaining and maintaining Licenses for the ownership of its properties and assets and the operation of its business as presently conducted, including Licenses relating to the handling and discharge of Hazardous Substances.

(b) There are no Notices or Proceedings pending or, to the Knowledge of the Company, threatened against the Company, or its businesses, operations, properties, or assets, issued by any Governmental Entity or third party with respect to any Environmental Laws (or Licenses issued to the Company thereunder) in connection with, related to or arising out of the

ownership by the Company of its properties or assets or the operation of its business, which have not been resolved to the satisfaction of the issuing Governmental Entity or third party in a manner that would not impose any obligation, burden or continuing liability on Buyer in the event that the Transaction contemplated by this Agreement is consummated, or which could have a Material Adverse Effect on the Company.

(c) To the Knowledge of the Company after due inquiry, the Company has not discharged, nor has it allowed or arranged for any third party to discharge Hazardous Substances to, at, or upon any location other than a site lawfully permitted to receive such Hazardous Substances and, to the Knowledge of the Company, no such discharge would have a Material Adverse Effect on the Business Condition of the Company. To the Knowledge of the Company, there has not occurred, nor is there presently occurring, a discharge of any Hazardous Substance on, into or beneath the surface of any real property currently owned or leased by the Company, in an amount requiring the Company to make a notice or report to a Governmental Entity.

(d) Except as set forth on SCHEDULE 3.17(d), the Company does not own or operate, nor has the Company owned or operated any Aboveground Storage Tanks or any "underground storage tanks" as defined in any applicable Environmental Law, and to the Knowledge of the Company, there are not now nor have there ever been any such underground storage tanks beneath any real property currently or previously owned or leased by the Company that are or once were required to be registered under applicable Environmental Laws.

(e) SCHEDULE 3.17(e) identifies documented results of all Environmental Site Assessments undertaken by the Company or its agents regarding the Company or any real property currently or previously owned or leased by the Company.

3.18 TECHNOLOGY.

(a) SCHEDULE 3.18(a) sets forth a true and complete list of all Intellectual Property Rights owned by the Company for which registrations have been made or applied for, including all patents, trademarks, service marks, copyrights, mask works and other forms of Intellectual Property that may be registered with any state, federal, or foreign government office or agency (the "REGISTERED INTELLECTUAL PROPERTY"). The Company is the sole and exclusive owner of the Registered Intellectual Property, free and clear of any encumbrances. All registrations and applications for registration of the Registered Intellectual Property are current, outstanding and valid, and the Company has complied with all requirements to maintain such registrations and applications for registration in full force and effect.

(b) SCHEDULE 3.18(b) sets forth a true and complete list of all

Intellectual Property (other than software that is generally commercially available to the public) that is licensed or sublicensed to the Company, or that the Company otherwise has a release, waiver, consent or right to use (the "LICENSED INTELLECTUAL PROPERTY"). The Shareholders and the Company have not received notice of breach, default, termination or cancellation as to any of the Licensed Intellectual Property, and the Company has obtained all consents, waivers and approvals necessary for the Company to have access to the Licensed Intellectual Property on

terms identical to those currently in effect, following the consummation of the transactions contemplated in this Agreement.

(c) The Company has the right to exercise all Intellectual Property rights currently being exercised by the Company, including rights in the Registered Intellectual Property, Licensed Intellectual Property and any and all other Intellectual Property requisite and necessary for the conduct of the business of the Company as of Closing. The Company has not granted to another a license, sublicense, release, waiver, consent or right to use any of the Intellectual Property owned by the Company.

3.19 BROKERS AND FINDERS. Except as set forth on SCHEDULE 3.19, neither the Company, the Shareholders, nor any of its directors, officers, or employees has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions, or similar payments in connection with the Transaction contemplated by this Agreement.

3.20 PRODUCTS LIABILITY. To the Knowledge of the Company, there are no claims presently pending or threatened against the Company that: (a) are for products liability on account of any express or implied warranty, (b) are not fully covered by insurance, and (c) would, if decided adversely to the Company, have a Material Adverse Effect on the Business Condition of the Company.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF BUYER

Except as disclosed in the Buyer Disclosure Schedule, Buyer represents and warrants to the Company and the Shareholders herein set forth below. Disclosure of an item in response to one Section of this Agreement shall constitute disclosure and response to every Section of this Agreement, notwithstanding the fact that no express cross-reference is made, but only to the extent that the information provided in the Buyer Disclosure Schedule is meaningful and not misleading in the context deemed disclosed for such other purpose(s) and reasonably appears to be responsible to the requirements of any other Section.

4.1 ORGANIZATION; STANDING AND POWER. Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the state of Delaware, has all requisite power and authority to own, lease, and operate its properties and to carry on its business as now being conducted, and is duly qualified and in good standing to do business in each jurisdiction in which a failure so to qualify would have a Material Adverse Effect on the Business Condition of Buyer.

4.2 AUTHORITY. Buyer has all requisite corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and, subject to the Buyer Required Statutory Approvals, to consummate the Transaction contemplated hereby. The execution and delivery by Buyer of this Agreement, the performance of its obligations hereunder, and the consummation of the Transaction contemplated hereby have been duly authorized by all

necessary corporate action on the part of Buyer. This Agreement has been duly executed and delivered by Buyer and constitutes a valid and binding obligation of Buyer enforceable in accordance with its terms, except that such enforceability may be subject to (i) bankruptcy, insolvency, reorganization, or other similar laws relating to enforcement of creditors' rights generally, and (ii) general equitable principles.

4.3 COMPLIANCE WITH LAWS AND OTHER INSTRUMENTS.

(a) Buyer holds all Licenses from all Governmental Entities material to the lawful conduct of its business pursuant to all applicable statutes, laws, ordinances, rules, and regulations of all Goverrmmental Entities having jurisdiction over it or any part of its operations. To the knowledge of Buyer, there are no violations or claimed violations of any License or any such statute, law, ordinance, rule or regulation applicable to the conduct of Buyer's business and the Buyer is in compliance therewith.

(b) Subject to satisfaction of the conditions set forth in Sections 6.1

and 6.2, the execution and delivery of this Agreement and the consummation of the Transaction contemplated hereby will not conflict with or result in any violation or default under, or give rise to a right of termination, cancellation, or acceleration of any obligation or to a loss of a material benefit under or the creation of a lien, pledge, security interest, charge or other encumbrance on assets of (i) any provision of the Certificate of Formation or limited liability company agreement of Buyer, or (ii) any loan or credit agreement note, bond, mortgage, indenture, contract, lease, or other agreement or instrument, permit, concession, franchise, License, Order, statute, law, ordinance, rule or regulation applicable to Buyer or its properties or assets, other than, in the case of (ii), any such violation or default, which individually or in the aggregate would not have a Material Adverse Effect on the Business Condition of Buyer.

(c) No Consent of any third party is required by or with respect to Buyer in connection with the execution and delivery of this Agreement by Buyer or the consummation by Buyer of the Transaction contemplated hereby, except for Consents, if any, relating to the filing of a premerger notification report and all other required documents by Buyer and the Company under the HSR Act ("BUYER REQUIRED STATUTORY APPROVALS").

4.4 BROKERS AND FINDERS. Except as set forth on SCHEDULE 4.4, neither Buyer nor any of its directors, officers, or employees has employed any broker or finder or incurred any liability for any financial advisory fees, brokerage fees, commissions or similar payments in connection with the transactions contemplated by this Agreement.

ARTICLE V

ADDITIONAL AGREEMENTS

In addition to the foregoing, Buyer and Company each agree to take the following actions after the execution of this Agreement.

5.1 ACCESS TO INFORMATION. Subject to the terms of the Confidentiality Agreement, the Company shall, subject to applicable law, afford Buyer and its accountants, counsel, financing sources, and other representatives, reasonable access during normal business hours during the period prior to the Closing Date to (i) all of its properties, books, contracts, commitments, and records (including, without limitation, customer records, orders, licenses, production and billing records, computer files, inventory, accounts receivable and accounts payable files), and (ii) all other information concerning the business, properties and personnel of the Company, as Buyer may reasonably request and as is necessary to complete the Transaction and prepare for an orderly transition of operations after the Closing. The Company agrees promptly to provide to Buyer and its accountants, counsel, and representatives, copies of internal financial statements upon the request therefore. No information or knowledge obtained in any investigation pursuant to this Section 5.1 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties to consummate the Transaction.

5.2 RIGHT OF OFFSET.

(a) In addition to the general indemnification obligations of the Shareholders set forth in Section 7.1 hereof, Coley (and not the other Shareholders) hereby agrees to indemnify and hold Buyer harmless from and against: (i) fifty percent (50%) of the amount by which Losses incurred by the Company from claims relating to conduct engaged in by Jeff Tomlinson prior to Closing, as further described in the Company Disclosure Schedule, exceed Three Hundred Thousand Dollars ($300,000), up to a maximum offset of Two Hundred Fifty Thousand Dollars ($250,000); and (ii) fifty percent (50%) of the amount by which Losses arising during the nine (9) month period following Closing relating to wastewater treatment process at the Burlington facility and the conversion by the Burlington Wastewater Treatment Plan from a chlorine-based disinfectant process to an ultraviolet disinfectant process, as further described in the Company Disclosure Schedule, exceed One Hundred Thousand Dollars ($100,000), up to a maximum offset of Two Hundred Fifty Thousand Dollars ($250,000) and Coley further agrees that the Company shall have the right to offset any such indemnified Losses against the principal amount payable to Coley under Coley's Promissory Note; provided, that in no event shall the aggregate of (x) such offsets against Coley's Promissory Note, and (y) the claims for indemnification pursuant to Section 7.1 exceed the Shareholders' maximum liability pursuant to Section 7.6 hereof of Ten Million Dollars ($10,000,000). Coley's indemnification obligations under this Section 5.2 shall not otherwise be subject to the limitations set forth in Section 7.6.

(b) In order to make a claim for indemnification and offset pursuant to this Section 5.2, the Company must deliver a Claim Notice to Coley when the Losses are actually incurred or paid by the Company, which shall include copies of relevant information substantiating the amount and basis of such claim. If after receiving the Claim Notice, Coley desires to dispute the amount of offset (but not the underlying claim), Coley shall deliver to the Company a

Counternotice as to such amount. Such Counternotice shall be delivered within thirty (30) days after the date of the Claim Notice to which it relates is received by Coley. If no such Counternotice is received within the aforementioned thirty (30) day period, the Company shall be entitled to an immediate offset against Coley's Promissory Note. If within thirty (30) days after receipt by the Company of the Counternotice to a Claim Notice, the parties have not

reached agreement as to the amount in question, the claim for offset shall be decided in accordance with the provisions of Section 8.6.

5.3 EMPLOYEE BENEFITS. As a material inducement for Coley to enter into this Agreement and continue as a shareholder of the Company following the Closing of the Transaction, the Company has agreed and Buyer, as the principal shareholder of the Company post-Closing, has agreed to cause the Company to provide certain specific employee benefits to employees of the Company effective immediately upon Closing, as follows: (i) a retention bonus plan ("RETENTION BONUS PLAN") providing for retention bonuses in the aggregate amount of Twelve Million Dollars ($12,000,000), substantially in the form of EXHIBIT 5.3(a) attached hereto, (ii) a stock option plan ("STOCK OPTION PLAN"), substantially in the form of EXHIBIT 53(b), attached hereto; and (iii) a cash incentive compensation plan ("CASH INCENTIVE COMPENSATION PLAN"), substantially in the form of EXHIBIT 53(c) attached hereto. The Buyer agrees that it shall cause the Company to continue to maintain the Profit Sharing Plan for the remainder of plan year 1998 and for all of plan year 1999, subject to the amendments described on SCHEDULE 5.3(d) attached hereto, which shall be implemented effective as of the commencement of plan year 1999. Buyer and the Company agree that the Company shall have no right or authority to modify or amend the Retention Bonus Plan without the prior written consent of Coley, which modifications and/or amendments must be acceptable to Coley in his sole and absolute discretion, which may be unreasonably withheld. Further, Buyer and the Company agree that except as provided on SCHEDULE 5.3(d) with respect to the Profit Sharing Plan, for the period through December 31, 1999, the Company will not reduce the rights and preferences granted to the employees under the Stock Option Plan, Cash Incentive Compensation Plan or Profit Sharing Plan, without the prior written consent of Coley, which consent will not be unreasonably withheld.

5.4 PAYMENT OF INSURANCE PROCEEDS. The Company hereby agrees, and Buyer hereby agrees to cause the Company, to pay to each of the Shareholders, promptly upon receipt, their Pro Rata Percentage of the proceeds payable by Hartford Insurance Company to the Company arising from claims filed by the Company relating to lost earnings and capital equipment losses relating to that certain explosion at the Company's Redmond plant on July 16, 1998.

5.5 EXPENSES. Except as otherwise contemplated by or expressly provided for in this Agreement, all costs and expenses incurred in connection with this Agreement and the consummation of the Transaction shall be paid by the party incurring such costs and expenses, with the expenses of the Company incurred through the Closing Date to be borne by the Shareholders; provided, however, that Buyer shall bear the entire cost of the HSR Act filing fee and any litigation pursuant to Section 5.2. Without limiting the generality of the foregoing, the Shareholders hereby agree to pay the fees and expenses of any party set forth on SCHEDULE 3.19 and Buyer hereby agrees to pay the fees and expenses of any party set forth on SCHEDULE 4.4.

5.6 ADDITIONAL AGREEMENTS. In case at any time after the Closing Date any further action is reasonably necessary or desirable to carry out the purposes of this Agreement or to vest Buyer with full title to all properties, assets, rights, approvals, immunities, and franchises of the

Company, the Shareholders, and the proper officers and directors of Buyer and the Company shall take all such necessary action.

5.7 PUBLIC ANNOUNCEMENTS. Buyer, Company and Shareholders each respectively agree not to make any press release or other public announcement concerning the Transaction contemplated by this Agreement without the consent and approval of the other parties hereto.

5.8 TAXES. The Shareholders and Buyer covenant with each other regarding Taxes as follows:

(a) Shareholders shall be liable for any and all Taxes imposed on the Shareholders or the Company that relate to taxable periods that end on or before the Closing Date, and shall be entitled to refunds of (x) any and all such Taxes for the taxable periods ending on or before the Closing Date; and (y) any and all refunds relating to Taxes listed on the attached SCHEDULE 5.8(a). Buyer shall be liable for any and all Taxes imposed on the Company, except those Taxes that are the liability of the Shareholders under this Section 5.8(a). In the

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

(i) In the case of Taxes that are either (x) based upon or related to income or receipts, or (y) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible) (other than any Washington excise tax on real estate sales imposed on the contemplated Transaction, as provided under Section 5.8(d)), deemed equal to the amount which would be payable if the taxable year ended with the Closing Date (except that, solely for purposes of determining the marginal tax rate applicable to income or receipts during such period in a jurisdiction in which such tax rate depends upon the level of income or receipts, annualized income or receipts may be taken into account if appropriate for an equitable sharing of such Taxes); and

(ii) In the case of Taxes not described in subparagraph (i) above that are imposed on a periodic basis and measured by the level of any item, deemed to be the amount of such Taxes for the entire period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period) multiplied by a fraction the numerator of which is the number of calendar days in the period ending on the Closing Date and the denominator of which is the number of calendar days in the entire period.

(b) The Shareholders shall cause to be prepared and filed on behalf of the Company the Tax Returns with respect to the federal, state, or local Income Taxes relating to the Company's final taxable period ending on the Closing Date. Buyer shall cause to be prepared and filed all Tax Returns of the Company, other than those Tax Returns that are the responsibility of the Shareholders under this Section 5.8(b), including taxable periods beginning prior to but ending after the Closing Date.

(c) In the event Buyer or any of its affiliates receives notice of any examination, claim, adjustment, or other Proceeding (a "PROCEEDING NOTICE") with respect to the

liability for Income Taxes for any taxable period of the Company for which the Shareholders are or may be liable under Section 5.8(a), Buyer shall notify the Shareholders in writing thereof (the "BUYER NOTICE") no later than the earlier of (i) thirty (30) days after the receipt by Buyer or any of its affiliates of the Proceeding Notice, or (ii) ten (10) days prior to the deadline for responding to the Proceeding Notice. As to any such Taxes for which the Shareholders are solely liable under Section 5.8(a), the Shareholders shall be entitled at their sole expense to control the contest of such examination, claim, adjustment, or other Proceeding, provided that: (a) the Shareholders notify Buyer in writing that they desire to do so no later than the earlier of (i) thirty (30) days after receipt of the Buyer Notice, or (ii) ten (10) days prior to the deadline for responding to the Proceeding Notice, and (b) the Shareholders may not, without the consent of Buyer, agree to any settlement that could result in an increase in the amount of Taxes for which Buyer is liable under Section 5.8(a). With respect to any other examination, claim, adjustment, or other Proceeding with respect to Taxes, Buyer shall control the contest of such examination, claim, adjustment, or other Proceeding, provided that Buyer may not, without the prior consent of the Shareholders, agree to any settlement that could result in an increase in the amount of Taxes for which the Shareholders are liable under Section 5.8(a). The parties shall cooperate with each other and with their respective affiliates, and will consult with each other, in the negotiation and settlement of any Proceeding described in this Section 5.8(c). Buyer will provide, or cause to be provided, to the Shareholders necessary authorizations, including powers of attorney, to control any Proceedings that the Shareholders are entitled to control pursuant to this Section 5.8(c).

(d) All Taxes with respect to the Company or generated by the Transaction contemplated by this Agreement shall be paid by the party that is legally responsible therefor; provided, however, that if and to the extent that the Washington excise tax on real estate sales (RCW 82.45-82.46) is imposed on the contemplated Transaction, Buyer agrees to pay such excise tax notwithstanding that such tax may be a legal obligation of the Shareholders.

(e) Buyer, on the one hand, and the Shareholders, on the other hand, will provide, or cause to be provided, to the other party copies of all correspondence received from any taxing authority by such party or any of its affiliates in connection with the liability of the Company for Taxes for any period for which such other party is or may be liable under Section 5.8(a). The parties will provide each other with such cooperation and information as they may reasonably request of each other in preparing or filing any return, amended return, or claim for refund, in determining a liability or a right of refund, or in conducting any audit or other Proceeding, in respect of Taxes imposed on the Company. The Buyer, on the one hand, and the Shareholders, on the other hand,

and their affiliates will preserve and retain all returns, schedules, work papers, and all material records or other documents relating to any such returns, claims, audits, or other Proceedings until the expiration of the statutory period of limitations (including extensions) of the taxable periods to which such documents relate and until the final determination of any payments that may be required with respect to such periods under this Agreement and shall make such documents available at the then current administrative headquarters of such party to the other party or any affiliate thereof, and their respective officers, employees, and agents, upon reasonable notice and at reasonable times, it being understood that such representatives shall be entitled to make copies of any such books and records relating to the Company as they shall deem necessary. Buyer, on the one hand, and the Shareholders on the other hand, further agree to permit representatives of the other party or any affiliate thereof to

meet with employees of such party on a mutually convenient basis in order to enable such representatives to obtain additional information and explanations of any documents provided pursuant to this Section 5.8(e). Any information obtained pursuant to this Section 5.8(e) shall be kept confidential, except as may be otherwise necessary in connection with the filing of returns or claims for refund or in conducting any audit or other Proceeding. Each party shall provide the cooperation and information required by this Section 5.8(e) at its own expense.

(f) The parties agree that, in connection with the Transaction, the parties shall cause an express election pursuant to Section 338(h)(10) of the Code (the "ELECTION"), to be made for the Company for U.S. federal, state and local Income Tax purposes, and shall comply with the rules and regulations applicable to such Election.

(i) For purposes of making such Election, Buyer and Shareholders agree that as soon as practicable after the Closing Date, but in no event more than thirty (30) days thereafter, Buyer shall cause to be prepared and delivered to the Shareholders a proposed allocation of the "adjusted grossed-up basis" in the Company Shares (within the meaning of the Treasury Regulations under Section 338 of the Code) to such assets (the "PROPOSED ALLOCATION").

(ii) If a Shareholder wishes to dispute the Proposed Allocation, the Shareholder Representative shall notify Buyer in writing within ten (10) business days after the date of receipt of the Proposed Allocation. Failure of the Shareholders to respond to the Proposed Allocation within the ten (10) business day notice period shall be deemed an acceptance of the Proposed Allocation prepared by Buyer, whereupon it shall be deemed finalized. In the event of the delivery to Buyer of notice of a dispute, Buyer and the Shareholders shall consult in good faith in an effort to resolve such dispute. If such dispute cannot be resolved within fifteen (15) days after Buyer receives such notice, the Shareholders and the Company hereby mutually agree that the Accounting Arbitrator shall have authority to finalize the Proposed Allocation (such finalized Proposed Allocation is referred to herein as the "ALLOCATION"). The fees and expenses of the Accounting Arbitrator (if any) shall be borne equally by the parties.

(iii) The Allocation shall be binding upon Buyer and the Shareholders for purposes of allocating the "deemed selling price" (within the meaning of the Treasury regulations under Section 338 of the Code) among the assets of the Company. The Allocation shall be adjusted to reflect any adjustment to the Purchase Price pursuant to Section 2.3.

(iv) The Shareholders shall indemnify the Company and Buyer for any additional Taxes imposed on the Company as a result of the failure of the aggregate tax basis of the assets of the Company to equal the aggregate amounts set forth in the Allocation as a result of the Election not being valid because of the failure of the Company to qualify or otherwise be treated as an S corporation for Tax purposes. The obligation to indemnify the Company and Buyer pursuant to the preceding sentence shall survive the Transaction through the expiration of the statute of limitations for each tax period in which depreciation or amortization deductions with respect to such aggregate tax basis are claimed.

(g) The Shareholders and the Buyer agree that any payment required by this Section 5.8 shall be treated as an adjustment to the Purchase Price.

(h) The obligations of the parties set forth in this Section 5.8 shall remain in effect for the statutory period during which the Taxes in question can be imposed.

(i) In the event of a conflict between the provisions of

this Section 5.8 and any other provisions of this Agreement, the provisions of this Section 5.8 shall control.

5.9 OPERATING LEASE. The Company hereby agrees, and Buyer hereby agrees to cause the Company, to pay each of the Shareholders, promptly upon receipt, their Pro Rata Percentage of $960,427.82, which represents amounts owing to the Company in connection with that certain Operating Lease, of even date herewith, by and between Wells Fargo Leasing Corporation and the Company.

ARTICLE VI

CONDITIONS PRECEDENT

6.1 CONDITIONS TO EACH PARTY'S OBLIGATION TO EFFECT THE TRANSACTION. The respective obligation of each party to effect the Transaction shall be subject to the satisfaction prior to the Closing Date of the following conditions:

6.1.1 CONSENTS. All material Consents legally required for the consummation of the Transaction contemplated by this Agreement shall have been filed, occurred, or been obtained.

6.1.2 NO RESTRAINTS. No statute, rule, regulation, or Order shall have been enacted, entered, promulgated, or enforced by any United States court or Governmental Entity of competent jurisdiction that enjoins or prohibits the consummation of the Transaction and that is then in effect.

6.1.3 NO BURDENSOME CONDITION. There shall not be any action taken, or any statute, rule, regulation, or Order enacted, entered, enforced, or deemed applicable to the Transaction by any Governmental Entity which, in connection with the grant of any Required Statutory Approval, imposes any restriction, condition or obligation upon Buyer other than as provided in Section 5.2, or the Company which would have a material adverse effect on the economic or business benefits of the Transaction contemplated by this Agreement.

6.2 CONDITIONS OF OBLIGATIONS OF BUYER. The obligations of Buyer to effect the Transaction are subject to the satisfaction of the following conditions, unless waived by Buyer:

6.2.1 REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SHAREHOLDERS. The representations and warranties of the Company and the Shareholders set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as

otherwise contemplated by this Agreement; provided, however, that if any portion of any representation or warranty is already qualified by materiality, for purposes of determining whether this Section 6.2.1 has been satisfied with respect to such portion of such representation or warranty, such portion of such representation or warranty as so qualified must be true and correct in all respects. Buyer shall have received a certificate signed on behalf of the Company by an officer of the Company to such effect on the Closing Date.

6.2.2 PERFORMANCE OF OBLIGATIONS OF THE COMPANY AND THE SHAREHOLDERS. The Company and the Shareholders shall have performed in all material respects all agreements and covenants required to be performed by it or them under this Agreement prior to the Closing Date. Buyer shall have received a certificate signed on behalf of the Company by an officer of the Company to such effect.

6.2.3 CONSENTS AND APPROVALS. Buyer, the Shareholders and the Company shall have received, as applicable, the third party consents listed on SCHEDULE 6.2.3 attached hereto.

6.2.4 EMPLOYMENT AGREEMENTS. Buyer shall have entered into employment agreements with the parties listed on SCHEDULE 6.2.4 attached hereto.

6.2.5 OPINION OF COMPANY'S COUNSEL. Buyer shall have received an opinion dated the Closing Date of Preston Gates & Ellis LLP, counsel to the Company, in substantially the form attached as EXHIBIT 6.2.5.

6.2.6 FINANCING. The Company shall have obtained the Financing on terms acceptable to the Buyer in its sole and absolute discretion.

6.3 CONDITIONS OF OBLIGATIONS OF THE SHAREHOLDERS. The obligation of the Shareholders to effect the Transaction is subject to the satisfaction of the following conditions, unless waived by the Shareholders:

6.3.1 REPRESENTATIONS AND WARRANTIES OF BUYER. The representations and warranties of Buyer set forth in this Agreement shall be true and correct in all material respects as of the date of this Agreement and as of the Closing Date as though made on and as of the Closing Date, except as

otherwise contemplated by this Agreement; provided, however, that if any portion of any representation or warranty is already qualified by materiality, for purposes of determining whether this Section 6.3.1 has been satisfied with respect to such portion of such representation or warranty, such portion of such representation or warranty as so qualified must be true and correct in all respects. The Shareholders shall have received a certificate signed on behalf of Buyer by an authorized officer of Buyer to such effect on the Closing Date.

6.3.2 PERFORMANCE OF OBLIGATIONS OF BUYER. Buyer shall have performed in all material respects all agreements and covenants required to be performed by Buyer under this Agreement prior to the Closing Date and the Shareholders shall have received a certificate signed on behalf of Buyer by an authorized officer of Buyer to such effect.

6.3.3 OPINIONS OF BUYER'S COUNSEL. Company shall have received (a) an opinion dated the Closing Date of Shearman & Sterling, counsel to Buyer, substantially in the form of EXHIBIT 6.3.3(a), and (b) an opinion dated the Closing Date of Bogle & Gates, local Washington counsel to Buyer, substantially in the form of EXHIBIT 6.3.3(b).

ARTICLE VII

INDEMNIFICATION

7.1 INDEMNIFICATION BY SHAREHOLDERS. Subject to Sections 7.5 and 7.6, the Shareholders shall, jointly and severally, defend, indemnify, and hold Buyer harmless from and against, and reimburse Buyer with respect to, any and all Losses incurred by Buyer by reason of or arising out of or in connection with any (i) breach, or any claim (including claims by parties other than Buyer) that if true, would constitute a breach, by the Company of any representation or warranty of the Company contained in this Agreement or in any certificate delivered to Buyer pursuant to the provisions of this Agreement (in each case, solely for purposes of determining the amount of such Loss and not for determining the existence of a breach or claim, as each such representation and warranty would read if all qualifications as to materiality, including without limitation, as to Material Adverse Effect on the Business Condition of the Company, were deleted), and (ii) the failure, partial or total, of the Shareholders to perform any covenant required by this Agreement to be performed by the Shareholders. There shall be no right of contribution from the Company or any successor to the Company.

7.2 INDEMNIFICATION BY BUYER. Subject to Sections 7.5 and 7.6, Buyer shall defend, indemnify, and hold the Shareholders, the Company, and their employees, officers, directors, and trustees harmless from and against, and reimburse the Shareholders and the Company and their employees, officers, directors, and trustees with respect to, any and all Losses of every nature whatsoever incurred by the Shareholders, their trustees, the Company, and employees, officers, and directors of the Company by reason of or arising out of or in connection with: (i) any breach, or any claim (including claims by parties other than the Company or the Shareholders) that if true, would constitute a breach by Buyer of any representation or warranty of Buyer contained in this Agreement or in any certificate delivered to Company pursuant to the provisions of this Agreement, (in each case, solely for purposes of determining the amount of such Loss and not for determining the existence of a breach or claim, as each such representation and warranty would read if all qualifications as to materiality, including without limitation, as to Material Adverse Effect on the Business Condition of the Company, were deleted), and (ii) the failure, partial or total, of Buyer to perform any agreement or covenant required by this Agreement to be performed by Buyer.

7.3 Notice of Claims. All claims for indemnification under this Agreement shall be resolved in accordance with the following procedures:

(a) If an indemnified party reasonably believes that it may incur any Losses, it shall deliver a Claim Notice to the indemnifying party for such Losses. If an indemnified party receives notice of a third-party claim for which it intends to seek indemnification hereunder, it shall give the indemnifying party prompt written notice of such claim, so that the indemnifying

party's defense of such claim under Section 7.4 hereunder may be timely instituted. The failure to give any notice required by this Section 7.3(a) shall not relieve the indemnifying party of any obligations contained in this Article VII, except to the extent the failure to give such notice actually prejudices the rights of the indemnifying party.

(b) When Losses are actually incurred or paid by an indemnified party or on an indemnified party's behalf or otherwise fixed or determined, the indemnified party shall deliver a Payment Certificate to the indemnifying party for such Losses. If a Claim Notice or Payment Certificate

refers to any Proceeding made or brought by a third party, the Claim Notice or Payment Certificate shall include copies of the claim, any process served, and all legal proceedings with respect thereto.

(c) If, after receiving a Payment Certificate, the indemnifying party desires to dispute such claim or the amount claimed in the Payment Certificate, it shall deliver to the indemnified party a Counternotice as to such claim or amount. Such Counternotice shall be delivered within thirty (30) days after the date the Payment Certificate to which it relates is received by the indemnifying party. If no such Counternotice is received within the aforementioned thirty (30) day period, the indemnified party shall be entitled to prompt payment for such Losses from the indemnifying party.

(d) If, within thirty (30) days after receipt by the indemnified party of the Counternotice to a Payment Certificate, the parties have not reached agreement as to the claim or amount in question, the claim for indemnification shall be decided in accordance with the provisions of Section 8.6.

(e) With respect to any Losses for which indemnification is being claimed based upon an asserted liability or obligation to a person or entity not a party to this Agreement, the obligations of the indemnifying party hereunder shall not be reduced as a result of any action by the indemnified party in responding to such claim if such action is reasonably required to minimize damages, avoid a forfeiture or penalty, or comply with a legal requirement.

7.4 DEFENSE OF THIRD PARTY CLAIMS.

(a) The indemnifying party under this Article VII shall have the right to conduct and control, through counsel of its own choosing, any third-party claim, action or suit ("THIRD PARTY CLAIM"), or settlement thereof. The indemnified party may, at its election, participate in the defense of any such Third Party Claim, with counsel of its choosing, but shall be required to bear the fees and expenses of such counsel. Notwithstanding the foregoing, if in the reasonable judgment of the indemnified party (i) there is a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of such claim, or (ii) in the case where Buyer or the Company is the indemnified party, considerations relating to the operation of the Company that, in the reasonable judgment of Buyer, would have a Material Adverse Effect on the Business Condition of the Company would require the indemnified party to defend or respond in a manner different from that recommended by the indemnifying party, the indemnified party shall have the right to undertake the defense or settlement thereof, at the

indemnifying party's expense, and the indemnifying party shall be entitled to participate in the defense of such claim, the cost of such participation to be at its own expense.

(b) If the indemnifying party fails to defend any Third Party Claim, then the indemnified party may defend, with counsel of its own choosing, and settle such Third Party Claim and then recover from the indemnifying party the amount of such settlement or of any judgment and the costs and expenses of such defense.

(c) Notwithstanding the foregoing, the indemnifying party shall not be liable to pay any settlement of a Third Party Claim unless the indemnified party shall have given the indemnifying party written notice of the terms of the proposed settlement and the indemnifying party shall have failed, within twenty (20) days of receipt of such notice, to undertake the defense of the Third Party Claim.

(d) The indemnifying party shall not settle any Third Party Claim which includes any term that requires any act or forbearance by the indemnified party in respect of such Third Party Claim without the prior written consent of the indemnified party, which consent shall not be unreasonably withheld.

(e) The assumption by an indemnifying party of the control of the defense or settlement of any Third Party Claim shall not be deemed a waiver by the indemnifying party of its right to challenge its obligation to indemnify the indemnified party hereunder.

(f) Buyer and the Shareholders shall cooperate in all reasonable respects with each other in connection with the defense, negotiation, or settlement of any legal proceeding, claim, or demand referred to in this Section 7.4.

7.5 TIME LIMIT. The provisions of this Article VII shall apply only to Losses that are incurred or relate to claims, demands, or liabilities that are asserted or threatened within eighteen (18) months of the Closing Date; provided, however, that such time limitation shall not apply to breaches of (i) the representations and warranties set forth in Section 3.8 (with respect to

which representations and warranties claims may be asserted until the expiration of the applicable statue of limitations), or Section 3.17 (with respect to which claims may be asserted within three (3) years of the Closing Date), or (ii) Sections 5.4, 5.5, 5.6, 5.7, and 5.8 hereof, and provided, further, that the obligation of the Shareholders to indemnify Buyer for such claims for which a Claim Notice is given within the time period set forth above shall continue until the final resolution of each such claim.

7.6 LIMITATIONS. Notwithstanding any other provision in this Article VII, the indemnified party shall be entitled to indemnification only if the aggregate Losses exceed One Million Dollars ($1,000,000) (the "THRESHOLD AMOUNT"), and provided further that at such time as the amount to which such indemnified party is entitled to be indemnified exceeds the Threshold Amount (which Threshold Amount claims shall thereafter be deductible from any claims made hereunder), the event or condition giving rise to a claim for indemnification exceeds Twenty Thousand Dollars ($20,000). The aggregate amount to which an indemnified party shall be entitled to be indemnified will not exceed Ten Million Dollars ($10,000,000). The sole

remedy of Buyer and the Shareholders for breaches of this Agreement shall be claims made in accordance with and subject to the limitations of this Article VII. Notwithstanding the foregoing, the limitations set forth in this Section 7.6 shall not apply to any claim based upon (i) representations in Article III which were fraudulently made, (ii) the breach of a covenants or agreement hereof, (iii) the representations set forth in Sections 3.1 and 3.2, and (iv) the representations set forth in Section 3.8 or any other matter with respect to Taxes (it being understood that the indemnity for Taxes shall be governed exclusively by Section 5.8).

7.7 SHAREHOLDER REPRESENTATIVE. As used herein, the term "SHAREHOLDER REPRESENTATIVE," shall mean Lewis 0. Coley, III, or, if Lewis 0. Coley, III dies, resigns, or for any reason refuses or is unable to act the substitute (which shall be a natural person) specified in a written notice of substitution signed by all the Trusts and given to the Company and Buyer in the manner specified in Section 8.2 hereof The Company and Buyer shall be entitled to conclusively rely upon action or inaction by the Shareholder Representative as being fully authorized and approved by and binding upon all of the Shareholders notwithstanding any assertion by any single Shareholder or group of Shareholders to the contrary, it being the purpose and intent of this Section 7.7 that Buyer and the Company shall be entitled to treat the Shareholder Representative as if such person were the sole selling Shareholder of all Shares of the Company. Coley and each of the Trusts hereby agree among themselves, and with and for the benefit of the Company and Buyer, that the Shareholder Representative is hereby appointed the agent and attorney-in-fact for each Shareholder with full power, authority and discretion to act on behalf of each Shareholder with respect to all action, inaction, disputes, decisions or other matters arising out of or in connection with this Agreement. Such attorney-in-fact shall have full power of substitution. This power of attorney is hereby acknowledged and declared to be irrevocable and a power coupled with an interest (in favor of each other Shareholder, Buyer and the Company), shall survive the term or dissolution of each Trust, and shall extend to and be binding upon such Shareholder's legal representatives, heirs, successors, and assigns.

ARTICLE VIII

GENERAL PROVISIONS

8.1 SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS. Except as otherwise provided in Section 7.5, all representations, warranties, and agreements in this Agreement or in any instrument delivered pursuant to this Agreement shall be deemed to be conditions to the Transaction and shall not survive the Transaction, except for the agreements contained in Sections 5.3, 5.4, 5.5, 5.6, 5.7, and 5.8 and the agreements delivered pursuant to this Agreement.

8.2 NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed sufficiently given and served for all purposes when personally delivered or given by telex or machine-confirmed facsimile or three (3) business days after a writing is deposited in the United States mail, first class postage or other charges prepaid and registered, return receipt requested, addressed as follows (or at such other address for a party as shall be specified by like notice):

(a) if to Buyer, to:

Circuit Holdings, LLC
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, N.W. Suite 350
Washington D.C. 20004

Attention: Jeff Goettman
Phone: (202) 371-0150
Fax: (202) 371-0391

WITH A COPY TO:

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104

Attention: Christopher D. Dillon, Esq.
Phone: (415) 616-1122
Fax: (415) 616-1199

(b) if to the Company, to:

c/o Simon Dadoun & Co., P.S.
1756 114th Ave. S.E., Suite 206
Bellevue, WA 98004
Attention: Lewis 0. Coley, III
Phone: (425) 454-6299
Fax: (425) 454-1487

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052
Attention: Lewis 0. Coley, III
Phone: (425) 882-1268
Fax: (425) 883-7575

WITH A COPY TO:

Preston Gates & Ellis LLP
5000 Columbia Center
701 Fifth Ave.
Seattle, WA 98104-7078

Attention: Connie R. Collingsworth
Phone: (206) 623-7580
Fax: (206) 623-7022

(c) if to the Shareholders, to:

Lewis 0. Coley, III
1925 E. Beaver Lake Dr. S.E.
Issaquah, WA 98029

The Colleen Beckdolt Trust No. 2
c/o Don E. Dascenzo
Inslee Best, Doezie & Ryder, P.S.
Rainier Plaza, Suite 1900
777 - 108th Avenue N.E.
P.0. Box C-90016
Bellevue, WA 98009-9016

The Ian Lewis Coley Trust No. 2
c/o Don E. Dascenzo
Inslee Best, Doezie & Ryder, P.S.
Rainier Plaza, Suite 1900
777 - 108th Avenue N.E.
P.0. Box C-90016
Bellevue, WA 98009-9016

WITH A COPY TO:

Preston Gates & Ellis LLP
5000 Columbia Center
701 Fifth Ave.
Seattle, WA 98104-7078

Attention: Connie R. Collingsworth
Phone: (206) 623-7580
Fax: (206) 623-7022

8.3 INTERPRETATION. When a reference is made in this Agreement to Sections or Exhibits, such reference shall be to a Section or Exhibit to this Agreement unless otherwise

indicated. The words "include", "includes", and "including" when used therein shall be deemed in each case to be followed by the words "without limitation". The table of contents and headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. This Agreement has been negotiated by the respective parties hereto and their attorneys and the language hereof will not be construed for or against either party. A reference to a Section or an Exhibit will mean a section in, or exhibit to, this Agreement unless otherwise explicitly set forth.

8.4 COUNTERPARTS. This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to each the other parties, it being understood that all parties need not sign the same counterpart.

8.5 MISCELLANEOUS. This Agreement, the Confidentiality Agreement, and the documents referred to herein (a) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof; (b) are not intended to confer upon any other person any rights or remedies hereunder (except as otherwise expressly provided herein; and (c) shall not be assigned by operation of law or otherwise except as otherwise specifically provided.

8.6 GOVERNING LAW. This Agreement shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Washington. The parties agree that King County, Washington, shall be the exclusive proper place of venue for any action, dispute, or controversy arising from or in connection with this Agreement. The parties irrevocably agree that any Proceeding arising out of or in connection with this Agreement shall be brought either in the King County Superior Court or in the United States District Court Division in which King County is located. If any legal action or any arbitration or other Proceeding is brought for the enforcement of this Agreement or because of an alleged dispute, breach, default or misrepresentation in connection with any provision of this Agreement, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action or Proceeding, in addition to any other relief to which it may be entitled.

(THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK)

IN WITNESS WHEREOF, Buyer and the Company have caused this Agreement to be executed by their respective and duly authorized officers, and the Shareholders or their respective trustees have duly executed this Agreement, all as of the date first written above.

BUYER

CIRCUIT HOLDINGS, LLC

By /s/ Jeffrey W. Goettman

Jeffrey W. Goettman
Authorized Representative

COMPANY

PACIFIC CIRCUITS, INC.

By /s/ Lewis O. Coley, III

Lewis O. Coley, III, President

SHAREHOLDERS

/s/ Lewis O. Coley, III

Lewis O. Coley, III

THE COLLEEN BECKDOLT TRUST NO. 2

By /s/ Melissa L. Hirsch

Melissa L. Hirsch, Co-Trustee

By /s/ Simon Dadoun

Simon Dadoun, Co-Trustee

THE IAN LEWIS COLEY TRUST NO. 2

By /s/ Melissa L. Hirsch

Melissa L. Hirsch, Co-Trustee

By /s/ Simon Dadoun

Simon Dadoun, Co-Trustee

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of December 15, 1998 (this "AGREEMENT") among Pacific Circuits, Inc. (the "COMPANY"), Lewis O. Coley III ("COLEY") and Circuit Holdings, LLC, a Delaware limited liability company ("HOLDINGS," and with COLEY, each a "HOLDER" and collectively the "HOLDERS").

WHEREAS, contemporaneously herewith, the Company, Holdings, Coley, The Colleen Beckholdt Trust No. 2 and the Ian Lewis Coley Trust No. 2 are entering into a Recapitalization and Stock Purchase Agreement simultaneously upon execution of this Agreement (the "PURCHASE AGREEMENT") pursuant to which Holdings will acquire 90% of the outstanding shares of capital stock of the Company (the "ACQUISITION");

WHEREAS, it is a condition to the consummation of the Acquisition that each Holder enter into this Agreement; and

WHEREAS, the parties hereto desire to provide for certain rights and obligations of the Holders and the Company.

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

ARTICLE I

DEFINITIONS

SECTION 1.01. As used in this Agreement, the following terms shall have the following respective meanings:

"ADDITIONAL HOLDER" shall mean any Company Shareholder (other than Holdings or Coley) or any transferee or assignee thereof to whom the Company has contractually granted incidental registration rights.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Seattle, Washington or the District of Columbia.

"COMMISSION" shall mean the United States Securities and Exchange Commission, or any other United States federal agency at the time administering the Securities Act or the Exchange Act, as applicable, whichever is the relevant statute.

"COMPANY COMMON STOCK" shall mean the common stock, no par value per share, of the Company.

"EXCHANGE ACT" shall mean the United States Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

"PERSON" shall mean an individual, corporation, association, partnership, limited liability company, trust, organization, group (as such term is used in Rule 13d-5 under the Exchange Act), business, government or political subdivision thereof, governmental agency or other entity.

"PROSPECTUS" shall mean the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect of the terms of the offering of any security of the Company covered by such Registration Statement and all other amendments or supplements to the prospectus, including post-effective amendments, and all material incorporated, or deemed to be incorporated, by reference in such prospectus.

"PUBLIC OFFERING" shall mean a sale pursuant to a Registration Statement filed pursuant to the Securities Act where the issuance of stock pursuant to such sale has a market value of at least $20 million and a capitalization on a fully diluted basis of at least $75 million (based on the per share price of shares sold in such offering).

"REGISTRABLE SECURITIES" shall mean any Company Common Stock issued or retained pursuant to the Purchase Agreement or securities

which may be issued or distributed in respect thereof by way of stock dividend or stock split or other distribution, exchange, recapitalization, or reclassification. For purposes of this Agreement, any Registrable Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (ii) such Registrable Securities are sold by a person in a transaction in which the rights under the provisions of this Agreement are not assigned, or (iii) such Registrable Securities shall have ceased to be outstanding.

"REGISTRATION STATEMENT" shall mean any registration statement under the Securities Act filed by the Company, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated, or deemed to be incorporated, by reference in such registration statement.

"SECURITIES ACT" shall mean the United States Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

ARTICLE II

AGREEMENTS IN RESPECT OF THE REGISTRABLE SECURITIES

SECTION 2.01. DEMAND REGISTRATIONS. (a) Subject to the limitations set forth below, Holdings shall have the right (a "DEMAND RIGHT") to require the Company to file a Registration Statement under the Securities Act in respect of Registrable Securities held by it. If at the time that a Demand Right is exercised by Holdings, the Company is not eligible to use Form S-3, such Demand Right shall be a "LONG-FORM DEMAND RIGHT". If at the time that a Demand Right is exercised by Holdings, the Company is eligible to use Form S-3, such Demand Right shall be a "SHORT-FORM DEMAND RIGHT". Holdings shall be entitled to exercise a Demand Right on up to four occasions; PROVIDED, HOWEVER, that Holdings may not require the Company to file a registration statement on a form other than Form S-3 on more than two occasions.

(b) Subject to the limitations set forth below, Coley shall have one Short Form Demand Right. (For purposes of this Section 2.01, the party exercising a Demand Right is, where applicable, referred to as the "SELLING SHAREHOLDER").

(c) Each Long-Form Demand Right must be exercised in respect of a number of Registrable Securities greater than the number (subject to equitable adjustment in the event of stock splits, stock dividends and similar events) equal to 10% of the Registrable Securities outstanding at the effective time of the Acquisition (the "Effective Time"). Each Short-Form Demand Right must be exercised in respect of at least 2,000 Registrable Securities (subject to equitable adjustment in the event of stock splits, stock dividends and similar events). No Demand Right may be exercised within 6 months after the date that the registration of Registrable Securities pursuant to a prior exercise of a Demand Right was declared effective. Coley's Short Form Demand Right must be exercised in respect of a number of Registrable Securities greater than the number (subject to equitable adjustment in the event of stock splits, stock dividends and similar events) equal to 5% of the Registrable Securities outstanding at the effective time of the Acquisition.

(d) As promptly as practicable, but in no event later than 45 days after the Company receives a written request from a Selling Shareholder demanding that the Company so register the number of Registrable Securities specified in such request, the Company shall file with the Commission and thereafter use its reasonable best efforts to cause to be declared effective promptly a Registration Statement (a "DEMAND REGISTRATION") providing for the registration of all Registrable Securities as the Selling Shareholder shall have demanded be registered.

(e) Anything in this Agreement to the contrary notwithstanding, the Company shall be entitled to postpone and delay, for a reasonable period of time (the "Blackout Period"), not to exceed 60 days after the exercise of a Demand Right in the case of subsections (i) and (iii) below, the filing of any Demand Registration if:

(i) the Company will be filing, within 30 days after the exercise of a Demand Right, a Registration Statement pertaining to a

public offering of Company Common Stock in which the Holders are entitled to join pursuant to Section 2.02 hereof;

(ii) the Company is subject to an existing contractual obligation to its underwriters not to engage in a public offering;

(iii) the Company shall determine that any such filing or the offering of any Registrable Securities would

(A) in the good faith judgment of the Board of Directors of the Company, impede, delay or otherwise interfere with any pending or contemplated financing, acquisition, corporate reorganization or other similar transaction involving the Company or its wholly owned subsidiaries;

(B) based upon advice from the Company's investment banker or financial advisor, adversely affect any pending or contemplated offering or sale of any class of securities by the Company; or

(C) in the good faith judgment of the Board of Directors of the Company, require disclosure of material nonpublic information which, if disclosed at such time, would be materially harmful to the interests of the Company and its shareholders;

PROVIDED, HOWEVER, that the Blackout Period shall terminate upon the completion or abandonment of the relevant securities offering or sale, the termination or expiration of the existing contractual obligation not to engage in a public offering, the completion or abandonment of the relevant financing, acquisition, corporate reorganization or other similar transaction, such time as such Demand Registration shall no longer affect the relevant pending or contemplated offering or sale of securities by the Company, the public disclosure by the Company or public admission by the Company of such material nonpublic information or such time as such material nonpublic information shall be publicly disclosed not in breach of confidentiality obligations, as the case may be. After the expiration of any Blackout Period and without any further request from the Selling Shareholder the Company shall effect the filing of the relevant Demand Registration and shall use its reasonable best efforts to cause any such Demand Registration to be declared effective as promptly as practicable unless the Selling Shareholder shall have, prior to the effective date of such Demand Registration, withdrawn in writing the initial request, in which case such withdrawn request shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled hereunder. The Company may not exercise its right to postpone or delay the filing of any Demand Registration pursuant to this subsection (c) more than twice during any 12 month period.

(f) Any request by a Selling Shareholder for a Demand Registration which is subsequently withdrawn prior to such Demand Registration becoming effective shall not constitute a Demand Registration for purposes of determining the number of Demand

Registrations to which the Selling Shareholder is entitled if such withdrawal (i) is due to a material adverse change affecting the Company, (ii) is due to a notification by the Company of an intention to file a Registration Statement with respect to Company Common Stock or (iii) is made in accordance with the penultimate sentence of Section 2.01(c).

(g) The Company shall be entitled to include authorized but unissued shares of Company Common Stock in any Demand Registration, subject to Section 2.02. Notwithstanding anything contained herein, if the lead underwriter of an offering involving a Demand Registration delivers a written opinion to the Selling Shareholder (a copy of which shall be provided to the Company) that the number of shares of Company Common Stock included in such Demand Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the number of Registrable Securities to be registered by the Company and the number of shares of Company Common Stock to be included in such Demand Registration by other holders of shares of Company Common Stock pursuant to contractual incidental registration rights, shall be reduced in proportion to the number of securities originally requested to be registered by each of them to the extent that, in the lead underwriter's opinion, neither of the effects in the foregoing clauses (i) and (ii) would result from the number of shares of Company Common Stock included in such Demand Registration.

SECTION 2.02. INCIDENTAL REGISTRATION. (a) If the Company proposes to file a Registration Statement under the Securities Act with respect to a Public Offering or, after a Public Offering with respect to any offering of Company Common Stock (i) for its own account or (ii) for the account of any Holder or each Additional Holder of Company Common Stock, the

Company shall give written notice of such proposed filing to each Holder and any Additional Holder as soon as practicable (but in any event not less than 30 days before the anticipated filing date), and such notice shall offer each Holder and each Additional Holder the opportunity to register such number of Registrable Securities as each Holder or Additional Holder shall request. Upon the written direction of a Holder or an Additional Holder, given within 20 days following the receipt by the Holder or Additional Holder of any such written notice (which direction shall specify the number of Registrable Securities intended to be disposed of by the Holder or Additional Holder), the Company shall include in such Registration Statement (an "INCIDENTAL REGISTRATION") such number of Registrable Securities as shall be set forth in such written direction. Notwithstanding anything contained herein, if the lead underwriter of an offering involving an Incidental Registration delivers a written opinion to the Company (a copy of which shall be provided to each Holder and each Additional Holder requesting Incidental Registration rights hereunder) that the number of shares of Company Common Stock included in such Incidental Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the number of Registrable Securities to be registered by any Holder or Additional Holder requesting Incidental Registration rights hereunder, shall be reduced in proportion to such Holder's respective pro rata ownership interest in the Company at the time immediately preceding such request for Incidental Registration to the extent that, in the lead underwriter's opinion, neither of the effects in the foregoing clauses (i) and (ii) would result from the number of shares of Company Common Stock included in such Incidental Registration.

SECTION 2.03. REGISTRATION PROCEDURES. (a) In connection with each Registration, and in accordance with the intended method or methods of distribution of the Company Common Stock as described in such Registration, the Company shall, as soon as reasonably practicable (and, in any event, subject to the terms of this Agreement, at or before the time required by applicable laws and regulations):

(i) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, which, if the method of distribution is by means of an underwriting, shall be in form and substance reasonably acceptable to the underwriters for such underwriting, and use its reasonable best efforts to cause such Registration Statement to become and remain effective for the period of the distribution contemplated thereby; PROVIDED, HOWEVER, that the Company shall use its reasonable best efforts to cause a Registration Statement on Form S-3 to remain effective until the earlier of (i) the disposition of all the Registrable Securities registered thereunder, and (ii) the expiration of the 90-day period commencing on the first day of the effectiveness of such Registration;

(ii) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement;

(iii) furnish to each Holder and Additional Holder such numbers of copies of the Registration Statement and the Prospectus included therein (including each preliminary prospectus and any amendments or supplements thereto), in conformity with the requirements of the Securities Act and such other documents and information as it may reasonably request;

(iv) (A) make available for inspection by each Holder or Additional Holder and its counsel and financial advisors such financial and other information as shall be reasonably requested by them, and provide such Holder or Additional Holder and its counsel and financial advisors the opportunity to discuss the business affairs of the Company with its principal executives and accountants, for the purposes of enabling each Holder or Additional Holder to exercise its due diligence responsibilities under the Securities Act and (B) before the Registration Statement (and any amendments or supplements thereto) is filed, provide copies thereof to each Holder and Additional Holder and its counsel and provide them with adequate time to review and comment thereon;

(v) use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdiction within the United States and Puerto Rico as shall be reasonably appropriate for the distribution of the Registrable Securities covered by the Registration Statement; PROVIDED, HOWEVER, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in or to file a general consent

to service of process in any jurisdiction wherein it would not but for the requirements of this paragraph (v) be obligated to do so; and PROVIDED, FURTHER, that the Company shall not be required to qualify such Registrable Securities in any jurisdiction in which the securities regulatory authority requires that a Holder or Additional Holder submit any of its Registrable Securities to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Securities in such jurisdiction unless such Holder or Additional Holder agrees to do so;

(vi) promptly notify each Holder and Additional Holder, at any time when a Prospectus relating to the Registrable Securities is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and at the request of a Holder or Additional Holder, promptly prepare and furnish to such Holder or Additional Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vii) enter into customary agreements (including if the method of distribution is by means of an underwriting, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities to be so included in the Registration Statement;

(viii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but not later than 18 months after the effective date of the Registration Statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act;

(ix) file with any securities exchange where the Registrable Securities are to be listed, the required number of Prospectuses pursuant to the rules and regulations of such exchange as are from time to time in effect, and

(x) use its reasonable best efforts to list the Company Common Stock covered by such Registration Statement with any securities exchange or recognized trading market on which the Company Common Stock are then listed.

(b) Each Holder or Additional Holder requesting Incidental Registration and each Selling Shareholder requesting Demand Registration shall furnish to the Company in writing such information regarding such Holder, Additional Holder or Selling Shareholder and

its intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request in writing, but only to the extent that such information is required in order for the Company to comply with its obligations under all applicable securities and other laws and to ensure that the Prospectus relating to such Registrable Securities conforms to the applicable requirements of the Securities Act and the rules and regulations thereunder. Each Holder, Additional Holder or Selling Shareholder shall notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Holder, Additional Holder or Selling Shareholder to the Company or of the occurrence of any event, in either case as a result of which any Prospectus relating to the Registrable Securities contains or would contain an untrue statement of a material fact regarding such Holder or its intended method of distribution of such Registrable Securities or omits to state any material fact regarding such Holder, Additional Holder or Selling Shareholder or its intended method of distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and promptly furnish to the Company any additional information required to correct and update any previously furnished information, or required so that such prospectus shall not contain, with respect to such Holder, Additional Holder or Selling Shareholder or the intended method of distribution

of the Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

SECTION 2.04. REGISTRATION EXPENSES. All expenses incurred in connection with (i) each Registration pursuant to Section 2.01 of this Agreement, excluding underwriters' discounts and commissions and any stamp or transfer tax or duty and (ii) each Registration pursuant to Section 2.02 of this Agreement, excluding any stamp or transfer tax or duty, but including in both cases all registration, filing and qualification fees, printers' and accounting fees, reasonable fees and disbursements of one counsel for the Selling Shareholder, or in the case of an Incidental Registration, one counsel for all Holders (selected by the Holders) and fees and disbursements of counsel for the Company incurred in connection with each registration shall be paid by the Company. Each Holder or Additional Holder requesting Incidental Registration shall bear and pay its pro-rata share of the underwriting commissions and discounts and any stamp or transfer tax or duty and the fees and disbursements of counsel for such parties other than the one counsel referred to above incurred in connection with each Registration applicable to securities offered for its account in connection with any Registrations, filings and qualifications made pursuant to this Agreement.

SECTION 2.05. UNDERWRITING REQUIREMENTS. In connection with any underwritten offering, the Company shall not be required under either Section 2.01 or Section 2.02 of this Agreement to include shares of Registrable Securities in such underwritten offering unless the Selling Shareholder, or in the case of an Incidental Registration under Section 2.02, a Holder or Additional Holder, accepts the terms of the underwriting of such offering that have been reasonably agreed upon between the Company and the underwriters selected by the Company.

SECTION 2.06. INDEMNIFICATION; CONTRIBUTION.

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, and it hereby agrees to, indemnify and hold harmless each Holder or Additional Holder and each Person who participates as a placement or sales agent or as an underwriter (within the meaning of the Securities Act) in any offering or sale of the Registered Securities, against any losses, claims, damages or liabilities ("LOSSES") to which such Holder or Additional Holder or their respective agents or underwriters, may become subject, insofar as such Losses (or actions, proceedings or investigations in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus contained therein or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company shall, and it hereby agrees to, reimburse each Holder or Additional Holder or their respective agents or underwriters for any legal or other out-of-pocket expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such action, proceeding or investigation; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(a) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of the Company which consent shall not be unreasonably withheld; PROVIDED, FURTHER, that the Company shall not be liable to any such Person in any such case to the extent that any such Loss or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement or Prospectus contained therein, in reliance upon and in conformity with written information furnished to the Company by such Holder or Additional Holder or any agent, underwriter or representative of such Holder or Additional Holder expressly for use therein, or by the failure of such Holder or Additional Holder to furnish the Company, upon request, with the information required by Section 2.03(b) hereof with respect to such Holder or Additional Holder (or agent, underwriter or representative of such Holder or Additional Holder) or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission or, in the case of such agent or underwriter, if the Company shall sustain the burden of proving that such agent or underwriter sold securities to the person alleging such Loss without sending or giving, at or prior to the written confirmation of such sale, a copy of the applicable Prospectus (excluding any documents incorporated by reference therein) or of the applicable Prospectus, as then amended or supplemented (excluding any documents incorporated by reference therein) if the Company had previously furnished copies thereof to such agent or underwriter, and such Prospectus corrected such untrue statement or alleged untrue statement or omission or alleged omission made in such Registration.

(b) INDEMNIFICATION BY THE HOLDERS AND ANY AGENT OR UNDERWRITERS. Each Holder or Additional Holder requesting or joining in a

Registration shall severally and not jointly indemnify and hold harmless the Company, each of its directors and officers, each Person, if any, who controls the Company within the meaning of the Securities Act, and each agent and any underwriter for the Company (within the meaning of the Securities Act) against any Losses, joint or several, to which the Company or any such director, officer, controlling Person, agent or

underwriter may become subject, under the Securities Act or otherwise, and shall reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, agent or underwriter (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such Loss or action, proceeding or investigation insofar as such Losses (or actions, proceedings or investigations in respect thereof) or expenses arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement on the effective date thereof (including any Prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission (i) was made in such Registration Statement or Prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished by or on behalf of such Holder or additional Holder expressly for use in connection with such Registration Statement or Prospectus, or (ii) resulted from the failure of such Holder or Additional Holders to furnish the Company, upon request, with the information required by Section 2.03(b) hereof, with respect to such Holder or Additional Holder or agent, underwriter or representative of such Holder or Additional Holder, or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(b) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of such Holder or Additional Holder which consent shall not be unreasonably withheld and in no event shall any Holder or Additional Holder be liable under this Section 2.05(b) for an amount in excess of the gross proceeds received by such Holder or Additional Holder from the sale of securities pursuant to such Registration.

(c) NOTICE OF CLAIMS, ETC. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action or proceeding for which indemnification under subsection (a) or (b) may be requested, such indemnified party shall, without regard to whether a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of, or as contemplated by, this Section 2.06, notify such indemnifying party in writing of the commencement of such action or proceeding; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party in respect of such action or proceeding on account of the indemnification provisions of or contemplated by Section 2.06(a) or 2.06(b) hereof, except to the extent the indemnifying party was prejudiced by such failure of the indemnified party to give such notice, and in no event shall such omission relieve the indemnifying party from any other liability it may have to such indemnified party. In case any such action or proceeding shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall determine, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to

such indemnified party for any legal or any other expenses subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there are likely defenses available to it which are different from and potentially inconsistent with the defenses available to such indemnifying party, in which event the indemnified party shall have the right to control its defense and shall be reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate counsel). If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel (in addition to local counsel) for all indemnified parties with respect to such claim, unless counsel retained by the indemnified party reasonably concludes that it is not able to represent any

other indemnified party as a result of an actual or likely potential conflict of interest, in which event each such indemnified party shall have the right to retain separate counsel. The indemnifying party will not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed. No indemnifying party will consent to entry of any judgment or enter into any settlement agreement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) CONTRIBUTION. Each Holder and Additional Holder and the Company agrees that if, for any reason, the indemnification provisions contemplated by Section 2.06(a) or Section 2.06(b) hereof are unavailable to or are insufficient to hold harmless an indemnified party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of, and benefits derived by, the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.06(d) were determined (i) by pro rata allocation (even if the Holders or any agents for, or underwriters of, the Registrable Securities, or all of them, were treated as one entity for such purpose); or (ii) by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.06(d). The amount paid or payable by an indemnified party as a result of the Losses (or actions or proceedings in respect thereof) referred to above shall be deemed to include (subject to the limitations set forth in Section 2.06(c) hereof) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) BENEFICIARIES OF INDEMNIFICATION. The obligations of the Company under this Section 2.06 shall be in addition to any liability that it may otherwise have and shall apply,

upon the same terms and conditions, to each Holder or Additional Holder and each agent and underwriter of the Registrable Securities and each person, if any, who controls any Holder or Additional Holder or any such agent or underwriter within the meaning of the Securities Act; and the obligations of each Holder or Additional Holder and any agents or underwriters contemplated by this Section 2.06 shall be in addition to any liability that each Holder or Additional Holder or its respective agent or underwriter may otherwise have and shall apply, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

SECTION 2.07. TERMINATION OF REGISTRATION RIGHTS. Notwithstanding any other provisions of this Agreement to the contrary, the registration rights granted pursuant to this Agreement shall terminate with respect to each Holder or Additional Holder on the earlier of: (i) the date that all Registrable Securities held by such Holder or Additional Holder are legally permitted to be sold within a three month period under Rule 144 under the Securities Act (or other similar rule), regardless of whether at the time of such sales any Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144, provided that each Holder or Additional Holder is then entitled to rely on Rule 144 with respect to all such Registrable Securities; or (ii) on the sixth anniversary of the date of this Agreement, regardless of the tradeability of any Registrable Securities held by any Holder or Additional Holder.

SECTION 2.08. UNDERWRITERS. If any of the Registrable Securities are to be sold pursuant to an underwritten offering, the investment banker or bankers and the managing underwriter or underwriters thereof shall be selected by the Company after consultation with each Holder or Additional Holder participating in such Registration, PROVIDED, that such managing underwriter or underwriters must be of recognized national standing.

SECTION 2.09. LOCKUP. Each Holder or Additional Holder shall, in connection with any Registration of the Company's securities, upon the request of the underwriters managing any underwritten offering of the Company's

securities, agree in writing not to effect any sale, disposition or distribution of any Registrable Securities (other than that included in the Registration or, if the effectiveness of such Registration is after one year after the date of this Agreement, sales in accordance with Rule 144 under the Securities Act and within the volume limitation of Rule 144(e) under the Securities Act, regardless of whether at the time of such sales each Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time not to exceed 180 days from the effective date of such Registration as the underwriters may specify; PROVIDED, HOWEVER, that all executive officers and directors of the Company shall also have agreed not to effect any sale, disposition or distribution of any Registrable Securities for a like period of time pursuant to the terms set forth in this Section 2.09.

SECTION 2.10. LEGENDS. (a) Stop transfer restrictions will be given to the Company's transfer agent(s) with respect to the Registrable Securities and there will be placed on the certificate or instruments representing the Registrable Securities, and on any certificate or instrument delivered in substitution or exchange therefor, a legend stating in substance:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS SUCH TRANSFER IS MADE IN CONNECTION WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH ACT DOES NOT APPLY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN A SHAREHOLDERS' AGREEMENT, DATED AS OF DECEMBER 15, 1998, AS IT MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH."

(b) The Company hereby agrees that it will cause stop transfer restrictions to be released with respect to any Registrable Securities that are (i) transferred pursuant to an effective Registration Statement under the Securities Act, (ii) transferred pursuant to Rule 144 under the Securities Act, (iii) transferred pursuant to another exemption from the registration requirements of the Securities Act, or (iv) freely transferable pursuant to Rule 144(k); PROVIDED, HOWEVER, that in the case of any transfer pursuant to clause (ii) or (iii) above, the request for transfer is accompanied by a written statement signed by each Holder or Additional Holder confirming compliance with the requirements of the relevant exemption from registration; and PROVIDED, FURTHER, that in the case of any transfer pursuant to clause (iii) above, the Company shall have received a written opinion of counsel reasonably satisfactory to the Company that such registration is not required. The Company further agrees that it will cause the legend described in subsection (a) of this Section 2.10 to be removed in the event of any transfer as provided in clause (i) or (ii) above.

SECTION 2.11. ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder or Additional Holder to a transferee or assignee, provided that, the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the Registrable Securities with respect to which such registration rights are being assigned; and, provided further, that such assignment shall be effective only if immediately following such transfer the further disposition of such Registrable Securities by the transferee or assignee is restricted under the Securities Act.

SECTION 2.12. PUBLIC INFORMATION. The Company covenants to make available "adequate current public information" concerning the Company within the meaning of Rule 144(c) under the Securities Act.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. EXPENSES. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

SECTION 3.02. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given and made upon receipt) by delivery in person, by courier service, by cable, by facsimile, by telegram, by telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 3.02):

(a) if to the Company:

Pacific Circuits, Inc.
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, NW
Suite 350
Washington, D.C. 20004
Facsimile: (202) 371-0391
Attention: Jeffrey W. Goettman

with a copy to:

Shearman & Sterling
555 California Street
San Francisco, California 94104
Facsimile: (415) 616-1199
Attention: Christopher D. Dillon, Esq.

(b) if to Coley:

Lewis O. Coley, III
1925 E. Beaver Lake Dr. S.E.
Issaquah, Washington 98029

with a copy to:

Preston Gates & Ellis LLP
5000 Columbia Center
701 5th Ave.
Seattle, WA 98104-7078
Facsimile: (206) 623-7022
Attention: Connie R. Collingsworth, Esq.

(c) if to Holdings:

Circuit Holdings, LLC
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, NW
Suite 350
Washington, D.C. 20004
Facsimile: (202) 371-0391
Attention: Jeff Goettman

with a copy to:
Shearman & Sterling
555 California Street
San Francisco, California 94104
Facsimile: (415) 616-1199
Attention: Christopher D. Dillon, Esq.

SECTION 3.03. PRESS RELEASES. No party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (except to the extent that such disclosure is required by law or under any relevant listing agreement with a stock exchange or the NASDAQ National Market), and, to the extent practicable, the parties shall cooperate as to the timing and contents of any such press release or public announcement.

SECTION 3.04. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 3.05. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties

hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as

possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 3.06. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties hereto with respect to the subject matter hereof, except as otherwise expressly provided herein.

SECTION 3.07. NO THIRD PARTY BENEFICIARY. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and nothing herein, express or implied, is intended to or shall confer upon any other Person (including any Additional Holder) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 3.08. AMENDMENT. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Company and each Holder or (b) by a waiver in accordance with Section 3.09 of this Agreement.

SECTION 3.09. WAIVER. Any party to this Agreement may (a) extend the time for the performance of any obligations or other acts of any other party hereto or (b) waive compliance with any agreements or conditions contained herein. Any such extension or waiver shall be valid against the Company only if set forth in an instrument in writing signed by the Company and shall be valid against each Holder or Additional Holder only if set forth in an instrument in writing signed by such Holder or Additional Holder. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or as a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

SECTION 3.10. GOVERNING LAW; DISPUTE RESOLUTION. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington applicable to contracts executed in and to be performed entirely within that State. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any state or federal court sitting in the State of Washington.

SECTION 3.11. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SECTION 3.12. SURVIVAL. The several indemnities, agreements, representations, warranties and each other provision set forth in this Agreement and made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any party, any director or officer of such party, or any controlling person of any of the foregoing, and shall survive the transfer of any Registrable Securities by each Holder or Additional Holder, and the indemnification and contribution provisions set forth in Section 2.06 hereof shall survive termination of this Agreement.

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

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

CIRCUIT HOLDINGS, LLC

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Authorized Representative

Lewis O. Coley, III

/s/ Lewis O. Coley, III

Exhibit 4.3

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of July 13, 1999 (this "AGREEMENT") among Pacific Circuits, Inc. (the "COMPANY") and certain purchasers of Company Common Stock listed on Schedule I attached hereto (each a "HOLDER" and collectively the "HOLDERS").

WHEREAS, pursuant to that certain Subscription Agreement (the "SUBSCRIPTION AGREEMENT"), of even date herewith, the Company has agreed to sell and the Holders have agreed to purchase certain Company Common Stock for the consideration and on terms and conditions more particularly set forth therein; and

WHEREAS, it is a condition to the consummation of the transactions set forth in the Subscription Agreement that the parties hereto enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. As used in this Agreement, the following terms shall have the following respective meanings:

"ADDITIONAL HOLDER" shall mean any Company shareholder (other than the Holders) or any transferee or assignee thereof to whom the Company has contractually granted incidental registration rights.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Seattle, Washington or the District of Columbia.

"COMMISSION" shall mean the United States Securities and Exchange Commission, or any other United States federal agency at the time administering the Securities Act or the Exchange Act, as applicable, whichever is the relevant statute.

"COMPANY COMMON STOCK" shall mean the common stock, no par value per share, of the Company.

"EXCHANGE ACT" shall mean the United States Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

"PERSON" shall mean an individual, corporation, association, partnership, limited liability company, trust, organization, group (as such term is used in Rule 13d-5

under the Exchange Act), business, government or political subdivision thereof, governmental agency or other entity.

"PROSPECTUS" shall mean the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect of the terms of the offering of any security of the Company covered by such Registration Statement and all other amendments or supplements to the prospectus, including post-effective amendments, and all material incorporated, or deemed to be incorporated, by reference in such prospectus.

"PUBLIC OFFERING" shall mean a sale pursuant to a Registration Statement filed pursuant to the Securities Act where the issuance of stock pursuant to such sale has a market value of at least $20 million and a capitalization on a fully diluted basis of at least $75 million (based on the per share price of shares sold in such offering).

"REGISTRABLE SECURITIES" shall mean any Company Common Stock issued or retained pursuant to the Subscription Agreement or securities which may be issued or distributed in respect thereof by way

of stock dividend or stock split or other distribution, exchange, recapitalization, or reclassification. For purposes of this Agreement, any Registrable Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (ii) such Registrable Securities are sold by a person in a transaction in which the rights under the provisions of this Agreement are not assigned, or (iii) such Registrable Securities shall have ceased to be outstanding.

"REGISTRATION STATEMENT" shall mean any registration statement under the Securities Act filed by the Company, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated, or deemed to be incorporated, by reference in such registration statement.

"SECURITIES ACT" shall mean the United States Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

ARTICLE II

AGREEMENTS IN RESPECT OF THE REGISTRABLE SECURITIES

SECTION 2.01. DEMAND REGISTRATIONS. (a) Subject to the limitations set forth below, James Eisenberg ("EISENBERG") and Dale Anderson ("ANDERSON") shall each have the right (a "SHORT FORM DEMAND RIGHT") to require the Company to file a Registration Statement under the Securities Act in respect of Registrable Securities held by him so long as the Company is eligible to use Form S-3. Subject to the limitations set forth below, Eisenberg and Anderson shall each have one Short Form Demand Right. (For purposes of this Section 2.01, the party exercising a Short Form Demand Right is, where applicable, referred to as the "SELLING SHAREHOLDER").

(b) Each Short-Form Demand Right must be exercised in respect of at least 2,000 Registrable Securities (subject to equitable adjustment in the event of stock splits, stock dividends and similar events). No Short Form Demand Right may be exercised within 6 months after the date of effectiveness of a Company registration statement pursuant to which Eisenberg or Anderson were provided the opportunity to register Registrable Securities.

(c) As promptly as practicable, but in no event later than 45 days after the Company receives a written request from a Selling Shareholder demanding that the Company so register the number of Registrable Securities specified in such request, the Company shall file with the Commission and thereafter use its reasonable best efforts to cause to be declared effective promptly a Registration Statement (a "DEMAND REGISTRATION") providing for the registration of all Registrable Securities as the Selling Shareholder shall have demanded be registered.

(d) Anything in this Agreement to the contrary notwithstanding, the Company shall be entitled to postpone and delay, for a reasonable period of time (the "Blackout Period"), not to exceed 60 days after the exercise of a Demand Right in the case of subsections (i) and (iii) below, the filing of any Demand Registration if:

(i) the Company will be filing, within 30 days after the exercise of a Demand Right, a Registration Statement pertaining to a public offering of Company Common Stock in which the Holders are entitled to join pursuant to Section 2.02 hereof;

(ii) the Company is subject to an existing contractual obligation to its underwriters not to engage in a public offering;

(iii) the Company shall determine that any such filing or the offering of any Registrable Securities would

(A) in the good faith judgment of the Board of Directors of the Company, impede, delay or otherwise interfere with any pending or contemplated financing, acquisition, corporate reorganization or other similar transaction involving the Company or its wholly owned subsidiaries;

(B) based upon advice from the Company's

investment banker or financial advisor, adversely affect any pending or contemplated offering or sale of any class of securities by the Company; or

(C) in the good faith judgment of the Board of Directors of the Company, require disclosure of material nonpublic information which, if disclosed at such time, would be materially harmful to the interests of the Company and its shareholders;

PROVIDED, HOWEVER, that the Blackout Period shall terminate upon the completion or abandonment of the relevant securities offering or sale, the termination or expiration of the existing contractual obligation not to engage in a public offering, the completion or abandonment of the relevant financing, acquisition, corporate reorganization or other similar transaction, such time as such Demand Registration shall no longer affect the relevant pending or contemplated offering or sale of securities by the Company, the public disclosure by the Company or public admission by the Company of such material nonpublic information or such time as such material nonpublic information shall be publicly disclosed not in breach of confidentiality obligations, as the case may be. After the expiration of any Blackout Period and without any further request from the Selling Shareholder the Company shall effect the filing of the relevant Demand Registration and shall use its reasonable best efforts to cause any such Demand Registration to be declared effective as promptly as practicable unless the Selling Shareholder shall have, prior to the effective date of such Demand Registration, withdrawn in writing the initial request, in which case such withdrawn request shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled hereunder. The Company may not exercise its right to postpone or delay the filing of any Demand Registration pursuant to this subsection (c) more than twice during any 12 month period.

(e) Any request by a Selling Shareholder for a Demand Registration which is subsequently withdrawn prior to such Demand Registration becoming effective shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled if such withdrawal (i) is due to a material adverse change affecting the Company, (ii) is due to a notification by the Company of an intention to file a Registration Statement with respect to Company Common Stock or (iii) is made in accordance with the penultimate sentence of Section 2.01(c).

(f) The Company shall be entitled to include authorized but unissued shares of Company Common Stock in any Demand Registration, subject to Section 2.02. Notwithstanding anything contained herein, if the lead underwriter of an offering involving a Demand Registration delivers a written opinion to the Selling Shareholder (a copy of which shall be provided to the Company) that the number of shares of Company Common Stock included in such Demand Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the number of Registrable Securities to be registered by the Company and the number of shares of Company Common Stock to be included in such Demand Registration by other holders of shares of Company Common Stock pursuant to contractual incidental registration rights, shall be reduced in proportion to the number of securities originally requested to be registered by each of them to the extent that, in the lead underwriter's opinion,

neither of the effects in the foregoing clauses (i) and (ii) would result from the number of shares of Company Common Stock included in such Demand Registration.

SECTION 2.02. INCIDENTAL REGISTRATION. (a) If the Company proposes to file a Registration Statement under the Securities Act with respect to a Public Offering or, after a Public Offering with respect to any offering of Company Common Stock (i) for its own account or (ii) for the account of any Holder or each Additional Holder of Company Common Stock, the Company shall give written notice of such proposed filing to each Holder and any Additional Holder as soon as practicable (but in any event not less than 30 days before the anticipated filing date), and such notice shall offer each Holder and each Additional Holder the opportunity to register such number of Registrable Securities as each Holder or Additional Holder shall request. Upon the written direction of a Holder or an Additional Holder, given within 20 days following the receipt by the Holder or Additional Holder of any such written notice (which direction shall specify the number of Registrable Securities intended to be disposed of by the Holder or Additional Holder), the Company shall include in such Registration Statement (an "INCIDENTAL REGISTRATION") such number of Registrable Securities as shall be set forth in such written direction. Notwithstanding anything contained herein, if the lead underwriter of an offering involving an Incidental Registration delivers a written opinion to the Company (a copy of which shall be provided to each Holder and each Additional Holder requesting Incidental Registration rights hereunder) that the number of shares of Company Common Stock included in such

Incidental Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the number of Registrable Securities to be registered by any Holder or Additional Holder requesting Incidental Registration rights hereunder, shall be reduced in proportion to such Holder's respective pro rata ownership interest in the Company at the time immediately preceding such request for Incidental Registration to the extent that, in the lead underwriter's opinion, neither of the effects in the foregoing clauses (i) and (ii) would result from the number of shares of Company Common Stock included in such Incidental Registration.

SECTION 2.03. REGISTRATION PROCEDURES. (a) In connection with each Registration, and in accordance with the intended method or methods of distribution of the Company Common Stock as described in such Registration, the Company shall, as soon as reasonably practicable (and, in any event, subject to the terms of this Agreement, at or before the time required by applicable laws and regulations):

(i) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, which, if the method of distribution is by means of an underwriting, shall be in form and substance reasonably acceptable to the underwriters for such underwriting, and use its reasonable best efforts to cause such Registration Statement to become and remain effective for the period of the distribution contemplated thereby; PROVIDED, HOWEVER, that the Company shall use its reasonable best efforts to cause a Registration Statement on Form S-3 to remain effective until the earlier of (i) the disposition of all the Registrable Securities registered thereunder, and (ii) the expiration of the 90-day period commencing on the first day of the effectiveness of such Registration;

(ii) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement;

(iii) furnish to each Holder and Additional Holder such numbers of copies of the Registration Statement and the Prospectus included therein (including each preliminary prospectus and any amendments or supplements thereto), in conformity with the requirements of the Securities Act and such other documents and information as it may reasonably request;

(iv) (A) make available for inspection by each Holder or Additional Holder and its counsel and financial advisors such financial and other information as shall be reasonably requested by them, and provide such Holder or Additional Holder and its counsel and financial advisors the opportunity to discuss the business affairs of the Company with its principal executives and accountants, for the purposes of enabling each

Holder or Additional Holder to exercise its due diligence responsibilities under the Securities Act and (B) before the Registration Statement (and any amendments or supplements thereto) is filed, provide copies thereof to each Holder and Additional Holder and its counsel and provide them with adequate time to review and comment thereon;

(v) use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdiction within the United States and Puerto Rico as shall be reasonably appropriate for the distribution of the Registrable Securities covered by the Registration Statement; PROVIDED, HOWEVER, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in or to file a general consent to service of process in any jurisdiction wherein it would not but for the requirements of this paragraph (v) be obligated to do so; and PROVIDED, FURTHER, that the Company shall not be required to qualify such Registrable Securities in any jurisdiction in which the securities regulatory authority requires that a Holder or Additional Holder submit any of its Registrable Securities to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Securities in such jurisdiction unless such Holder or Additional Holder agrees to do so;

(vi) promptly notify each Holder and Additional Holder, at any time when a Prospectus relating to the Registrable Securities is required to be delivered under the Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or

necessary to make the statements therein not misleading in light of the circumstances under which they were made, and at the request of a Holder or Additional Holder, promptly prepare and furnish to such Holder or Additional Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vii) enter into customary agreements (including if the method of distribution is by means of an underwriting, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities to be so included in the Registration Statement;

(viii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but not later than 18 months after the effective date of the Registration Statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act;

(ix) file with any securities exchange where the Registrable Securities are to be listed, the required number of Prospectuses pursuant to the rules and regulations of such exchange as are from time to time in effect, and

(x) use its reasonable best efforts to list the Company Common Stock covered by such Registration Statement with any securities exchange or recognized trading market on which the Company Common Stock are then listed.

(b) Each Holder or Additional Holder requesting Incidental Registration and each Selling Shareholder requesting Demand Registration shall furnish to the Company in writing such information regarding such Holder, Additional Holder or Selling Shareholder and its intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request in writing, but only to the extent that such information is required in order for the Company to comply with its obligations under all applicable securities and other laws and to ensure that the Prospectus relating to such Registrable Securities conforms to the applicable requirements of the Securities Act and the rules and regulations thereunder. Each Holder, Additional Holder or Selling Shareholder shall notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Holder, Additional Holder or Selling Shareholder to the Company or of the occurrence of any event, in either case as a result of which any Prospectus relating to the Registrable Securities contains or would contain an untrue statement of a material fact regarding such Holder or its intended method of distribution of such Registrable Securities or omits to state any material fact regarding such Holder, Additional Holder or Selling Shareholder or its intended method of distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and promptly furnish to the Company any additional information required to correct and update any previously furnished information, or required so that such prospectus shall not contain, with respect to such Holder, Additional Holder or Selling Shareholder or the intended method of distribution of the Registrable Securities, an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

SECTION 2.04. REGISTRATION EXPENSES. All expenses incurred in connection with (i) each Registration pursuant to Section 2.01 of this Agreement, excluding underwriters' discounts and commissions and any stamp or transfer tax or duty and (ii) each Registration pursuant to Section 2.02 of this Agreement, excluding any stamp or transfer tax or duty, but including in both cases all registration, filing and qualification fees, printers' and accounting fees, reasonable fees and disbursements of one counsel for the Selling Shareholder, or in the case of an Incidental Registration, one counsel for all Holders (selected by the Holders) and fees and disbursements of counsel for the Company incurred in connection with each registration shall be paid by the Company. Each Holder or Additional Holder requesting Incidental Registration shall bear and pay its pro-rata share of the underwriting commissions and discounts and any stamp or transfer tax or duty and the fees and disbursements of counsel for such parties other than the one counsel referred to above

incurred in connection with each Registration applicable to securities offered for its account in connection with any Registrations, filings and qualifications made pursuant to this Agreement.

SECTION 2.05. UNDERWRITING REQUIREMENTS. In connection with any underwritten offering, the Company shall not be required under either Section 2.01 or Section 2.02 of this Agreement to include shares of Registrable Securities in such underwritten offering unless the

Selling Shareholder, or in the case of an Incidental Registration under Section 2.02, a Holder or Additional Holder, accepts the terms of the underwriting of such offering that have been reasonably agreed upon between the Company and the underwriters selected by the Company.

SECTION 2.06. Indemnification; Contribution.

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, and it hereby agrees to, indemnify and hold harmless each Holder or Additional Holder and each Person who participates as a placement or sales agent or as an underwriter (within the meaning of the Securities Act) in any offering or sale of the Registered Securities, against any losses, claims, damages or liabilities ("LOSSES") to which such Holder or Additional Holder or their respective agents or underwriters, may become subject, insofar as such Losses (or actions, proceedings or investigations in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in any Registration Statement or Prospectus contained therein or arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and the Company shall, and it hereby agrees to, reimburse each Holder or Additional Holder or their respective agents or underwriters for any legal or other out-of-pocket expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such action, proceeding or investigation; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(a) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of the Company which consent shall not be unreasonably withheld; PROVIDED, FURTHER, that the Company shall not be liable to any such Person in any such case to the extent that any such Loss or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement or Prospectus contained therein, in reliance upon and in conformity with written information furnished to the Company by such Holder or Additional Holder or any agent, underwriter or representative of such Holder or Additional Holder expressly for use therein, or by the failure of such Holder or Additional Holder to furnish the Company, upon request, with the information required by Section 2.03(b) hereof with respect to such Holder or Additional Holder (or agent, underwriter or representative of such Holder or Additional Holder) or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission or, in the case of such agent or underwriter, if the Company shall sustain the burden of proving that such agent or underwriter sold securities to the person alleging such Loss without sending or giving, at or prior to the written confirmation of such sale, a copy of the applicable Prospectus (excluding any documents incorporated by reference therein) or of the applicable Prospectus, as then amended or supplemented (excluding any documents incorporated by reference therein) if the Company had previously furnished copies thereof to such agent or underwriter, and such Prospectus corrected such untrue statement or alleged untrue statement or omission or alleged omission made in such Registration.

(b) INDEMNIFICATION BY THE HOLDERS AND ANY AGENT OR UNDERWRITERS. Each Holder or Additional Holder requesting or joining in a Registration shall severally and not jointly indemnify and hold harmless the Company, each of its directors and officers, each Person, if any, who controls the Company within the meaning of the Securities Act, and each agent and any

underwriter for the Company (within the meaning of the Securities Act) against any Losses, joint or several, to which the Company or any such director, officer, controlling Person, agent or underwriter may become subject, under the Securities Act or otherwise, and shall reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, agent or underwriter (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such Loss or action, proceeding or investigation insofar as such Losses (or actions, proceedings or investigations in respect thereof) or expenses arise out of or

are based upon any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement on the effective date thereof (including any Prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission (i) was made in such Registration Statement or Prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished by or on behalf of such Holder or additional Holder expressly for use in connection with such Registration Statement or Prospectus, or (ii) resulted from the failure of such Holder or Additional Holders to furnish the Company, upon request, with the information required by Section 2.03(b) hereof, with respect to such Holder or Additional Holder or agent, underwriter or representative of such Holder or Additional Holder, or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(b) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of such Holder or Additional Holder which consent shall not be unreasonably withheld and in no event shall any Holder or Additional Holder be liable under this Section 2.05(b) for an amount in excess of the gross proceeds received by such Holder or Additional Holder from the sale of securities pursuant to such Registration.

(c) NOTICE OF CLAIMS, ETC. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action or proceeding for which indemnification under subsection (a) or (b) may be requested, such indemnified party shall, without regard to whether a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of, or as contemplated by, this Section 2.06, notify such indemnifying party in writing of the commencement of such action or proceeding; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party in respect of such action or proceeding on account of the indemnification provisions of or contemplated by Section 2.06(a) or 2.06(b) hereof, except to the extent the indemnifying party was prejudiced by such failure of the indemnified party to give such notice, and in no event shall such omission relieve the indemnifying party from any other liability it may have to such indemnified party. In case any such action or proceeding shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall determine, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying

party shall not be liable to such indemnified party for any legal or any other expenses subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there are likely defenses available to it which are different from and potentially inconsistent with the defenses available to such indemnifying party, in which event the indemnified party shall have the right to control its defense and shall be reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate counsel). If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel (in addition to local counsel) for all indemnified parties with respect to such claim, unless counsel retained by the indemnified party reasonably concludes that it is not able to represent any other indemnified party as a result of an actual or likely potential conflict of interest, in which event each such indemnified party shall have the right to retain separate counsel. The indemnifying party will not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed. No indemnifying party will consent to entry of any judgment or enter into any settlement agreement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) CONTRIBUTION. Each Holder and Additional Holder and the Company agrees that if, for any reason, the indemnification provisions contemplated by Section 2.06(a) or Section 2.06(b) hereof are unavailable to or are insufficient to hold harmless an indemnified party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (or actions or proceedings in

respect thereof) in such proportion as is appropriate to reflect the relative fault of, and benefits derived by, the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.06(d) were determined (i) by pro rata allocation (even if the Holders or any agents for, or underwriters of, the Registrable Securities, or all of them, were treated as one entity for such purpose); or (ii) by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.06(d). The amount paid or payable by an indemnified party as a result of the Losses (or actions or proceedings in respect thereof) referred to above shall be deemed to include (subject to the limitations set forth in Section 2.06(c) hereof) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) BENEFICIARIES OF INDEMNIFICATION. The obligations of the Company under this Section 2.06 shall be in addition to any liability that it may otherwise have and shall apply, upon the same terms and conditions, to each Holder or Additional Holder and each agent and underwriter of the Registrable Securities and each person, if any, who controls any Holder or Additional Holder

or any such agent or underwriter within the meaning of the Securities Act; and the obligations of each Holder or Additional Holder and any agents or underwriters contemplated by this Section 2.06 shall be in addition to any liability that each Holder or Additional Holder or its respective agent or underwriter may otherwise have and shall apply, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

SECTION 2.07. TERMINATION OF REGISTRATION RIGHTS. Notwithstanding any other provisions of this Agreement to the contrary, the registration rights granted pursuant to this Agreement shall terminate with respect to each Holder or Additional Holder on the earlier of: (i) the date that all Registrable Securities held by such Holder or Additional Holder are legally permitted to be sold within a three month period under Rule 144 under the Securities Act (or other similar rule), regardless of whether at the time of such sales any Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144, provided that each Holder or Additional Holder is then entitled to rely on Rule 144 with respect to all such Registrable Securities; or (ii) on the sixth anniversary of the date of this Agreement, regardless of the tradeability of any Registrable Securities held by any Holder or Additional Holder.

SECTION 2.08. UNDERWRITERS. If any of the Registrable Securities are to be sold pursuant to an underwritten offering, the investment banker or bankers and the managing underwriter or underwriters thereof shall be selected by the Company after consultation with each Holder or Additional Holder participating in such Registration, PROVIDED, that such managing underwriter or underwriters must be of recognized national standing.

SECTION 2.09. LOCKUP. Each Holder or Additional Holder shall, in connection with any Registration of the Company's securities, upon the request of the underwriters managing any underwritten offering of the Company's securities, agree in writing not to effect any sale, disposition or distribution of any Registrable Securities (other than that included in the Registration or, if the effectiveness of such Registration is after one year after the date of this Agreement, sales in accordance with Rule 144 under the Securities Act and within the volume limitation of Rule 144(e) under the Securities Act, regardless of whether at the time of such sales each Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time not to exceed 180 days from the effective date of such Registration as the underwriters may specify; PROVIDED, HOWEVER, that all executive officers and directors of the Company shall also have agreed not to effect any sale, disposition or distribution of any Registrable Securities for a like period of time pursuant to the terms set forth in this Section 2.09.

SECTION 2.10. LEGENDS. (a) Stop transfer restrictions will be given to the Company's transfer agent(s) with respect to the Registrable Securities and there will be placed on the certificate or instruments

representing the Registrable Securities, and on any certificate or instrument delivered in substitution or exchange therefor, a legend stating in substance:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES

WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS SUCH TRANSFER IS MADE IN CONNECTION WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH ACT DOES NOT APPLY.

THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN AN AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT, DATED AS OF JULY 13, 1999, AS IT MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH."

(b) The Company hereby agrees that it will cause stop transfer restrictions to be released with respect to any Registrable Securities that are (i) transferred pursuant to an effective Registration Statement under the Securities Act, (ii) transferred pursuant to Rule 144 under the Securities Act, (iii) transferred pursuant to another exemption from the registration requirements of the Securities Act, or (iv) freely transferable pursuant to Rule 144(k); PROVIDED, HOWEVER, that in the case of any transfer pursuant to clause (ii) or (iii) above, the request for transfer is accompanied by a written statement signed by each Holder or Additional Holder confirming compliance with the requirements of the relevant exemption from registration; and PROVIDED, FURTHER, that in the case of any transfer pursuant to clause (iii) above, the Company shall have received a written opinion of counsel reasonably satisfactory to the Company that such registration is not required. The Company further agrees that it will cause the legend described in subsection (a) of this Section 2.10 to be removed in the event of any transfer as provided in clause (i) or (ii) above.

SECTION 2.11. ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder or Additional Holder to a transferee or assignee, provided that, the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the Registrable Securities with respect to which such registration rights are being assigned; and, provided further, that such assignment shall be effective only if immediately following such transfer the further disposition of such Registrable Securities by the transferee or assignee is restricted under the Securities Act.

SECTION 2.12. PUBLIC INFORMATION. The Company covenants to make available "adequate current public information" concerning the Company within the meaning of Rule 144(c) under the Securities Act.

ARTICLE III

MISCELLANEOUS

SECTION 3.01. EXPENSES. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in

connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

SECTION 3.02. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given and made upon receipt) by delivery in person, by courier service, by cable, by facsimile, by telegram, by telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 3.02):

(a) if to the Company:

Pacific Circuits, Inc.
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, NW
Suite 350

Washington, D.C. 20004
Facsimile: (202) 371-0391
Attention: Jeffrey W. Goettman

with a copy to:

Shearman & Sterling
555 California Street
San Francisco, California 94104
Facsimile: (415) 616-1199
Attention: Christopher D. Dillon, Esq.

(b) if to a Holder, at the address set forth on the signature page of such Holder attached hereto.

SECTION 3.03. PRESS RELEASES. No party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (except to the extent that such disclosure is required by law or under any relevant listing agreement with a stock exchange or the NASDAQ National Market), and, to the extent practicable, the parties shall cooperate as to the timing and contents of any such press release or public announcement.

SECTION 3.04. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 3.05. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is

invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 3.06. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among any of the parties hereto with respect to the subject matter hereof, except as otherwise expressly provided herein including the Original Registration Rights Agreement.

SECTION 3.07. NO THIRD PARTY BENEFICIARY. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and nothing herein, express or implied, is intended to or shall confer upon any other Person (including any Additional Holder) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 3.08. AMENDMENT. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Company and each Holder or (b) by a waiver in accordance with Section 3.09 of this Agreement.

SECTION 3.09. WAIVER. Any party to this Agreement may (a) extend the time for the performance of any obligations or other acts of any other party hereto or (b) waive compliance with any agreements or conditions contained herein. Any such extension or waiver shall be valid against the Company only if set forth in an instrument in writing signed by the Company and shall be valid against each Holder or Additional Holder only if set forth in an instrument in writing signed by such Holder or Additional Holder. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or as a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

SECTION 3.10. GOVERNING LAW; DISPUTE RESOLUTION. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington applicable to contracts executed in and to be performed entirely within that State. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any state or federal court sitting in the State of Washington.

SECTION 3.11. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SECTION 3.12. SURVIVAL. The several indemnities, agreements, representations, warranties and each other provision set forth in this Agreement and made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any party, any director or officer of such party, or any controlling person of any of the foregoing, and shall survive the transfer of any Registrable Securities by each Holder

or Additional Holder, and the indemnification and contribution provisions set forth in Section 2.06 hereof shall survive termination of this Agreement.

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

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title:

JAMES EISENBERG

/s/ James Eisenberg

Address: 1350 Galaxy Drive
Newport Beach, CA 92660

DALE ANDERSON

/s/ Dale Anderson

Address: 1736 Marlin Way
Newport Beach, CA 92660

F.G. LINDSAY BURTON

/s/ F.G. Lindsay Burton

Address: 3000 N. Canyon Ridge Drive
N. Logan, UT 84341

KENT ALDER

/s/ Kent Alder

Address: 17550 N.E. 67th Court
Redmond, WA 98052

MICHAEL LAMBRAKIS

/s/ Michael Lambrakis

Address: 3201 Marna Avenue
Long Beach, CA 90808

DR. EDWARD WOERZ

/s/ Dr. Edward Woerz

Address: 8 Possum Ridge Road
Rolling Hills, CA 90274

TCW/CRESCENT MEZZANINE PARTNERS II, L.P.
TCW/CRESCENT MEZZANINE TRUST II

By: TCW/Crescent Mezzanine II, L.P.,
as general partner or managing owner

By: TCW/Crescent Mezzanine, L.L.C.,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: President

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348
Fax: 214-740-7382

TCW LEVERAGED INCOME TRUST, L.P.

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348
Fax: 214-740-7382

TCW LEVERAGED INCOME TRUST II, L.P.

By: TCW (LINC II), L.P.,
as general partner

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Jean-March Chapus

Name: Jean-March Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348

Fax: 214-740-7382

SCHEDULE I

HOLDER

James Eisenberg
Dale Anderson
TCW/Crescent Mezzanine Partners II, L.P.
TCW/Crescent Mezzanine Trust II
TCW Leveraged Income Trust, L.P.
TCW Leveraged Income Trust II, L.P.
F.G. Lindsay Burton
Kent Alder
Michael Lambrakis
Dr. Edward Woerz

Exhibit 4.4

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of July 13, 1999 (this "AGREEMENT") among Pacific Circuits, Inc. (the "COMPANY") and certain Purchasers of warrants to purchase Company Common Stock listed on Schedule I attached hereto (each a "HOLDER" and collectively the "HOLDERS").

WHEREAS, pursuant to that certain Warrant Agreement (the "WARRANT AGREEMENT"), of even date herewith, the Company has agreed to issue certain warrants (the "WARRANTS") to purchase Company Common Stock (the shares of Common Stock and the securities issuable upon exercise of the Warrants, the "WARRANT SHARES") for the consideration and on terms and conditions more particularly set forth therein; and

WHEREAS, it is a condition to the consummation of the transactions set forth in the Warrant Agreement and that certain Securities Purchase Agreement, of even date herewith, among the Company, the Subsidiary Guarantor listed on the signature pages thereto and the purchasers listed on the signature pages thereto, that the parties hereto enter into this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01. As used in this Agreement, the following terms shall have the following respective meanings:

"ADDITIONAL HOLDER" shall mean any Company shareholder (other than the Holders) or any transferee or assignee thereof to whom the Company has contractually granted incidental registration rights.

"BUSINESS DAY" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by law to be closed in Seattle, Washington or the District of Columbia.

"COMMISSION" shall mean the United States Securities and Exchange Commission, or any other United States federal agency at the time administering the Securities Act or the Exchange Act, as applicable, whichever is the relevant statute.

"COMPANY COMMON STOCK" shall mean the common stock, no par value per share, of the Company.

"EXCHANGE ACT" shall mean the United States Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

"PERSON" shall mean an individual, corporation, association, partnership, limited liability company, trust, organization, group (as such term is used in Rule 13d-5 under the Exchange Act), business, government or political subdivision thereof, governmental agency or other entity.

"PROSPECTUS" shall mean the prospectus included in any Registration Statement, as amended or supplemented by any prospectus supplement with respect of the terms of the offering of any security of the Company covered by such Registration Statement and all other amendments or supplements to the prospectus, including post-effective amendments, and all material incorporated, or deemed to be incorporated, by reference in such prospectus.

"PUBLIC OFFERING" shall mean a sale pursuant to a Registration Statement filed pursuant to the Securities Act where the issuance of stock pursuant to such sale has a market value of at least $30 million and a capitalization on a fully diluted basis of at least $75 million (based on the per share price of shares sold in such offering).

"REGISTRABLE SECURITIES" shall mean any Warrants and Warrant Shares issued or retained pursuant to the Warrant Agreement or

securities which may be issued or distributed in respect thereof by way of stock dividend or stock split or other distribution, exchange, recapitalization, or reclassification. For purposes of this Agreement, any Registrable Securities shall cease to be Registrable Securities when (i) a Registration Statement with respect to the sale of such securities shall have become effective under the Securities Act and such securities shall have been disposed of in accordance with such Registration Statement, (ii) such Registrable Securities are sold by a Person in a transaction in which the rights under the provisions of this Agreement are not assigned, or (iii) such Registrable Securities shall have ceased to be outstanding.

"REGISTRATION STATEMENT" shall mean any registration statement under the Securities Act filed by the Company, including the Prospectus contained therein, any amendments and supplements to such registration statement, including post-effective amendments, and all exhibits and all material incorporated, or deemed to be incorporated, by reference in such registration statement.

"SECURITIES ACT" shall mean the United States Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission thereunder, all as the same shall be amended from time to time.

ARTICLE II

AGREEMENTS IN RESPECT OF THE REGISTRABLE SECURITIES

SECTION 2.01. DEMAND REGISTRATIONS. (a) At any time after the Company completes an initial public offering of Company Common Stock and subject to limitations set forth below, TCW/Crescent Mezzanine Partners II, L.P., TCW/Crescent Mezzanine Trust II, TCW Leveraged Income Trust, L.P., and TCW Leveraged Income Trust II, L.P. ("TCW/CRESCENT") shall have the right (a "DEMAND RIGHT") to require the Company to file a Registration Statement under the Securities Act in respect of Registrable Securities held by it. If at the time that a Demand Right is exercised by TCW/Crescent, the Company is not eligible to use Form S-3, such Demand Right shall be a "LONG-FORM DEMAND RIGHT". If at the time that a Demand Right is exercised by TCW/Crescent, the Company is eligible to use Form S-3, such Demand Right shall be a "SHORT-FORM DEMAND RIGHT". TCW/Crescent shall have one Long-Form Demand Right and two Short-Form Demand Rights. (For purposes of this Section 2.01, the party exercising a Demand Right is, where applicable, referred to as the "SELLING SHAREHOLDER").

(b) Each Long-Form Demand Right must be exercised in respect of at least 2,019 Registrable Securities (subject to equitable adjustment in the event of stock splits, stock dividends and similar events). Each Short-Form Demand Right must be exercised in respect of at least the lesser of (i) 1,000 Registrable Securities (subject to equitable adjustment in the event of stock splits, stock dividends and similar events) and (ii) all Registrable Securities then held by such Holder. No Demand Right may be exercised within 6 months after the date that the registration of Registrable Securities pursuant to a prior exercise of a Demand Right was declared effective.

(c) As promptly as practicable, but in no event later than 45 days after the Company receives a written request from a Selling Shareholder demanding that the Company so register the number of Registrable Securities specified in such request, the Company shall file with the Commission and thereafter use its reasonable best efforts to cause to be declared effective promptly a Registration Statement (a "DEMAND REGISTRATION") providing for the registration of all Registrable Securities as the Selling Shareholder shall have demanded be registered.

(d) Anything in this Agreement to the contrary notwithstanding, the Company shall be entitled to postpone and delay, for a reasonable period of time (the "BLACKOUT PERIOD"), not to exceed 60 days after the exercise of a Demand Right in the case of subsections (i) and (iii) below, and not to exceed six months after the exercise of a Demand Right in the case of subsection (ii) below, the filing of any Demand Registration if:

(i) the Company will be filing, within 30 days after the exercise of a Demand Right, a Registration Statement pertaining to a public offering of Company Common Stock in which the Holders are entitled to join pursuant to Section 2.02 hereof;

(ii) the Company is subject to an existing contractual obligation to its underwriters not to engage in a public offering;

(iii) the Company shall determine that any such filing or the offering of any Registrable Securities would

(A) in the good faith judgment of the Board of Directors of the Company, impede, delay or otherwise interfere with any pending or contemplated financing, acquisition, corporate reorganization or other similar transaction involving the Company or its wholly owned subsidiaries;

(B) based upon advice from the Company's investment banker or financial advisor, adversely affect any pending or contemplated offering or sale of any class of securities by the Company; or

(C) in the good faith judgment of the Board of Directors of the Company, require disclosure of material nonpublic information which, if disclosed at such time, would be materially harmful to the interests of the Company and its shareholders;

PROVIDED, HOWEVER, that the Blackout Period shall terminate upon the completion or abandonment of the relevant securities offering or sale, the termination or expiration of the existing contractual obligation not to engage in a public offering, the completion or abandonment of the relevant financing, acquisition, corporate reorganization or other similar transaction, such time as such Demand Registration shall no longer affect the relevant pending or contemplated offering or sale of securities by the Company, the public disclosure by the Company or public admission by the Company of such material nonpublic information or such time as such material nonpublic information shall be publicly disclosed not in breach of confidentiality obligations, as the case may be. After the expiration of any Blackout Period and without any further request from the Selling Shareholder the Company shall effect the filing of the relevant Demand Registration and shall use its reasonable best efforts to cause any such Demand Registration to be declared effective as promptly as practicable unless the Selling Shareholder shall have, prior to the effective date of such Demand Registration, withdrawn in writing the initial request, in which case such withdrawn request shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled hereunder. The Company may not exercise its right to postpone or delay the filing of any Demand Registration pursuant to subsection 2.01(d)(i) or (iii) more than twice during any 12 month period, or more than once during any 12-month period pursuant to subsection 2.01(f)(ii).

(e) Any request by a Selling Shareholder for a Demand Registration which is subsequently withdrawn prior to such Demand Registration becoming effective shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled if such withdrawal (i) is due to a material adverse change affecting the Company, (ii) is due to a notification by the Company of an intention to file a Registration Statement with respect to Company Common Stock or (iii) is made in accordance with the penultimate sentence of Section 2.01(c). In addition, a Demand Registration shall not constitute a Demand Registration for purposes of determining the number of Demand Registrations to which the Selling Shareholder is entitled if (i) it does not become effective or (ii) if such Selling Shareholder making a Demand Right has not been able to register and sell at least 75% of the Registrable Securities initially requested to be registered by such Selling Shareholder in such registration; provided, that TCW/Crescent will pay all Registration Expenses in connection with any registration initiated as a Demand Registration whether or not it becomes effective.

(f) The Company shall be entitled to include authorized but unissued shares of Company Common Stock in any Demand Registration, subject to Section 2.02. Notwithstanding anything contained herein, if the lead underwriter of an offering involving a Demand Registration delivers a written opinion to the Selling Shareholder (a copy of which shall be provided to the Company) that the number of shares of Company Common Stock included in such Demand Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the Company shall include in such Demand Registration (x) FIRST, the number of Registrable Securities requested to be included in such registration by the Selling Shareholder exercising his/its Demand Right that in the opinion of such lead underwriter can be sold without the effects in the foregoing clauses (i) and (ii), and (y) SECOND, other securities requested to be included in such Demand Registration by the Company, any Holder or Additional Holder, pro rata among the holders of such securities on the basis of the number of such securities owned by each such holder.

SECTION 2.02. INCIDENTAL REGISTRATION. (a) If the Company proposes to file a Registration Statement under the Securities Act with respect to a Public Offering or, after a Public Offering with respect to any offering of Company Common Stock (i) for its own account or (ii) for the account of any

Holder or each Additional Holder of Company Common Stock, the Company shall give written notice of such proposed filing to each Holder and any Additional Holder as soon as practicable (but in any event not less than 30 days before the anticipated filing date), and such notice shall offer each Holder and each Additional Holder the opportunity to register such number of Registrable Securities as each Holder or Additional Holder shall request. Upon the written direction of a Holder or an Additional Holder, given within 20 days following the receipt by the Holder or Additional Holder of any such written notice (which direction shall specify the number of Registrable Securities intended to be disposed of by the Holder or Additional Holder), the Company shall include in such Registration Statement (an "INCIDENTAL REGISTRATION") such number of Registrable Securities as shall be set forth in such written direction. Notwithstanding anything contained herein, if the lead underwriter of an offering involving an Incidental Registration delivers a written opinion to the Company (a copy of which shall be provided to each Holder and each Additional Holder requesting Incidental Registration rights hereunder) that the number of shares of Company Common Stock included in such Incidental Registration would (i) materially and adversely affect the price of the Company Common Stock to be offered or (ii) result in a greater amount of Company Common Stock being offered than the market could reasonably absorb, then the number of Registrable Securities to be registered by any Holder or Additional Holder requesting Incidental Registration rights hereunder, shall be reduced in proportion to such Holder's and Additional Holder's respective pro rata ownership interest in the Company at the time immediately preceding such request for Incidental Registration to the extent that, in the lead underwriter's opinion, neither of the effects in the foregoing clauses (i) and (ii) would result from the number of shares of Company Common Stock included in such Incidental Registration.

SECTION 2.03. REGISTRATION PROCEDURES. (a) In connection with each Registration, and in accordance with the intended method or methods of distribution of the Company Common Stock as described in such Registration, the Company shall, as soon as reasonably practicable (and, in any event, subject to the terms of this Agreement, at or before the time required by applicable laws and regulations):

(i) prepare and file with the Commission a Registration Statement with respect to such Registrable Securities, which, if the method of distribution is by means of an underwriting, shall be in form and substance reasonably acceptable to the underwriters for such underwriting, and use its reasonable best efforts to cause such Registration Statement to become and remain effective for the period of the distribution contemplated thereby; PROVIDED, HOWEVER, that the Company shall use its reasonable best efforts to cause a Registration Statement on Form S-3 to remain effective until the earlier of (i) the disposition of all the Registrable Securities registered thereunder, and (ii) the expiration of the 90-day period commencing on the first day of the effectiveness of such Registration;

(ii) prepare and file with the Commission such amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities covered by such Registration Statement;

(iii) furnish to each Holder and Additional Holder such numbers of copies of the Registration Statement and the Prospectus included therein (including each preliminary prospectus and any amendments or supplements thereto), in conformity with the requirements of the Securities Act and such other documents and information as it may reasonably request;

(iv) (A) make available for inspection by each Holder or Additional Holder and its counsel and financial advisors such financial and other information as shall be reasonably requested by them, and provide such Holder or Additional Holder and its counsel and financial advisors the opportunity to discuss the business affairs of the Company with its principal executives and accountants, for the purposes of enabling each Holder or Additional Holder to exercise its due diligence responsibilities under the Securities Act and (B) before the Registration Statement (and any amendments or supplements thereto) is filed, provide copies thereof to each Holder and Additional Holder and its counsel and provide them with adequate time to review and comment thereon;

(v) use its reasonable best efforts to register or qualify the Registrable Securities covered by such Registration Statement under such other securities or blue sky laws of any jurisdiction within the United States and Puerto Rico as shall be reasonably appropriate for the distribution of the Registrable Securities covered by the Registration Statement; PROVIDED, HOWEVER, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business in or to file a general consent to service of process in any jurisdiction

wherein it would not but for the requirements of this paragraph (v) be obligated to do so; and PROVIDED, FURTHER, that the Company shall not be required to qualify such Registrable Securities in any jurisdiction in which the securities regulatory authority requires that a Holder or Additional Holder submit any of its Registrable Securities to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Securities in such jurisdiction unless such Holder or Additional Holder agrees to do so;

(vi) promptly notify each Holder and Additional Holder, at any time when a Prospectus relating to the Registrable Securities is required to be delivered under the

Securities Act, of the happening of any event as a result of which the Prospectus included in such Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made, and at the request of a Holder or Additional Holder, promptly prepare and furnish to such Holder or Additional Holder a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of such securities, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances under which they were made;

(vii) enter into customary agreements (including if the method of distribution is by means of an underwriting, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of the Registrable Securities to be so included in the Registration Statement;

(viii) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security holders, as soon as reasonably practicable, but not later than 18 months after the effective date of the Registration Statement, an earnings statement covering the period of at least 12 months beginning with the first full month after the effective date of such Registration Statement, which earnings statements shall satisfy the provisions of Section 11(a) of the Securities Act;

(ix) file with any securities exchange where the Registrable Securities are to be listed, the required number of Prospectuses pursuant to the rules and regulations of such exchange as are from time to time in effect;

(x) permit any Holder or Additional Holder that might (in its reasonable judgment), be deemed to be an underwriter or a controlling person of the Company, to participate in the preparation of the Registration Statement and to require the insertion therein of material, furnished to the Company in writing, which in the reasonable judgment of such Holder or Additional Holder and its counsel should be included;

(xi) obtain a cold comfort letter from the Company's independent public accountants in customary form and covering such matters of the type customarily covered by cold comfort letters, which letter shall be addressed to the underwriters; and use its reasonable best efforts to cause such cold comfort letter to also be addressed to the Holders and Additional Holders participating in the offering associated with the Registration Statement;

(xii) obtain an opinion from the Company's outside counsel in customary form and covering such matters of the type customarily covered by such opinions, which opinion shall be addressed to the underwriters and the Holders and Additional Holders participating in the offering associated with the Registration Statement; and

(xiii) use its reasonable best efforts to list the Company Common Stock covered by such Registration Statement with any securities exchange or recognized trading market on which the Company Common Stock are then listed and, if not so listed, to list the Company Common Stock on a securities exchange or the Nasdaq Stock Market.

(b) Each Holder or Additional Holder requesting Incidental Registration and each Selling Shareholder requesting Demand Registration shall

furnish to the Company in writing such information regarding such Holder, Additional Holder or Selling Shareholder and its intended method of distribution of the Registrable Securities as the Company may from time to time reasonably request in writing, but only to the extent that such information is required in order for the Company to comply with its obligations under all applicable securities and other laws and to ensure that the Prospectus relating to such Registrable Securities conforms to the applicable requirements of the Securities Act and the rules and regulations thereunder. Each Holder, Additional Holder or Selling Shareholder shall use reasonable best efforts to notify the Company as promptly as practicable of any inaccuracy or change in information previously furnished by such Holder, Additional Holder or Selling Shareholder, as applicable, to the Company or of the occurrence of any event, in either case as a result of which any Prospectus relating to the Registrable Securities contains or would contain an untrue statement of a material fact regarding such Holder, Additional Holder or Selling Shareholder, as applicable, or its intended method of distribution of such Registrable Securities or omits to state any material fact regarding such Holder, Additional Holder or Selling Shareholder, as applicable, or its intended method of distribution of such Registrable Securities required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and promptly furnish to the Company any additional information required to correct and update any previously furnished information, or required so that such prospectus shall not contain, with respect to such Holder, Additional Holder or Selling Shareholder, as applicable, or the intended method of distribution of the Registrable Securities, an untrue satement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

SECTION 2.04. REGISTRATION EXPENSES. All expenses incurred in connection with (i) each Registration pursuant to Section 2.01 of this Agreement, excluding underwriters' discounts and commissions and any stamp or transfer tax or duty and (ii) each Registration pursuant to Section 2.02 of this Agreement, excluding any stamp or transfer tax or duty, but including in both cases all registration, filing and qualification fees, printers' and accounting fees, reasonable fees and disbursements of one counsel for the Selling Shareholder, or in the case of an Incidental Registration, one counsel for all Holders (selected by the Holders) and fees and disbursements of counsel for the Company incurred in connection with each registration shall be paid by the Company. Each Holder or Additional Holder requesting Incidental Registration shall bear and pay its pro-rata share of the underwriting commissions and discounts and any stamp or transfer tax or duty and the fees and disbursements of counsel for such parties other than the one counsel referred to above incurred in connection with each Registration applicable to securities offered for its account in connection with any Registrations, filings and qualifications made pursuant to this Agreement.

SECTION 2.05. UNDERWRITING REQUIREMENTS. In connection with any underwritten offering, the Company shall not be required under either Section 2.01 or Section 2.02 of this

Agreement to include shares of Registrable Securities in such underwritten offering unless the Selling Shareholder, or in the case of an Incidental Registration under Section 2.02, a Holder or Additional Holder, accepts the terms of the underwriting of such offering that have been reasonably agreed upon between the Company and the underwriters selected by the Company.

SECTION 2.06. Indemnification; Contribution.

(a) INDEMNIFICATION BY THE COMPANY. The Company shall, and it hereby agrees to, indemnify and hold harmless each Holder or Additional Holder, each of their respective officers, directors, agents, and employees, and each Person, if any, who controls such Holder or Additional Holder, within the meaning of the Securities Act, against any losses, claims, damages or liabilities ("LOSSES") to which such Holder or Additional Holder or their respective officers, directors, agents, employees, and controlling Persons, may become subject, insofar as such Losses (or actions, proceedings or investigations in respect thereof) arise out of or are based upon an untrue statement or alleged untrue statement of a material fact contained in (i) any Registration Statement or Prospectus contained therein or (ii) any application or other document or communication (in this Section 2.06 collectively, an "APPLICATION") executed by or on behalf of the Company or based upon written information furnished by or on behalf of the Company and filed in any jurisdiction in order to qualify any securities covered by such registration statement under the "blue sky" or securities laws thereof, or (iii) arise out of or are based upon any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; and the Company shall, and it hereby agrees to, reimburse each Holder or Additional Holder or their respective agents or underwriters for any legal or other out-of-pocket expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them unless

there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such action, proceeding or investigation; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(a) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of the Company which consent shall not be unreasonably withheld; PROVIDED, FURTHER, that the Company shall not be liable to any such Person in any such case to the extent that any such Loss or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in such Registration Statement or Prospectus contained therein, in reliance upon and in conformity with written information furnished to the Company by such Holder or Additional Holder or any agent, underwriter or representative of such Holder or Additional Holder expressly for use therein, or by the failure of such Holder or Additional Holder to furnish the Company, upon request, with the information required by Section 2.03(b) hereof with respect to such Holder or Additional Holder (or agent, underwriter or representative of such Holder or Additional Holder) or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission or, in the case of such agent or underwriter, if the Company shall sustain the burden of proving that such agent or underwriter sold securities to the person alleging such Loss without sending or giving, at or prior to the written confirmation of such sale, a copy of the applicable Prospectus (excluding any documents incorporated by reference therein) or of the applicable Prospectus, as then amended or supplemented (excluding any documents incorporated by reference therein) if the Company had previously furnished copies thereof to such agent or underwriter, and such Prospectus corrected

such untrue statement or alleged untrue statement or omission or alleged omission made in such Registration.

(b) INDEMNIFICATION BY THE HOLDERS AND ANY AGENT OR UNDERWRITERS. Each Holder or Additional Holder requesting or joining in a Registration shall severally and not jointly indemnify and hold harmless the Company, each of its directors and officers, and each Person, if any, who controls the Company within the meaning of the Securities Act, against any Losses, joint or several, to which the Company or any such director, officer, or controlling Person, may become subject, under the Securities Act or otherwise, and shall reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, agent or underwriter (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such Loss or action, proceeding or investigation insofar as such Losses (or actions, proceedings or investigations in respect thereof) or expenses arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement on the effective date thereof (including any Prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission (i) was made in such Registration Statement or Prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished by or on behalf of such Holder or additional Holder expressly for use in connection with such Registration Statement or Prospectus, or (ii) resulted from the failure of such Holder or Additional Holders to furnish the Company, upon request, with the information required by Section 2.03(b) hereof, with respect to such Holder or Additional Holder or agent, underwriter or representative of such Holder or Additional Holder, or the intended method of distribution by such Holder or Additional Holder, that is the subject of the untrue statement or omission; PROVIDED, HOWEVER, that the indemnity agreement contained in this Section 2.06(b) shall not apply to amounts paid in settlement of any such Loss, action, proceeding or investigation if such settlement is effected without the consent of such Holder or Additional Holder which consent shall not be unreasonably withheld and in no event shall any Holder or Additional Holder be liable under this Section 2.05(b) for an amount in excess of the gross proceeds received by such Holder or Additional Holder from the sale of securities pursuant to such Registration.

(c) NOTICE OF CLAIMS, ETC. Promptly after receipt by an indemnified party under subsection (a) or (b) above of written notice of the commencement of any action or proceeding for which indemnification under subsection (a) or (b) may be requested, such indemnified party shall, without regard to whether a claim in respect thereof is to be made against an indemnifying party pursuant to the indemnification provisions of, or as contemplated by, this Section 2.06, notify such indemnifying party in writing of the commencement of such action or proceeding; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to

any indemnified party in respect of such action or proceeding on account of the indemnification provisions of or contemplated by Section 2.06(a) or 2.06(b) hereof, except to the extent the indemnifying party was prejudiced by such failure of the indemnified party to give such notice, and in no event shall such omission relieve the indemnifying party from any other liability it may have

to such indemnified party. In case any such action or proceeding shall be brought against any indemnified party and it shall notify an indemnifying party of the commencement thereof, such indemnifying party shall be entitled to participate therein and, to the extent that it shall determine, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and, after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof, such indemnifying party shall not be liable to such indemnified party for any legal or any other expenses subsequently incurred by such indemnified party, in connection with the defense thereof other than reasonable costs of investigation (unless such indemnified party reasonably objects to such assumption on the grounds that there are likely defenses available to it which are different from and potentially inconsistent with the defenses aailable to such indemnifying party, in which event the indemnified party shall have the right to control its defense and shall be reimbursed by the indemnifying party for the expenses incurred in connection with retaining separate counsel). If the indemnifying party is not entitled to, or elects not to, assume the defense of a claim, it will not be obligated to pay the fees and expenses of more than one counsel (in addition to local counsel) for all indemnified parties with respect to such claim, unless counsel retained by the indemnified party reasonably concludes that it is not able to represent any other indemnified party as a result of an actual or likely potential conflict of interest, in which event each such indemnified party shall have the right to retain separate counsel. The indemnifying party will not be subject to any liability for any settlement made without its consent, which consent shall not be unreasonably withheld or delayed. No indemnifying party will consent to entry of any judgment or enter into any settlement agreement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect of such claim or litigation.

(d) CONTRIBUTION. Each Holder and Additional Holder and the Company agrees that if, for any reason, the indemnification provisions contemplated by Section 2.06(a) or Section 2.06(b) hereof are unavailable to or are insufficient to hold harmless an indemnified party in respect of any Losses (or actions or proceedings in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such Losses (or actions or proceedings in respect thereof) in such proportion as is appropriate to reflect the relative fault of, and benefits derived by, the indemnifying party and the indemnified party, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by such indemnifying party or by such indemnified party, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 2.06(d) were determined (i) by pro rata allocation (even if the Holders or any agents for, or underwriters of, the Registrable Securities, or all of them, were treated as one entity for such purpose); or (ii) by any other method of allocation which does not take account of the equitable considerations referred to in this Section 2.06(d). The amount paid or payable by an indemnified party as a result of the Losses (or actions or proceedings in respect thereof) referred to above shall be deemed to include (subject to the limitations set forth in Section 2.06(c) hereof) any legal or other fees or expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the

Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) BENEFICIARIES OF INDEMNIFICATION. The obligations of the Company under this Section 2.06 shall be in addition to any liability that it may otherwise have and shall apply, upon the same terms and conditions, to each Holder or Additional Holder and each agent and underwriter of the Registrable Securities and each person, if any, who controls any Holder or Additional Holder or any such agent or underwriter within the meaning of the Securities Act; and

the obligations of each Holder or Additional Holder and any agents or underwriters contemplated by this Section 2.06 shall be in addition to any liability that each Holder or Additional Holder or its respective agent or underwriter may otherwise have and shall apply, upon the same terms and conditions, to each officer and director of the Company (including any person who, with his consent, is named in any Registration Statement as about to become a director of the Company) and to each person, if any, who controls the Company within the meaning of the Securities Act.

SECTION 2.07. TERMINATION OF REGISTRATION RIGHTS. Notwithstanding any other provisions of this Agreement to the contrary, the registration rights granted pursuant to this Agreement shall terminate with respect to each Holder or Additional Holder on the earlier of: (i) the date that all Registrable Securities held by such Holder or Additional Holder are legally permitted to be sold within a three month period under Rule 144 under the Securities Act (or other similar rule), regardless of whether at the time of such sales any Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144, provided that each Holder or Additional Holder is then entitled to rely on Rule 144 with respect to all such Registrable Securities; or (ii) on the tenth anniversary of the date of this Agreement, regardless of the tradeability of any Registrable Securities held by any Holder or Additional Holder.

SECTION 2.08. UNDERWRITERS. If any of the Registrable Securities are to be sold pursuant to an underwritten offering, the investment banker or bankers and the managing underwriter or underwriters thereof shall be selected by the Company after consultation with each Holder or Additional Holder participating in such Registration, PROVIDED, that such managing underwriter or underwriters must be of recognized national standing.

SECTION 2.09. LOCKUP. Each Holder or Additional Holder shall, in connection with any Registration of the Company's securities, upon the request of the underwriters managing any underwritten offering of the Company's securities, agree in writing not to effect any sale, disposition or distribution of any Registrable Securities (other than that included in the Registration or, if the effectiveness of such Registration is after one year after the date of this Agreement, sales in accordance with Rule 144 under the Securities Act and within the volume limitation of Rule 144(e) under the Securities Act, regardless of whether at the time of such sales each Holder or Additional Holder is entitled to rely upon paragraph (k) of Rule 144) without the prior written consent of the Company or such underwriters, as the case may be, for such period of time not to exceed 180 days from the effective date of such Registration as the underwriters may specify; PROVIDED, HOWEVER, that all executive officers and directors of the Company shall also have agreed not to effect any sale, disposition or distribution of any Registrable Securities for a like period of time pursuant to the terms set forth in this Section 2.09.

SECTION 2.10. LEGENDS. (a) Stop transfer restrictions will be given to the Company's transfer agent(s) with respect to the Registrable Securities and there will be placed on the certificate or instruments representing the Registrable Securities, and on any certificate or instrument delivered in substitution or exchange therefor, a legend stating in substance:

> "THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS SUCH TRANSFER IS MADE IN CONNECTION WITH AN EFFECTIVE REGISTRATION STATEMENT UNDER SUCH ACT OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT OR SUCH ACT DOES NOT APPLY.
>
> THE SECURITIES EVIDENCED BY THIS CERTIFICATE ARE SUBJECT TO CERTAIN RESTRICTIONS ON TRANSFER AS SET FORTH IN AN AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT, DATED AS OF JULY 13, 1999, AS IT MAY BE AMENDED FROM TIME TO TIME, A COPY OF WHICH IS ON FILE AT THE PRINCIPAL EXECUTIVE OFFICES OF THE ISSUER. NO REGISTRATION OF TRANSFER OF SUCH SECURITIES WILL BE MADE ON THE BOOKS OF THE ISSUER UNLESS AND UNTIL SUCH RESTRICTIONS SHALL HAVE BEEN COMPLIED WITH."

(b) The Company hereby agrees that it will cause stop transfer restrictions to be released with respect to any Registrable Securities that are (i) transferred pursuant to an effective Registration Statement under the Securities Act, (ii) transferred pursuant to Rule 144 under the Securities Act, (iii) transferred pursuant to another exemption from the registration requirements of the Securities Act, or (iv) freely transferable pursuant to Rule 144(k); PROVIDED, HOWEVER, that in the case of any transfer pursuant to clause (ii) or (iii) above, the request for transfer is accompanied by a written statement signed by each Holder or Additional Holder confirming compliance with the requirements of the relevant exemption from registration; and PROVIDED, FURTHER, that in the case of any transfer pursuant to clause (iii) above, the

Company shall have received a written opinion of counsel reasonably satisfactory to the Company that such registration is not required. The Company further agrees that it will cause the legend described in subsection (a) of this Section 2.10 to be removed in the event of any transfer as provided in clause (i) or (ii) above.

SECTION 2.11. ASSIGNMENT OF REGISTRATION RIGHTS. The rights to cause the Company to register Registrable Securities pursuant to this Section 2 may be assigned by a Holder or Additional Holder to a transferee or assignee, provided that, the Company is, within a reasonable time after such transfer, furnished with written notice of the name and address of such transferee or assignee and the Registrable Securities with respect to which such registration rights are being assigned; and, provided further, that such assignment shall be effective only if immediately following such transfer the further disposition of such Registrable Securities by the transferee or assignee is restricted under the Securities Act.

SECTION 2.12. PUBLIC INFORMATION. The Company covenants to make available "adequate current public information" concerning the Company within the meaning of Rule 144(c) under the Securities Act.

SECTION 2.13. REGISTRATION RIGHTS OF OTHERS. The Company represents and warrants to TCW/Crescent that the only agreements granting any Company shareholder registration rights as of the date hereof are this Agreement, that certain Registration Rights Agreement as of even date herewith, among the Company and certain Purchasers named therein, and that certain Registration Rights Agreement, dated as of December 15, 1998 among the Company, Circuit Holdings, LLC and Lewis O. Coley, III. The Company covenants and agrees that so long as TCW/Crescent holds any Warrants or Warrants Shares in respect of which any registration rights provided for in Article II remain in effect, the company will not, directly or indirectly, grant to any Person, or agree to or otherwise become obligated in respect of, any registration rights with priority over the registration rights of TCW/Crescent pursuant to Article II (i.e., in the event that the underwriter limits the number of Warrants or Warrant Shares to be included in a Demand Registration or Incidental Registration, such limit will apply pro rata to all Persons participating as sellers in such registration).

ARTICLE III

MISCELLANEOUS

SECTION 3.01. EXPENSES. Except as otherwise specified in this Agreement, all costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

SECTION 3.02. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given and made upon receipt) by delivery in person, by courier service, by cable, by facsimile, by telegram, by telex, or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified in a notice given in accordance with this Section 3.02):

(a) if to the Company:

Pacific Circuits, Inc.
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, NW
Suite 350
Washington, D.C. 20004
Facsimile: (202) 371-0391
Attention: Jeffrey W. Goettman

with a copy to:

Shearman & Sterling
555 California Street

San Francisco, California 94104
Facsimile: (415) 616-1199
Attention: Christopher D. Dillon, Esq.

(b) if to a Holder, at the address set forth on the signature

page of such Holder attached hereto.

SECTION 3.03. PRESS RELEASES. No party to this Agreement shall make, or cause to be made, any press release or public announcement in respect of this Agreement or the transactions contemplated hereby or otherwise communicate with any news media without the prior written consent of the other party (except to the extent that such disclosure is required by law or under any relevant listing agreement with a stock exchange or the NASDAQ National Market), and, to the extent practicable, the parties shall cooperate as to the timing and contents of any such press release or public announcement.

SECTION 3.04. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 3.05. SEVERABILITY. If any term or other provision of this Agreement is invalid, illegal, or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in an acceptable manner in order that the transactions contemplated hereby are consummated as originally contemplated to the greatest extent possible.

SECTION 3.06. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among any of the parties hereto with respect to the subject matter hereof, except as otherwise expressly provided herein including the Original Registration Rights Agreement.

SECTION 3.07. NO THIRD PARTY BENEFICIARY. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their respective successors and nothing herein, express or implied, is intended to or shall confer upon any other Person (including any Additional Holder) any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement.

SECTION 3.08. AMENDMENT. This Agreement may not be amended or modified except (a) by an instrument in writing signed by, or on behalf of, the Company and each Holder or (b) by a waiver in accordance with Section 3.09 of this Agreement.

SECTION 3.09. WAIVER. Any party to this Agreement may (a) extend the time for the performance of any obligations or other acts of any other party hereto or (b) waive compliance with any agreements or conditions contained herein. Any such extension or waiver shall be valid against the Company only if set forth in an instrument in writing signed by the Company and shall

be valid against each Holder or Additional Holder only if set forth in an instrument in writing signed by such Holder or Additional Holder. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or as a waiver of any other term or condition, of this Agreement. The failure of any party to assert any of its rights hereunder shall not constitute a waiver of any of such rights.

SECTION 3.10. GOVERNING LAW; DISPUTE RESOLUTION. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington applicable to contracts executed in and to be performed entirely within that State. All actions and proceedings arising out of or relating to this Agreement shall be heard and determined in any state or federal court sitting in the State of Washington.

SECTION 3.11. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

SECTION 3.12. SURVIVAL. The several indemnities, agreements, representations, warranties and each other provision set forth in this Agreement and made pursuant hereto shall remain in full force and effect regardless of any investigation (or statement as to the results thereof) made by or on behalf of any party, any director or officer of such party, or any controlling person of any of the foregoing, and shall survive the transfer of any Registrable Securities by each Holder or Additional Holder, and the indemnification and contribution provisions set forth in Section 2.06 hereof shall survive

termination of this Agreement.

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

PACIFIC CIRCUITS, INC.

By: /s/ Michael E. Moran

Name: Michael E. Moran
Title: Vice President

TCW/CRESCENT MEZZANINE PARTNERS II, L.P.
TCW/CRESCENT MEZZANINE TRUST II

By: TCW/Crescent Mezzanine II, L.P.,
as general partner or managing owner

By: TCW/Crescent Mezzanine, L.L.C.,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: President

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348
Fax: 214-740-7382

TCW LEVERAGED INCOME TRUST, L.P.

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor,

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348
Fax: 214-740-7382

TCW LEVERAGED INCOME TRUST II, L.P.

By: TCW (LINC II), L.P.,
as general partner

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Jean-March Chapus

Name: Jean-March Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor,

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

Address for Notices
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas, 75201
Attention: Timothy P. Costello
Phone: 214-740-7348
Fax: 214-740-7382

SCHEDULE I

HOLDER
TCW/Crescent Mezzanine Partners II, L.P.
TCW/Crescent Mezzanine Trust II
TCW Leveraged Income Trust, L.P.
TCW Leveraged Income Trust II, L.P.

Exhibit 4.5

PACIFIC CIRCUITS, INC.

WARRANT AGREEMENT

This WARRANT AGREEMENT is dated as of July 13, 1999 (the "AGREEMENT") and entered into by and among Pacific Circuits, Inc., a Washington corporation (the "COMPANY "), and the purchasers party hereto (each, a "PURCHASER" and collectively, the "PURCHASERS"). All capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Purchase Agreement (as hereinafter defined).

WHEREAS, pursuant to a Securities Purchase Agreement dated as of the date hereof (the "PURCHASE AGREEMENT") by and among the Company, the Subsidiary Guarantor identified therein and the Purchasers, the Company proposes to issue to the Purchasers certain Warrants, as hereinafter described (the "WARRANTS"), to purchase an aggregate of 2,019 shares (subject to adjustment) of the common stock, no par value per share (together with all other classes of common stock of the Company, the "COMMON STOCK"), of the Company (the shares of Common Stock and other securities issuable upon exercise of the Warrants being referred to herein as the "WARRANT SHARES");

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein set forth, the parties hereto agree as follows:

SECTION 1. WARRANT CERTIFICATES. The Company will issue and deliver a certificate or certificates evidencing the Warrants (the "WARRANT CERTIFICATES") pursuant to the terms of the Purchase Agreement. Each Warrant Certificate shall be substantially in the form set forth as Exhibit A attached hereto. The Warrant Certificates shall be dated the date of issuance by the Company.

SECTION 2. EXECUTION OF WARRANT CERTIFICATES. The Warrant Certificates shall be signed on behalf of the Company by its Chairman of the Board, Chief Executive Officer, President or a Vice President. Each such signature upon the Warrant Certificates may be in the form of a facsimile signature of the present or any future Chairman of the Board, Chief Executive Officer, President or Vice President, and may be imprinted or otherwise reproduced on the Warrant Certificates and for that purpose the Company may adopt and use the facsimile signature of any person who shall have been Chairman of the Board, Chief Executive Officer, President or Vice President, notwithstanding the fact that at the time the Warrant Certificates shall be delivered or disposed of he shall have ceased to hold such office.

SECTION 3. REGISTRATION. The Company shall number and register the Warrant Certificates in a register (the "WARRANT REGISTER") as they are issued. The Company may deem and treat the registered holder(s) from time to time of the Warrant Certificates (the "HOLDERS") as the absolute owner(s) thereof (notwithstanding any notation of ownership or other writing on the Warrant Certificate made by anyone) for all purposes and shall not be affected by any notice to

the contrary. The Warrants shall be registered initially in such name or names as the Purchasers shall designate.

SECTION 4. RESTRICTIONS ON TRANSFER: REGISTRATION OF TRANSFERS AND EXCHANGES. Prior to any proposed transfer of the Warrants, unless such transfer is made pursuant to an effective registration statement under the Securities Act of 1933, as amended (the "Act"), the transferring Holder will deliver to the Company an opinion of counsel, reasonably satisfactory in form and substance to the Company, to the effect that the Warrants may be sold or otherwise transferred without registration under the Act; PROVIDED, HOWEVER, that with respect to transfers by Holders to their Affiliates, no such opinion shall be required. A transfer made by a Holder which is a state-sponsored employee benefit plan to a successor trust or fiduciary pursuant to a statutory reconstitution shall be expressly permitted and no opinions of counsel shall be required in connection therewith. Upon original issuance thereof, and until such time as the same shall have been registered under the Act or sold pursuant to Rule 144 promulgated thereunder (or any similar rule or regulation), each Warrant Certificate shall bear the legends included on the first page of Exhibit A, unless in the opinion of such counsel, the legend regarding securities law transfer restrictions (described in the Purchase Agreement) is no longer required by the Act.

Subject to the conditions to transfer contained in the Purchase Agreement and the transfer restrictions set forth in this Section 4 and in Section 15 hereof, the Company shall from time to time register the transfer of any outstanding Warrant Certificates in the Warrant Register to be maintained by the Company upon surrender thereof accompanied by a written instrument or instruments of transfer in form satisfactory to the Company, duly executed by

the registered Holder or Holders thereof or by the duly appointed legal representative thereof or by a duly authorized attorney. Upon any such registration of transfer, a new Warrant Certificate shall be issued to the transferee Holder(s) and the surrendered Warrant Certificate shall be canceled and disposed of by the Company.

SECTION 5. WARRANTS: EXERCISE OF WARRANTS. Subject to the terms of this Agreement, each Holder shall have the right, which may be exercised commencing on the date hereof and continuing until the tenth anniversary of the date of this Agreement, to receive from the Company the number of fully paid and nonassessable Warrant Shares (and such other consideration) which the Holder may at the time be entitled to receive upon exercise of such Warrants and payment of the Exercise Price (as defined below) then in effect for such Warrant Shares. No adjustments as to dividends will be made upon exercise of the Warrants, except as otherwise expressly provided herein.

The price at which each Warrant shall be exercisable (the "EXERCISE PRICE") shall initially be $0.01 per share, subject to adjustment pursuant to the terms hereof.

A Warrant may be exercised by surrender to the Company at its office designated for such purpose (as provided for in Section 13 hereof) of the Warrant Certificate or Certificates to be exercised, with the form of election to purchase attached thereto duly filled in and signed, and by payment to the Company of the Exercise Price for the number of Warrant Shares in respect of

which such Warrants are then exercised. Payment of the aggregate Exercise Price shall be made by one of the following methods or any combination thereof: (a) by delivering to the Company the aggregate Exercise Price in cash or by certified or official bank check payable to the order of the Company, (b) if the Holder or one of its Affiliates is also a Holder of a Note, by instructing the Company, in the notice of exercise submitted to the Company, to apply the payment of the aggregate Exercise Price against the outstanding principal balance of the Note held by such Holder or its Affiliate ("OFFSET EXERCISE"), or (c) by deducting from the number of Warrant Shares to be received by the exercising Holder that number of Warrant Shares which has an aggregate Specified Value (as hereinafter defined) on the date of exercise equal to the aggregate Exercise Price for all Warrant Shares as to which the Warrant is then being exercised ("NET EXERCISE").

Subject to the provisions of Section 6 hereof, upon such surrender of Warrant Certificates and payment of the Exercise Price, the Company shall issue and cause to be delivered, as promptly as practicable, to or upon the written order of the Holder and in such name or names as such Holder may designate a certificate or certificates for the number of full Warrant Shares issuable upon the exercise of such Warrants (and such other consideration as may be deliverable upon exercise of such Warrants) together with cash for any fractional Warrant Share as provided in Section 11 hereof. The certificate or certificates for such Warrant Shares shall be deemed to have been issued, and the Person so named therein shall be deemed to have become a holder of record of such Warrant Shares, as of the date of the surrender of such Warrants and payment of the Exercise Price, irrespective of the date of delivery of such certificate or certificates for Warrant Shares. Upon issuance by the Company of such Warrant Shares, the Holder thereof shall become party to that certain Amended and Restated Shareholder's Agreement of even date herewith between the Company, Circuit Holdings, LLC, Lewis 0. Coley III, and those purchasers described therein.

Each Warrant shall be exercisable, at the election of the Holder thereof, in full and not in part; PROVIDED THAT, contemporaneously with any exercise by such Holder, all Affiliates of such Holder elect to exercise all of the Warrants then held by such Affiliates.

All Warrant Certificates surrendered upon exercise of Warrants shall be cancelled and disposed of by the Company. The Company shall keep copies of this Agreement and any notices given or received hereunder available for inspection by the Holders during normal business hours at its office.

SECTION 6. PAYMENT OF TAXES. The Company will pay all documentary stamp taxes and other governmental charges (excluding all Federal, state or foreign income, franchise, intangibles, property, estate, inheritance, gift or similar taxes) imposed in connection with the issuance or delivery of the Warrants hereunder, as well as all such taxes attributable to the initial issuance or delivery of Warrant Shares upon the exercise of Warrants and payment of the Exercise Price. The Company shall not, however, be required to pay any tax that may be payable in respect of any subsequent transfer of the Warrants or any transfer involved in the issuance and delivery of Warrant Shares in a name other than that in which the Warrants to which such issuance relates were registered, and, if any such tax would otherwise be payable by the Company, no such

issuance or delivery shall be made unless and until the Person requesting such issuance has paid to the Company the amount of any such tax, or it is established to the reasonable satisfaction of the Company that any such tax has been paid.

SECTION 7. MUTILATED OR MISSING WARRANT CERTIFICATES. If a mutilated Warrant Certificate is surrendered to the Company, or if the Holder of a Warrant Certificate claims and submits an affidavit or other evidence satisfactory to the Company to the effect that the Warrant Certificate has been lost, destroyed or wrongfully taken, the Company shall issue a replacement Warrant Certificate. If required by the Company such Holder must provide an indemnity bond, or other form of indemnity, sufficient in the judgment of the Company to protect the Company from any loss which it may suffer if a Warrant Certificate is replaced. If any Purchaser or any other institutional Holder (or nominee thereof) is the owner of any such lost, stolen or destroyed Warrant Certificate, then the affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of the Warrant Certificate at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof and no further indemnity shall be required as a condition to the execution and delivery of a new Warrant Certificate other than the unsecured written agreement of such owner to indemnify the Company or, at the option of such Purchaser or other institutional Holder, an indemnity bond in the amount of the Specified Value (as defined in Section 9(f) hereof) of the Warrant Shares for which such Warrant Certificate was exercisable.

SECTION 8. RESERVATION OF WARRANT SHARES. The Company shall at all times reserve and keep available, free from preemptive rights (except as otherwise provided herein), out of the aggregate of its authorized but unissued Common Stock or its authorized and issued Common Stock held in its treasury, for the purpose of enabling it to satisfy any obligation to issue Warrant Shares upon exercise of Warrants, the maximum number of shares of Common Stock which may then be deliverable upon the exercise of all outstanding Warrants.

The Company or, if appointed, the transfer agent for the Common Stock and each transfer agent for any shares of the Company's Capital Stock issuable upon the exercise of any of the Warrants (collectively, the "TRANSFER AGENT") will be irrevocably authorized and directed at all times to reserve such number of authorized shares as shall be required for such purpose. The Company shall keep a copy of this Agreement on file with any such Transfer Agent. The Company will supply any such Transfer Agent with duly executed certificates for such purposes and will provide or otherwise make available all other consideration that may be deliverable to the Holders upon exercise of the Warrants. The Company will furnish any such Transfer Agent a copy of all notices of adjustments and certificates related thereto, transmitted to each Holder pursuant to Section 12 hereof.

Before taking any action which would cause an adjustment pursuant to Section 9 hereof to reduce the Exercise Price below the then par value (if any) of the Warrant Shares, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable Warrant Shares at the Exercise Price as so adjusted.

The Company covenants that all Warrant Shares and other Capital Stock issued upon exercise of Warrants will, upon payment of the Exercise Price therefor and issue thereof, be validly authorized and issued, fully paid, nonassessable, free of preemptive rights (except as may be granted by this Agreement) and free, subject to Section 6 hereof, from all taxes, liens, charges and security interests with respect to the issue thereof.

SECTION 9. ADJUSTMENT OF EXERCISE PRICE AND WARRANT NUMBER. The number of shares of Common Stock issuable upon the exercise of each Warrant (the "WARRANT NUMBER") is initially one, and the initial number of Warrant Shares is 2,019. The Warrant Number is subject to adjustment from time to time upon each occurrence of an event described in, or as otherwise provided in, this Section 9.

(a) ADJUSTMENT FOR CHANGE IN CAPITAL STOCK

If the Company hereafter:

(1) pays a dividend or makes a distribution on its Common Stock in shares of its Common Stock;

(2) subdivides or reclassifies its outstanding shares of Common Stock into a greater number of shares;

(3) combines or reclassifies its outstanding shares of Common Stock into a smaller number of shares;

(4) makes a distribution on Common Stock in shares of its Capital Stock other than Common Stock; or

(5) issues by reclassification of its Common Stock any shares of its Capital Stock (other than reclassifications arising solely as a result of a change in the par value or no par value of the Common Stock);

then the Warrant Number in effect immediately prior to such action shall be proportionately adjusted so that the Holder of any Warrant thereafter exercised may receive the aggregate number and kind of shares of Capital Stock of the Company which it would have owned immediately following such action if such Warrant had been exercised immediately prior to such action.

The adjustment shall be determined as of the record date in the case of a dividend or distribution and upon the effective date in the case of a subdivision, combination or reclassification and shall be effective simultaneously with the consummation of any such action.

Such adjustment shall be made successively whenever any event listed above shall occur. If the occurrence of any event listed above results in an adjustment under subsection (b) below or

a distribution under Section 10 hereof, no further adjustment shall be made under this subsection (a).

The Company shall not issue shares of Common Stock as a dividend or distribution on any class of Capital Stock other than Common Stock unless the Holders also receive such dividend or distribution on a ratable basis or the appropriate adjustment to the Warrant Number is made under this Section 9.

(b) ADJUSTMENT FOR RIGHTS ISSUE

If the Company hereafter distributes (without receipt of consideration therefor) any rights, options or warrants (whether or not immediately exercisable) to all holders of any class of its Common Stock entitling them to purchase shares of Common Stock at a price per share less than the Specified Value (as defined in subsection 9(f) hereof) per share on the record date relating to such distribution, the Warrant Number shall be adjusted in accordance with the formula:

$$W' = W \times \frac{O + N}{\dfrac{O + N \times P}{M}}$$

where:

W' = the adjusted Warrant Number.

W = the Warrant Number immediately prior to the record date for any such distribution.

O = the number of shares of Common Stock outstanding on the record date for any such distribution.

N = the number of additional shares of Common Stock issuable upon exercise of such rights, options or warrants.

P = the exercise price per share of such rights, options or warrants.

M = the Specified Value per share of Common Stock on the record date for any such distribution.

The adjustment shall be made successively whenever any such rights, options or warrants are so issued. Such adjustments shall be determined as of the record date for the determination of stockholders entitled to receive the rights, options or warrants and shall become effective simultaneously with the issuance of such rights, options or warrants. If at the end of the period during which such rights, options or warrants are exercisable, not all rights, options or warrants shall have been exercised, the adjusted Warrant Number shall be immediately readjusted to what it would have been if "N" in the above formula had been the number of shares actually issued upon exercise of those rights, options or warrants. If any such rights, options, or warrants are subsequently amended to reduce the purchase price per share of Common Stock upon exercise of

such rights, options, or warrants, such amendment will be treated as a

distribution of such rights, options, or warrants subject to this SUBSECTION 9(b).

(c) ADJUSTMENT FOR REDEMPTIONS

If the Company hereafter redeems any shares of Common Stock for consideration per share more than the Specified Value per share, on the date the Company fixes the redemption price of such shares, the Warrant Number shall be adjusted in accordance with the formula:

$$W' = W \times \frac{O + \frac{P}{M}}{A}$$

where:

W' = the adjusted Warrant Number.

W = the Warrant Number immediately prior to any such issuance.

0 = the number of shares of Common Stock outstanding immediately after the redemption of the shares of Common Stock.

P = the aggregate consideration provided for the redemption of such shares of Common Stock.

M = the Specified Value per share of Common Stock on the date of the redemption.

A = the number of shares of Common Stock outstanding immediately prior to the redemption of the Common Stock.

The adjustment shall be made successively whenever any such redemption is made, and shall become effective immediately after such redemption. Such adjustments shall be determined as of the date on which the Company fixes the redemption price and shall become effective simultaneously with such redemption.

This subsection (c) does not apply to any of the transactions described in subsection (a) of this Section 9.

(d) ADJUSTMENT FOR COMMON STOCK ISSUE

If the Company hereafter issues shares of Common Stock for a consideration per share (determined in accordance with subsection 9(g)) less than the Specified Value per share, on the date the Company fixes the offering price of such additional shares, the Warrant Number shall be adjusted in accordance with the formula:

$$W' = W \times \frac{A}{O + \frac{P}{M}}$$

where:

W' = the adjusted Warrant Number.

W = the Warrant Number immediately prior to any such issuance.

0 = the number of shares of Common Stock outstanding immediately prior to the issuance of such additional shares of Common Stock.

P = the aggregate consideration received for the issuance of such additional shares of Common Stock.

M = the Specified Value per share of Common Stock on the date of issuance of such additional shares.

A = the number of shares of Common Stock outstanding immediately after the issuance of such additional shares of Common Stock.

The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance.

This subsection (d) does not apply to any of the transactions described in subsection (a) of this Section 9.

Notwithstanding anything to the contrary herein and regardless of

whether the consideration per share is equal to or greater than the Specified Value on the date the Company fixed the offering price for such shares, in the event any PIK Securities are ever exercised or converted by the holder thereof, the Warrant Number on the date of such exercise or conversion shall be adjusted pursuant to this subsection 9(d) by applying the formula set forth above, except that any interest or dividends paid in kind or any consideration paid with interest or dividends paid in kind shall be excluded from the calculation of "P" and "M". The term "PIK Securities" means any Securities issued by the Company which are convertible into or exchangeable or exercisable for shares of Common Stock and which provide for payment of interest or dividends in kind or permit the payment of the exercise price of any option, warrant or other convertible security with interest or dividends paid in kind.

(e) ADJUSTMENT FOR CONVERTIBLE SECURITIES ISSUE

If the Company hereafter issues any options, warrants or other securities convertible into or exchangeable or exercisable for Common Stock (other than securities issued in transactions described in subsection 9(b)) for an aggregate consideration per share of Common Stock (determined in accordance with clause (3) of subsection 9(g)) initially deliverable upon

conversion, exchange or exercise of such securities at less than the Specified Value per share on the date of issuance of such options, warrants or other securities (without considering any effect of vesting restrictions), the Warrant Number shall be adjusted in accordance with the following formula:

$$W' = W \times \frac{O + D}{O + \frac{P}{M}}$$

where:

W' = the adjusted Warrant Number.

W = the Warrant Number immediately prior to any such issuance.

0 = the number of shares of Common Stock outstanding immediately prior to the issuance of such securities.

P = the sum of the aggregate consideration received for the issuance of such securities and the aggregate minimum consideration receivable by the Company for issuance of Common Stock upon conversion or in exchange for, or upon exercise of, such securities.

M = the Specified Value per share of Common Stock on the date of issuance of such securities.

D = the maximum number of shares of Common Stock deliverable upon conversion or in exchange for or upon exercise of such securities at the initial conversion, exchange or exercise rate.

The adjustment shall be made successively whenever any such issuance is made, and shall become effective immediately after such issuance. If any such options, warrants, or other securities convertible into or exchangeable for Common Stock are subsequently amended to reduce the aggregate consideration per share of Common Stock upon conversion, exchange or exercise of such options, warrants, or securities, such amendment will be treated as an issuance of such rights, options, or warrants subject to this subsection 9(e).

If all of the Common Stock deliverable upon conversion, exchange or exercise of such options, warrants or other securities has not been issued when the conversion, exchange or exercise rights of such options, warrants or other securities have expired, become permanently unexercisable or been terminated, then the adjusted Warrant Number shall promptly be readjusted to the adjusted Warrant Number which would then be in effect had the adjustment upon the issuance of such options, warrants or other securities been made on the basis of the actual number of shares of Common Stock issued upon conversion, exchange or exercise of such options, warrants or other securities. If the aggregate minimum consideration receivable by the Company

for issuance of Common Stock upon conversion or in exchange for, or upon exercise of, such options, warrants or other securities shall be increased by virtue of provisions therein contained or upon the arrival of a specified date or the happening of a specified event, then the Warrant Number shall promptly be readjusted to the Warrant Number which would then be in effect had the

adjustment upon the issuance of such options, warrants or other securities been made on the basis of such increased minimum consideration.

This subsection (e) does not apply to any issuance of the Warrants or to any of the transactions described in subsection 9(b).

(f) SPECIFIED VALUE

"SPECIFIED VALUE" per share of Common Stock or of any other security (herein collectively referred to as a "SECURITY") at any date shall be:

(1) if the Security is not registered under the Act, the value of the Security determined in good faith by the Board of Directors of the Company and certified in a board resolution adopted by the Board of Directors, if the recipients of a majority of such Securities are not Affiliates of the Company, otherwise the value of the Security as mutually agreed by the Company and Holders of at least a majority of the Warrants outstanding; PROVIDED, HOWEVER, that if the Company and such Holders are unable to mutually agree upon such value, the Company shall select an Independent Financial Expert who shall determine the value of such Security, or

(2) if the Security is registered under the Exchange Act, the average of the daily market prices (as defined below) for each Business Day during the period commencing 30 Business Days before such date and ending on the date one Business Day prior to such date or, if the Security has been registered under the Exchange Act for less than 30 consecutive Business Days before such date, then the average of the daily market prices (as hereinafter defined) for all of the Business Days before such date for which daily market prices are available. If the market price is not determinable for at least 15 Business Days in such period, the Specified Value of the Security shall be determined as if the Security was not registered under the Exchange Act.

The "MARKET PRICE" for any Security on each Business Day means: (A) if such Security is listed or admitted to trading on any securities exchange, the closing price, regular way, on such day on the principal exchange on which such Security is traded, or if no sale takes place on such day, the average of the closing bid and asked prices on such day or (B) if such Security is not then listed or admitted to trading on any securities exchange, the last reported sale price on such day, or if there is no such last reported sale price on such day, the average of the closing bid and the asked prices on such day, as reported by a reputable quotation source designated by the Company. If there are no such prices on a Business Day, then the market price shall not be determinable for such Business Day.

In the case of Common Stock, if more than one class of Common Stock is outstanding, the "Specified Value" shall be the Specified Value per share of the class or classes of Common Stock to which compensation is apportioned.

"INDEPENDENT FINANCIAL EXPERT" shall mean a nationally or regionally recognized valuation firm selected by the Company (i) that does not (and whose directors, officers, employees and Affiliates do not) have a direct or indirect financial interest in the Company, (ii) that has not been, and, at the time it is called upon to serve as an Independent Financial Expert under this Agreement is not (and none of whose directors, officers, employees or Affiliates is) a director or officer of the Company, (iii) that has not been retained by the Company for any purpose, other than to perform an equity valuation, within the preceding twelve months, and (iv) that, in the reasonable judgment of the Board of Directors of the Company, is otherwise qualified to serve as an independent financial advisor. Any such person may receive customary compensation and indemnification by the Company for opinions or services it provides as an Independent Financial Expert.

(g) CONSIDERATION RECEIVED

For purposes of any computation respecting consideration received pursuant to subsections (c), (d) and (e) of this Section 9, the following shall apply:

(1) in the case of the issuance or redemption of shares of Common Stock for cash, the consideration shall be the amount of such cash (without any deduction being made for any commissions, discounts or other expenses incurred by the Company for any underwriting of the issue or otherwise in connection therewith);

(2) in the case of the issuance or redemption of shares of Common Stock for a consideration in whole or in part other than cash, the value of the consideration other than cash shall be determined in the same manner as Specified Value is determined in subsection 9(f); and

(3) in the case of the issuance of options, warrants or other securities convertible into or exchangeable or exercisable for shares of Common Stock, the aggregate consideration received therefor shall be deemed to be the

consideration received by the Company for the issuance of such options, warrants or other securities plus the additional minimum consideration, if any, to be received by the Company upon the conversion, exchange or exercise thereof (the consideration in each case to be determined in the same manner as provided in clauses (1) and (2) of this subsection(g)).

(h) WHEN DE MINIMIS ADJUSTMENT MAY BE DEFERRED

No adjustment in the Warrant Number need be made unless the adjustment would require an increase or decrease of at least .10% in the Warrant Number. Any adjustment that is not so made shall be carried forward and taken into account in any subsequent adjustment; PROVIDED that no such adjustment as to a particular Warrant shall be deferred beyond the date on which that Warrant is exercised.

All calculations under this Section 9 shall be made to the nearest 1/100th of a share.

(i) ADJUSTMENT TO EXERCISE PRICE

Upon each adjustment to the Warrant Number pursuant to this Section 9, the Exercise Price shall be adjusted so that it is equal to (i) the Exercise Price in effect immediately prior to such adjustment, multiplied by (ii) a quotient, the numerator of which is the Warrant Number in effect immediately prior to such adjustment, and the denominator of which is the Warrant Number in effect immediately after such adjustment.

(j) WHEN NO ADJUSTMENT REQUIRED

If an adjustment is made upon the establishment of a record date for a distribution subject to subsection (a) or (1)) hereof or a redemption subject to subsection (c) hereof and such distribution or redemption is subsequently cancelled, the Warrant Number and the Exercise Price then in effect shall be readjusted, effective as of the date when the Board of Directors determines to cancel such distribution or redemption, to that which would have been in effect if such record date for such distribution or redemption had not been fixed.

No readjustment under this Section 9 to reverse or amend an adjustment made under this Section 9 may have the effect of decreasing the Warrant Number or increasing the Exercise Price in excess of the amount of the increase in the Warrant Number or decrease in the Exercise Price effected by the adjustment being reversed or amended.

To the extent the Warrants become convertible into cash, no adjustment need be made thereafter as to the amount of cash into which such Warrants are exercisable. Interest will not accrue on the cash.

(k) NOTICE OF ADJUSTMENT

Whenever the Warrant Number and the Exercise Price is adjusted, the Company shall provide the notices required by Section 12 hereof.

(l) REORGANIZATIONS

In case of any capital reorganization, or reclassification of the Capital Stock of the Company (other than in the cases referred to in subsections 9(a), (b), (c), (d) or (e) of this Section 9 other than a change in par value without a change in the number of shares), the consolidation or merger of the Company with or into another corporation or other entity (other than a merger or consolidation in which the Company is the continuing corporation and which does not result in any reclassification of the outstanding shares of Common Stock into shares of other stock or other securities or property of any other Person), or the sale of the property of the Company as an entirety or substantially as an entirety (collectively, such actions being hereinafter referred to as "REORGANIZATIONS"), there shall thereafter be deliverable upon exercise of any Warrant (in lieu of the number of shares of Common Stock theretofore deliverable) the kind and number of shares of stock or other securities or property to which a holder of the number of shares of Common Stock that would otherwise have been deliverable upon the exercise of such

Warrant would have been entitled upon such Reorganization if such Warrant had been exercised in full immediately prior to such Reorganization. In case of any Reorganization, appropriate adjustment, as determined in good faith by the Board of Directors of the Company, whose determination shall be described in a duly adopted resolution certified by the Company's Secretary or Assistant Secretary,

shall be made in the application of the provisions herein set forth with respect to the rights and interests of Holders so that the provisions set forth herein shall thereafter be applicable, as nearly as possible, in relation to any shares or other property thereafter deliverable upon exercise of Warrants.

The Company shall not effect any such Reorganization unless prior to or simultaneously with the consummation thereof the successor corporation (if other than the Company) or other entity resulting from such Reorganization or the corporation purchasing or leasing such assets or other appropriate corporation or entity shall expressly assume, by a supplemental Warrant Agreement or other acknowledgment satisfactory to the Holders executed and delivered to the Holders, the obligation to deliver to each such Holder such shares of stock or other securities or property as, in accordance with the foregoing provisions, such Holder may be entitled to purchase, and all other obligations and liabilities under this Agreement.

(m) FORM OF CERTIFICATES

Irrespective of any adjustments in the Exercise Price or the number or kind of shares purchasable upon the exercise of the Warrants, the Warrant Certificates theretofore or thereafter issued may continue to express the same price and number and kind of shares as are stated in the Warrant Certificates initially issuable pursuant to this Agreement.

(n) OTHER DILUTIVE EVENTS

In case any event shall occur as to which the provisions of this Section 9 are not strictly applicable, but the failure to make any adjustment would not fairly protect the purchase rights represented by the Warrants in accordance with the essential intent and principles of this Section 9, then, in each such case, the Company shall make a good faith adjustment to the Exercise Price and the Warrant Number in accordance with the intent of this Section 9 and, upon the written request of the holders of a majority of the Warrants, shall appoint a firm of independent certified public accountants of recognized national standing (which may be the regular auditors of the Company), which shall give their opinion upon the adjustment, if any, on a basis consistent with the essential intent and principles established in this Section 9, necessary to preserve, without dilution, the purchase rights represented by these Warrants. Upon receipt of such opinion, the Company shall promptly mail a copy thereof to the Holder of each Warrant and shall make the adjustments described therein.

(o) MISCELLANEOUS

For the purpose of this Section 9, the term "SHARES OF COMMON STOCK" shall mean (i) shares of any class of stock designated as Common Stock of the Company as of the date of this Agreement, (ii) shares of any other class of stock resulting from successive changes or

reclassification of such shares consisting solely of changes in par value, or from par value to no par value, or from no par value to par value and (iii) shares of Common Stock of the Company or options, warrants or rights to purchase Common Stock of the Company or securities convertible into or exchangeable for shares of Common Stock of the Company outstanding on the date hereof and shares of Common Stock of the Company issued upon exercise, conversion or exchange of such options, warrants, rights or securities. In the event that at any time, as a result of an adjustment made pursuant to this Section 9, the Holders of Warrants shall become entitled to purchase any securities of the Company other than, or in addition to, shares of Common Stock, thereafter the number or amount of such other securities so purchasable upon exercise of each Warrant shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the Warrant Shares contained in subsections (a) through (n) of this Section 9, inclusive, and the provisions of Sections 5, 6, 8 and 11 with respect to the Warrant Shares or the Common Stock shall apply on like terms to any such other securities.

SECTION 10. REQUIRED DISTRIBUTIONS. The Company shall not declare, make or pay any dividend or otherwise distribute to all holders of any class of its Common Stock (i) any evidences of indebtedness of the Company or any of its Subsidiaries, (ii) any assets of the Company or any of its Subsidiaries, or (iii) to the extent an adjustment to the Warrant Number is not required pursuant to the provisions of Section 9, any rights, options or warrants to acquire any of the foregoing or to acquire any other securities of the Company or any of its Subsidiaries, unless it concurrently makes a cash payment to the holders of the Warrants equal to (x) the amount of cash or the fair market value (as determined in good faith by the Board of Directors) of any assets or securities distributed with respect to each outstanding share of Common Stock, multiplied by (y) the number of shares of Common Stock then issuable upon exercise of the Warrants.

SECTION 11. FRACTIONAL INTERESTS. The Company shall not be required to

issue fractional Warrant Shares on the exercise of Warrants. If more than one Warrant shall be presented for exercise in full at the same time by the same Holder, the number of full Warrant Shares which shall be issuable upon the exercise thereof shall be computed on the basis of the aggregate number of Warrant Shares purchasable on exercise of the Warrants so presented. If any fraction of a Warrant Share would, except for the provisions of this Section 11, be issuable on the exercise of any Warrants (or specified portion thereof), the Company may pay (in lieu of the fractional Warrant Share) an amount in cash equal to the Specified Value of a Warrant Share (determined in accordance with subsection 9(f) hereof), multiplied by such fraction.

SECTION 12. NOTICES TO WARRANT HOLDERS. Upon any adjustment pursuant to Section 9 hereof, the Company shall promptly thereafter (i) cause to be prepared and maintained in the records of the Company a certificate of an officer of the Company setting forth the Warrant Number and Exercise Price after such adjustment and setting forth in reasonable detail the method of calculation and the facts upon which such calculations are based, and (ii) cause to be given to each of the Holders at its address appearing on the Warrant Register written notice of such adjustments in accordance with the provisions of Section 13 hereof. Where appropriate, such

notice may be given in advance and included as a part of the notice required to be mailed under the other provisions of this Section 12.

In addition, in case:

(a) the Company shall authorize the issuance to all holders of shares of Common Stock, rights, options or warrants to subscribe for or purchase shares of Common Stock, any other subscription rights or warrants;

(b) the Company shall authorize the distribution to all holders of shares of Common Stock of assets, including cash, evidences of its indebtedness, or other securities;

(c) of any consolidation or merger to which the Company is a party and for which approval of any shareholders of the Company is required, or of the conveyance or transfer of the properties and assets of the Company as an entirety or substantially as an entirety, or of any reclassification or change of Common Stock issuable upon exercise of the Warrants (other than a change in par value, or from par value to no par value, or from no par value to par value, or as a result of a subdivision or combination), or a tender offer or exchange offer for shares of Common Stock;

(d) of the voluntary or involuntary dissolution, liquidation or winding-up of the Company;

(e) the Company proposes to take any action that would require an adjustment to the Warrant Number or the Exercise Price pursuant to Section 9 hereof; or

(f) the Company proposes to take any action which would give rise to the preemptive rights as specified in Section 14 hereof;

then the Company shall cause to be given to each of the Holders at its address appearing on the Warrant Register, at least 10 days prior to the applicable record date hereinafter specified, or to the date of the event in the case of events for which there is no record date, in accordance with the provisions of Section 13 hereof, a written notice stating (i) the date as of which the holders of record of shares of Common Stock to be entitled to receive any such rights, options, warrants or distribution are to be determined, or (ii) the initial expiration date set forth in any tender offer or exchange offer for shares of Common Stock, or (iii) the date on which any such consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up is expected to become effective or consummated, and the date as of which it is expected that holders of record of shares of Common Stock shall be entitled to exchange such shares for securities or other property, if any, deliverable upon such reclassification, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up. The failure to give the notice required by this Section 12, or any defect therein, shall not affect the legality or validity of any distribution, right, option, warrant, consolidation, merger, conveyance, transfer, dissolution, liquidation or winding up, or the vote upon any action.

Nothing contained in this Agreement or in any Warrant Certificate shall be construed as conferring upon the Holders (prior to the exercise of such Warrants) the right to vote or to consent or to receive notice as shareholder in respect of the meetings of shareholders or the election of directors of the Company or any other matter, or any rights whatsoever as shareholders of the

Company; PROVIDED, HOWEVER, that nothing in the foregoing provision is intended to detract from any rights explicitly granted to any Holder hereunder.

SECTION 13. ADDRESS FOR NOTICES TO THE COMPANY AND WARRANT HOLDERS. All notices and other communications provided for or permitted hereunder shall be made by hand-delivery, first-class mail, telex, telecopier, or reputable overnight air courier promising next day delivery:

(a) if to Purchasers, TCW/Crescent Mezzanine, L.L.C., at 200 Crescent Court, Suite 1600, Dallas, Texas 75201, Attn: Timothy P. Costello and to Gardere & Wynne, L.L.P., 1601 Elm Street, Suite 3000, Dallas, Texas 75201, Telecopy No. (214) 999-4667, Attention: Gary B. Clark, Esq.; and

(b) if to the Company, at Pacific Circuits, Inc., 17550 N.E. 67th Court, Redmond, Washington 98052, Telecopy No. (425)882-1269, Attention: Mr. Lindsay Burton, with a copy to Shearman & Sterling, 555 California Street, Suite 2000, San Francisco, California 94104-1522; Telecopy No. (415)616-1199, Attention: Christopher Dillon and to Shearman & Sterling, 599 Lexington Avenue, New York, New York 10022, Telecopy No. (212) 848-7179, Attention: Doug Bartner.

(c) if to Thayer Capital Partners IV, at 1455 Pennsylvania Avenue, NW, Suite 350, Washington, D.C. 20004, Telecopy No. (202)371-0391, Attention: Jeffrey W. Goettman; and

(d) if to Brockway Moran & Partners, Inc., 225 NE Mizner Blvd., Seventh Floor, Boca Raton, Florida 33432, Telecopy No. (561)750-2001, Attention: Michael E. Moran.

All such notices and communications shall be deemed to have been duly given:

at the time delivered by hand or by local courier, if personally delivered; five Business Days after being deposited in the mail, postage prepaid, if mailed; when answered back if telexed; when receipt acknowledged, if telecopied; and the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. A Person may change the addresses to which notices are to be given by giving five days' prior written notice of such change in accordance with this Section 13.

SECTION 14. PREEMPTIVE RIGHT.

(a) The Company shall give each Holder written notice of the Company's intention to issue, sell or distribute Additional Securities (as defined in Section 14(f) below) (the "ISSUANCE NOTICE"), describing the type of Additional Securities, the price at which the Additional Securities will be issued or sold and the general terms upon which the Company proposes to issue, sell or

distribute the Additional Securities, including the anticipated date of such issuance, sale or distribution and the general use of proceeds thereof.

(b) Each Holder shall have 15 Business Days from the date it receives the Issuance Notice to agree to purchase all or any portion of its Pro Rata Portion (as defined in Section 14(e) below) of such Additional Securities by giving written notice to the Company of its desire to purchase Additional Securities (the "RESPONSE NOTICE") and stating therein the quantity of Additional Securities to be purchased. Subject to the last sentence of this subdivision, such Response Notice shall constitute the irrevocable agreement of such Holder to purchase the quantity of Additional Securities indicated in the Response Notice at the price and upon the terms stated in the Issuance Notice; PROVIDED, HOWEVER, that if the Company is proposing to issue, sell or distribute Additional Securities for consideration other than all cash, and subject to the limitations on the rights set forth in Section 14(h), the Company shall accept from such Holder either non-cash consideration which is reasonably comparable to the non-cash consideration proposed by the Company or the cash value of such non-cash consideration. Any purchase by a Holder of Additional Securities shall be consummated on or prior to the later of the date on which all other Additional Securities described in the applicable Issuance Notice are issued, sold or distributed or the tenth Business Day following delivery of the Response Notice by such Holder. In the event that less than 80% of all Additional Securities proposed to be sold by the Company, as set forth in the Issuance Notice, are subscribed for in the aggregate by the Holders (or by third parties pursuant to Section 14(d) below within 180 days of the date of the Issuance Notice), the irrevocable agreement of Holders to purchase the Additional Securities subscribed for shall become fully revocable.

(c) Each Holder shall have the further right to subscribe for such portion of the Additional Securities to which it may become entitled to purchase under this Section 14(c). The Response Notice may set forth a number of Additional Securities ("REALLOTMENT SECURITIES") that such Holder elects to purchase in the event that there is any undersubscription for the entire amount of all Holders' Pro Rata Portions of the Additional Securities. In the event

there is an undersubscription by the Holders for any portion of the aggregate Additional Securities offered, the Company shall apportion the unsubscribed for Additional Securities to those Holders whose Response Notices specified an amount of Reallotment Securities, which apportionment shall be on a pro rata basis among such Holders in accordance with the number of Reallotment Securities specified by all such Holders in their Response Notices.

(d) The Company shall have 180 days from the date of the Issuance Notice to consummate the proposed issuance, sale or distribution of the Additional Securities which the Holders have not elected to purchase pursuant to Sections 14(b) or (c). Notwithstanding the foregoing, the Company may sell the Additional Securities which the Holders have not elected to purchase pursuant to a Response Notice at a price and upon terms that are less favorable to the Company than those specified in the Issuance Notice; PROVIDED that any purchase of Additional Securities by the Holders consummated at the time of such sale, pursuant to the penultimate sentence of Section 14(b), shall be upon the same less favorable terms; PROVIDED FURTHER that if a Holder did not elect to purchase any or all of its Pro Rata Portion of Additional Securities based upon the terms specified in the relevant Issuance Notice, the Company shall provide such Holder

with a revised Issuance Notice reflecting such less favorable terms, and each such Holder shall have 15 Business Days from the date such Holder receives such revised Issuance Notice to agree to purchase all or any portion of its Pro Rata Portion of such Additional Securities to be issued upon the less favorable terms set forth in the revised Issuance Notice by giving written notice to the Company of its desire to purchase such Additional Securities and stating therein the quantity of Additional Securities to be purchased. In the event the Company proposes to issue, sell or distribute Additional Securities after such 180-day period or Additional Securities in addition to those specified in the Issuance Notice, it must again comply with the procedures set forth in this Section 14.

(e) For purposes of this Section 14, "PRO RATA PORTION" means, with respect to each Holder, a number equal to the product of (i) the total number of Additional Securities specified in the Issuance Notice and (ii) a fraction, the numerator of which shall be the number of shares of Common Stock to which such Holder would be entitled upon exercise of his/its Warrants and the denominator of which shall be the total number of Fully Diluted Shares (as defined in Section 14(g) below) outstanding as of the date of the Issuance Notice.

(f) As used herein, "ADDITIONAL SECURITIES" means all Capital Stock, rights, options or warrants to purchase Capital Stock and securities of any type whatsoever convertible into or exchangeable for Capital Stock (collectively, the "SECURITIES") which are issued by the Company after the date hereof other than (i) any Securities issued or issuable to all of the holders of the Common Stock then outstanding on a proportionate basis (based on such holders' respective ownership of the Common Stock), (ii) any Securities issued or issuable to any employees, directors and consultants of the Company and the Subsidiaries of the Company (collectively, "EMPLOYEES") pursuant to any equity incentive plan, agreement, bonus, award, stock purchase plan, stock option plan or other stock arrangement with respect to any Employees ("EMPLOYEE PLAN") approved by the Board of Directors; PROVIDED, HOWEVER, that such exclusion shall only apply with respect to the issuance of Securities that do not exceed, on an aggregate basis, 10% of the then total outstanding Common Stock, assuming full exercise of all Securities granted to Employees, (iii) Securities which are reissued by the Company to Employees following the repurchase, redemption or other acquisition of such Securities by the Company from any Employees or any shareholder, (iv) any Securities issued to any source of, and in connection with, financing for the Company or any Subsidiary including Securities issuable upon exercise of the Warrants and (v) any Securities issued pursuant to an IPO.

(g) As used herein, "FULLY DILUTED SHARES" means the aggregate of (i) the number of shares of Common Stock issued and outstanding (other than shares of Common Stock held in the treasury of the Company or held by any Subsidiary) and (ii) the number of shares of Common Stock issuable upon (x) the exercise of any then exercisable outstanding options, warrants or similar instruments (other than such instruments held by the Company or any Subsidiary) and (y) the exercise of any then exercisable conversion or exchange rights, with respect to any outstanding securities or instruments (other than such securities or instruments held by the Company or any Subsidiary).

(h) In the event the Company grants to any Person rights to participate in any issuances, sales or distributions of Securities which are more favorable than the rights granted to the Holders in this Section 14, the rights granted to the Holders shall be expanded to the extent necessary to make such rights no less favorable than the rights granted to such other Person; PROVIDED, HOWEVER, that the foregoing provisions shall not apply to the rights granted by the Company to any underwriter to acquire Securities to be issued and

sold by the Company in an IPO.

(i) Notwithstanding the foregoing provisions of this Section 14, the Holders shall not have the right to participate in the issuances of any Securities made as part of any merger, consolidation, combination, acquisition of securities of another corporation or purchase of any business or assets for such securities by or with the Company or any of its Subsidiaries; PROVIDED that the Board of Directors shall have determined, in its sole discretion, that the consideration to be received by the Company or such Subsidiary in such issuance is not less than the Specified Value of the Securities to be issued in such transaction.

SECTION 15. TAG-ALONG RIGHTS; TAKE-ALONG RIGHTS

(a) TAG-ALONG RIGHTS. So long as Parent and its Affiliates shall own, in the aggregate, Common Stock representing at least 20% of the then outstanding Fully Diluted Shares, if at any time Parent shall determine to sell, transfer or otherwise dispose of any of the Common Stock then held by Parent, to any other Person or Persons (collectively, if more than one, a "PROSPECTIVE PURCHASER"), Parent shall cause the Prospective Purchaser to first give written notice (the "OFFER NOTICE") to all of the Holders, not later than 21 days prior to the consummation of the sale, transfer or other disposition contemplated by the Prospective Purchaser, specifying the name and address of the Prospective Purchaser and the number of shares, if any, of Common Stock proposed to be sold, transferred or otherwise disposed of and setting forth in reasonable detail the price, structure and other terms and conditions of the proposed transaction. The Offer Notice shall constitute the offer (the "OFFER") from the Prospective Purchaser to each Holder to purchase from such Holder, as a condition to the consummation of the proposed transaction described in the Offer Notice, at least such Holder's Pro Rata Portion (as defined below in this Section 15(a)) of the Warrants on the same terms and conditions (including price and form of consideration) as are being offered by the Prospective Purchaser to Parent in the proposed transaction (with each Warrant being treated as a share of Common Stock). Each Holder shall have 14 days from the date of receipt of the Offer Notice (as extended until any non-cash consideration is valued) to give written notice of its intention to accept or reject the Offer. Failure to respond within such period shall be deemed notice of rejection. In the event that any Holder gives written notice to the Prospective Purchaser of its intention to accept the Offer, then such written notice (a "NOTICE OF INTEREST") taken in conjunction with the Offer Notice, shall constitute a valid and legally binding agreement, and each of the Holders so giving such written notice shall be entitled to sell to the Prospective Purchaser, contemporaneously with the consummation of the proposed transaction, on the same terms and conditions as are being offered by the Prospective Purchaser to Parent in such transaction (it being understood and agreed that such terms and conditions do not include the making of any representations and warranties, indemnities or other similar agreement other than the representations, warranties and indemnities as to such Holders' ownership of such

Warrants free and clear of all liens, claims and encumbrances and such Holders' due authority and power to sell such Warrants).

In addition to delivery of Notice of Interest to the Prospective Purchaser, such Holder shall deliver to Parent (A) the certificate or certificates evidencing the Warrants to be sold or otherwise disposed of pursuant to such proposed transaction duly endorsed in blank or accompanied by written instruments of transfer in form satisfactory to Parent executed by such Holder, (B) an instrument of assignment reasonably satisfactory to Parent assigning, as of the consummation of the sale or other disposition to the Prospective Purchaser, all such Holder's rights under this Agreement with respect to the Warrants to be sold or otherwise disposed of and (C) a special irrevocable power-of-attorney authorizing Parent, on behalf of such Holder, to sell or otherwise dispose of such Warrants pursuant to the terms of the Offer Notice and to take all such actions as shall be necessary or appropriate in order to consummate such sale or other disposition. Delivery of such certificate or certificates evidencing the Warrants to be sold, the instrument of assignment and the special irrevocable power-of-attorney authorizing Parent, on behalf of such Holder, to sell or otherwise dispose of such Warrants shall constitute an irrevocable election by such Holder to authorize and permit Parent to sell such Warrants, on behalf of such Holder, pursuant to the Offer Notice.

Promptly after the consummation of the sale or other disposition of the Warrants of the Holders to the Prospective Purchaser pursuant to the Offer Notice, Parent shall remit to each of the Holders the total sales price of the Warrants of such Holders sold or otherwise disposed of pursuant thereto.

If, at the end of the 180-day period following the giving of the Offer Notice, Parent has not completed the sale of all the Warrants with respect to which Holders shall have given Notices of Interest pursuant to this Section 15(a), Parent shall return to such Holders all certificates evidencing the

unsold Warrants that such Holders delivered for sale or other disposition pursuant to this Section 15(a) and such Holders' related instruments of assignment and powers-of-attorney. If such a sale is not completed in such 180-day period, Parent shall again be subject to the terms of this Section 15(a) with respect to any subsequent transaction.

In the event that a Holder exercises its co-sale rights pursuant to this Section 15(a) and the Prospective Purchaser is not willing to purchase at least such Holder's Pro Rata Portion of the Warrants on the same terms and conditions as specified in the Offer Notice, then Parent shall not be permitted to transfer or otherwise dispose of any of its Common Stock to the Prospective Purchaser in such transaction (it being understood and agreed that such terms and conditions do not include the making of any representations and warranties, indemnities or other similar agreement other than the representations, warranties and indemnities as to such Holders' ownership of such Warrants free and clear of all liens, claims and encumbrances and such Holders' due authority and power to sell such Warrants).

For purposes of this Section 15(a), "PRO RATA PORTION" means, with respect to each Holder, a number equal to the product of (i) the total number of Warrants then owned by such Holder and (ii) a fraction, the numerator of which shall be the total number of shares of Common

Stock proposed to be sold by Parent, and the denominator of which shall be the total number of shares of Common Stock then owned by Parent.

Except as expressly provided in this Section 15(a), Parent shall not have any obligation to any Holder with respect to the sale or other disposition of any Warrants owned by such Holder in connection with this Section 15(a). Anything herein to the contrary notwithstanding and irrespective of whether any Notice of Interest shall have been given, Parent shall not have any obligation to any Holder to sell or otherwise dispose of any of its Common Stock pursuant to this Section 15(a) as a result of any decision by Parent not to accept or consummate any offer or sale or other disposition with respect to Common Stock (it being understood that any and all such decisions shall be made by Parent in its sole discretion).

(b) TAKE-ALONG RIGHTS.

So long as Parent and its Affiliates shall own, in the aggregate, Common Stock representing at least 20% of the then outstanding Fully Diluted Shares, if Parent shall, in any transaction or series of related transactions, directly or indirectly, propose to sell all shares of Common Stock held by it (for purposes of this Section 15(b), the "CONTROLLING SHARES") to a Prospective Purchaser other than an Affiliate of Parent (for purposes of this Section 15(b), an "OFFER") and as a result of such sale such Prospective Purchaser and its Affiliates would own a majority of the then outstanding Fully Diluted Shares, Parent may, at its option, require each Holder to sell all Warrants owned or held by such Holder to the Prospective Purchaser for the same consideration per share of Common Stock and otherwise on the same terms and conditions upon which Parent sells its shares of Common Stock (with each Warrant being treated as a share of Common Stock).

Parent shall provide a written notice (for purposes of this Section 15(b), the "OFFER NOTICE") of such Offer to each Holder not later than the tenth Business Day prior to the consummation of the sale contemplated by the Offer. The Offer Notice shall contain written notice of the exercise of Parent' rights pursuant to Section 15(b), setting forth the consideration per share of Common Stock to be paid by the Prospective Purchaser and the other material terms and conditions of the Offer. Within 10 Business Days following the date the Offer Notice is given, each Holder shall deliver to Parent (A) the certificate or certificates evidencing all the Warrants owned or held by such Holder duly endorsed in blank or accompanied by written instruments of transfer in form satisfactory to Parent executed by such Holder, and (B) a special irrevocable power-of-attorney authorizing Parent, on behalf of such Holder, to sell or otherwise dispose of such Warrants pursuant to the terms of the Offer and to take all such actions as shall be necessary or appropriate in order to consummate such sale or disposition.

Promptly after the consummation of the sale of Warrants of the Holders to the Prospective Purchaser pursuant to the Offer, Parent shall remit to each Holder the total sales price of the Warrants of such Holder sold pursuant thereto less a pro rata portion of the reasonable fees and expenses (including, without limitation, legal expenses) incurred by Parent in connection with such sale, PROVIDED, THAT, fees payable by the Holder in connection with such sale shall not include the Holder's pro rata share of any fees payable to the Sponsors, in connection with such sale, to

the extent the aggregate fees paid to the Sponsors in connection with such sale exceed one percent (1%) of the aggregate proceeds of such sale and provided no other investment banking fees are being paid to any third party.

If, at the end of the 180-day period following the giving of the Offer Notice, Parent shall not have completed the sale of all the Controlling Shares and the Warrants delivered to Parent pursuant to this Section 15(b), Parent shall return to each of the Holders all certificates evidencing unsold Warrants that such Holder delivered for sale pursuant to this Section 15(b) and such Holders' related powers-of-attorney and the provisions of this Section 15(b) shall no longer apply to the sale in the Offer Notice.

Except as expressly provided in this Section 15(b), Parent shall have no obligation to any Holder with respect to the sale or other disposition of any Warrants owned by such Holder in connection with this Section 15(b). Anything herein to the contrary notwithstanding, Parent shall have no obligation to any Holder to sell or otherwise dispose of any Controlling Shares pursuant to this Section 15(b) as a result of any decision by Parent not to accept or consummate any Offer or sale with respect to the Controlling Shares (it being understood that any and all such decisions shall be made by Parent in its sole discretion). Nothing in this Section 15(b) shall affect any of the obligations of any Holder under any other provision of this Agreement.

Anything in this Section 15(b) to the contrary notwithstanding, the provisions of this Section 15(b) shall not be applicable to any sale of Warrants pursuant to a public offering.

Anything in this Section 15(b) to the contrary notwithstanding, no Holder shall be required to make any representations and warranties to any Person in connection with the sale made pursuant to the Offer except as to (i) good title and absence of liens with respect to such Holder's Warrants and (ii) the validity and binding effect of any agreements entered into by such Holder in connection with such sale. No Holder shall be required to provide any indemnities in connection with such sale except for a breach of the representations and warranties described in the immediately foregoing clauses (i) and (ii).

(c) RIGHT OF FIRST REFUSAL.

If at any time any Holder (a "SELLING HOLDER") shall determine to sell, transfer or otherwise dispose of any Warrants to any other Person or Persons, the Selling Holder shall first give written notice (the "RIGHT OF FIRST REFUSAL NOTICE") to the Company specifying the number and type of Warrants proposed to be sold, transferred or otherwise disposed, and the name of the prospective purchaser and setting forth in reasonable detail, the price and other terms and conditions upon which the Selling Holder proposes to sell such Warrants. The Right of First Refusal Notice shall offer to sell all such Warrants to the Company on the same terms and conditions (including price) as are being offered to the prospective purchaser. In the event that all or any portion of the consideration shall consist of anything other than cash, the price shall be the fair market value of such consideration as determined by the Selling Holder in its reasonable discretion. The Company shall have 30 days from the date of receipt of the Right of First Refusal Notice to give written notice of its intention to accept or reject such offer. Failure to respond

within such 30-day period shall be deemed notice of rejection. In the event that the Company notifies the Selling Holder of its intention to accept such offer, such acceptance notice, taken in conjunction with the Right of First Refusal Notice shall constitute a valid and legally binding purchase and sale agreement, and payment in cash shall be made within 30 days following the receipt by the Selling Holder of such acceptance notice. In the event that the Company rejects or is deemed to have rejected the offer, the Selling Holder shall be free to proceed to sell, transfer or otherwise dispose of such Warrants to the prospective purchaser on the terms and conditions set forth in the Right of First Refusal Notice. In the event the Selling Holder fails to complete the proposed sale, transfer or other disposition within 180 days after the Company has rejected or is deemed to have rejected the offer, such Warrants shall again be subject to the provisions of this and Section 15(c). Notwithstanding anything to the contrary set forth in this Section 15(c), the provisions of this Section 15(c) shall not apply to any sale, transfer or other disposition by any Holder (i) to any Affiliate of such Holder, any other Holder, or the Company, (ii) in connection with the registration of securities of the Company to which Article II of the Registration Rights Agreement applies, (iii) pursuant to the provisions of Section 15(b) of this Agreement, or (iv) in connection or together with the sale, transfer or other disposition of all or any portion of the Notes held by such Holder, or (v) any pledge or grant of a security interest by any Holder of its Warrants to a trustee for the benefit of secured noteholders pursuant to documents relating to the financing of such Holder; provided, however, that any foreclosure on such Warrants shall be subject to the

restrictions contained in this Section 15(c).

The Company shall be entitled to assign its rights and delegate its obligations under and in connection with the foregoing right of first refusal to Parent, and Parent shall thereupon have the right to exercise all of the rights of the Company with respect to the purchase of Warrants as to which such rights are assigned.

As a condition to the transfer of Warrants by any Holder, the transferee shall be required to become a party to this Agreement and shall thereupon be deemed a "Holder" for purposes of this Section 15(c).

(d) TERMINATION OF RIGHTS UPON SALE TO THE PUBLIC. Notwithstanding anything to the contrary set forth herein, (i) all rights of the Company and Parent under Sections 15(b) and 15(c) hereof shall terminate upon the completion of an IPO and (ii) all rights of the Holders under Section 15(a) hereof shall terminate upon the completion of an IPO and the registration of the Warrants or the Warrant Shares pursuant to an effective registration statement under the Securities Act of 1933.

SECTION 16. CERTAIN SUPPLEMENTS AND AMENDMENTS. The Company may from time to time supplement or amend this Agreement without the approval of any Holders in order to cure any ambiguity or to correct or supplement any provision contained herein which may be defective or inconsistent with any other provision herein, or to make any other provisions in regard to matters or questions arising hereunder which the Company may deem necessary or desirable; PROVIDED that any such supplement or amendment shall not in any way adversely affect the interests of the Holders.

SECTION 17. SUCCESSORS. All the covenants and provisions of this Agreement by or for the benefit of the Company shall bind and inure to the benefit of its successors and permitted assigns hereunder.

SECTION 18. TERMINATION. Except as provided in the following sentence, this Agreement shall terminate upon the exercise of all Warrants pursuant to this Agreement. The provisions in Section 15 shall terminate in accordance with the provisions of such Section.

SECTION 19. GOVERNING LAW; SUBMISSION TO JURISDICTION. The corporation laws of the State of Washington shall govern all issues concerning the relative rights of the Company and the Holders. All other questions concerning the construction, validity, enforcement and interpretation of this Agreement shall be governed by the internal law of the State of New York, without giving effect to any choice of law or conflict of law provision or rule (whether of the State of New York or any other jurisdictions) that would cause the application of the laws of any jurisdictions other than the State of New York. The Company hereby irrevocably submits to the jurisdiction of any New York State Court or any Federal court sitting in the Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to this Agreement and the Warrants (and, to the extent of Sections 14 and 15, the Warrant Shares) and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the aforesaid courts. The Company irrevocably waives, to the fullest extent it may effectively do so under applicable law, any objection which it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. Nothing herein shall affect the right of any Holder or holder of Warrant Shares to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against the Company in any other jurisdiction.

SECTION 20. BENEFITS OF THIS AGREEMENT. Except as set forth in Section 15 hereof, (i) nothing in this Agreement shall be construed to give to any Person other than the Company and the Holders any legal or equitable right, remedy or claim under this Agreement, and (ii) this Agreement shall be for the sole and exclusive benefit of the Company and the Holders (including holders of Warrant Shares).

SECTION 21. COUNTERPARTS. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 22. AMENDMENTS AND WAIVERS. Subject to Section 16, no provision of this Agreement may be amended or waived except by an instrument in writing signed by the party sought to be bound; PROVIDED that any amendment or waiver sought from the Holders of any provision of this Agreement which affects Holders or holders of Warrant Shares generally shall be given by Holders of at least a majority of the Warrants outstanding, with each Warrant representing the right to one vote and any amendment or waiver so given shall be binding on all

Holders. No failure or delay by any party in exercising any right or remedy hereunder shall operate as a waiver thereof, and a waiver of a particular right or remedy on one occasion shall not

be deemed a waiver of any other right or remedy or a waiver of the same right or remedy on any subsequent occasion.

SECTION 23. FAIR MARKET VALUE OF NOTES AND WARRANTS. The Company and the Purchasers hereby agree that for purposes of IRC Treasury Regulations Section 1.1273-2(h), (a) the "issue price" of the investment unit consisting of the Notes and Warrants is $12,500,000, (b) the fair market value of the Notes is $11,600,000.00 and (c) the fair market value of Warrants is $900,000.00. The Company and the Purchasers agree to use the foregoing issue price and fair market value for U.S. federal tax purposes with respect to the transactions contemplated by this Agreement (unless otherwise required by a final determination of the Internal Revenue Service or a court of competent jurisdiction).

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties set forth below as of the date first written above.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

The undersigned executed this Agreement for the purpose of being bound by the terms of Section 15 hereof:

CIRCUIT HOLDINGS, LLC

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: President

PURCHASERS:

TCW/CRESCENT MEZZANINE PARTNERS II, L.P.
TCW/CRESCENT MEZZANINE TRUST II

By: TCW/Crescent Mezzanine II, L.P.,
as general partner or managing owner

By: TCW/Crescent Mezzanine, L.L.C.,
its general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: President

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 214/740-7382

TCW LEVERAGED INCOME TRUST, L.P.

By: TCW Advisors (Bermuda), Limited,

as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 214/740-7382

TCW LEVERAGED INCOME TRUST II, L.P.

By: TCW (LINC II), L.P.,
as general partner

By: TCW Advisors (Bermuda), Ltd.,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 214/740-7382

EXHIBIT A

[FORM OF WARRANT CERTIFICATE]

THE SECURITIES REPRESENTED BY THIS CERTIFICATE WERE ORIGINALLY ISSUED ON JULY [_], 1999, AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO A WARRANT AGREEMENT AND A SECURITIES PURCHASE AGREEMENT, EACH DATED AS OF JULY [_], 1999, AMONG THE ISSUER OF SUCH SECURITIES (THE "COMPANY"), THE PURCHASERS REFERRED TO THEREIN AND THE OTHER PARTIES THERETO. THE TRANSFER OF THIS CERTIFICATE IS SUBJECT TO THE CONDITIONS SPECIFIED IN SUCH AGREEMENTS AND THE COMPANY RESERVES THE RIGHT TO REFUSE THE TRANSFER OF THIS CERTIFICATE UNLESS SUCH CONDITIONS HAVE BEEN FULFILLED WITH RESPECT TO SUCH TRANSFER. A COPY OF SUCH AGREEMENTS WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

THE SHARES ISSUABLE UPON EXERCISE OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO THE PREFERENCES, POWERS, QUALIFICATIONS AND RIGHTS OF EACH CLASS AND SERIES OF CAPITAL STOCK OF THE COMPANY SET FORTH IN THE COMPANY'S ARTICLES OF INCORPORATION. THE COMPANY WILL FURNISH A COPY OF SUCH ARTICLES OF INCORPORATION TO THE HOLDER OF THIS CERTIFICATE, WITHOUT CHARGE, UPON WRITTEN

REQUEST.

No: _____ Warrants _____

Warrant Certificate

PACIFIC CIRCUITS, INC.

This Warrant Certificate certifies that _____ or registered assigns, is the registered holder (the "HOLDER") of the number of Warrants (the "WARRANTS") set forth above to purchase common stock, no par value per share (the "COMMON STOCK"), of Pacific Circuits, Inc., a Washington corporation (the "Company"). Each Warrant entitles Holder to receive from the Company one fully paid and nonassessable share of Common Stock (a "WARRANT SHARE"), at the initial exercise price (the "EXERCISE PRICE") of $ 0.01, payable in lawful money of the United States of America, upon exercise by surrender of this Warrant Certificate and payment of the Exercise Price at the office of the Company designated for such purpose, but only subject to the conditions set forth herein and in the Warrant Agreement referred to hereinafter. The Exercise Price and

number of Warrant Shares issuable upon exercise of the Warrants are subject to adjustment upon the occurrence of certain events, as set forth in the Warrant Agreement.

The Warrants evidenced by this Warrant Certificate are part of a duly authorized issue of Warrants, and are issued or to be issued pursuant to a Warrant Agreement dated as of July [_], 1999 (the "WARRANT AGREEMENT"), duly executed and delivered by the Company, which Warrant Agreement is hereby incorporated by reference in and made a part of this instrument and is hereby referred to for a description of the rights, limitation of rights, obligations, duties and immunities thereunder of the Company and the holders (the words "HOLDERS" or "HOLDER" meaning the registered holders or registered holder) of the Warrants. A copy of the Warrant Agreement may be obtained by the Holder hereof upon written request to the Company.

The Holder may exercise the Warrants evidenced by this Warrant Certificate under and pursuant to the terms and conditions of the Warrant Agreement by surrendering this Warrant Certificate, with the form of election to purchase set forth hereon (and by this reference made a part hereof) properly completed and executed, together with payment of the Exercise Price in cash or by certified or bank check at the office of the Company designated for such purpose. In the alternative, the Holder may exercise through an Offset Exercise (as defined in the Warrant Agreement) or Net Exercise (as defined in the Warrant Agreement) in accordance with the terms of Section 5 of the Warrant Agreement. In the event that upon any exercise of Warrants evidenced hereby the number of Warrants exercised shall be less than the total number of Warrants evidenced hereby, there shall be issued by the Company to the Holder or its registered assignee a new Warrant Certificate evidencing the number of Warrants not exercised.

The Warrant Agreement provides that upon the occurrence of certain events the number of Warrant Shares issuable upon exercise of a Warrant and the Exercise Price set forth on the face hereof may, subject to certain conditions, be adjusted.

The Holder will have certain registration rights and other rights and obligations with respect to the Warrant Shares as provided in the Registration Rights Agreement dated as of July [_], 1999 by and among the Company and the other persons party thereto (the "REGISTRATION RIGHTS AGREEMENT"). Copies of the Registration Rights Agreement may be obtained by the Holder, without charge, upon written request to the Company.

This Warrant Certificate, when surrendered at the office of the Company by the Holder in person or by legal representative or attorney duly authorized in writing, may be exchanged, in the manner and subject to the limitations provided in the Warrant Agreement, but without payment of any service charge, for another Warrant Certificate or Warrant Certificates of like tenor evidencing in the aggregate a like number of Warrants.

Subject to the terms and conditions of the Warrant Agreement, upon due presentation for registration of transfer of this Warrant Certificate at the office of the Company a new Warrant Certificate or Warrant Certificates of like tenor and evidencing in the aggregate a like number of Warrants shall be issued to the transferee(s) in exchange for this Warrant Certificate, subject to

the limitations provided in the Warrant Agreement, without charge (except for any tax or other governmental charge imposed in connection therewith as described in the Warrant Agreement).

The Company may deem and treat the Holder as the absolute owner of this Warrant Certificate (notwithstanding any notation of ownership or other writing hereon made by anyone) for the purpose of any exercise hereof, of any distribution to the Holder, and for all other purposes, and the Company shall not be affected by any notice to the contrary. Neither the Warrants nor this Warrant Certificate entitles the Holder to any rights of a stockholder of the Company evidenced hereby before exercise of one or more of the Warrants evidenced hereby.

The Holder, by the acceptance hereof, represents that he, she or it is acquiring this warrant for his, her or its own account for investment and not with a view to, or sale in connection with, any distribution in violation of the Securities Act or of any of the shares of Common Stock or other securities issuable upon the exercise thereof, nor with any present intention of distributing any of the same in violation of the Securities Act.

IN WITNESS WHEREOF, Pacific Circuits, Inc. has caused this Warrant Certificate to be signed by its Chairman of the Board, Chief Executive Officer, President or Vice President.

Dated: July [__], 1999

PACIFIC CIRCUITS, INC.

By: _____
Name: _____
Title: _____

FORM OF ELECTION TO PURCHASE

(To Be Executed Upon Exercise of Warrant)

The undersigned hereby irrevocably elects to exercise the right, represented by this Warrant Certificate, to receive _____ shares of Common Stock and [HEREWITH TENDERS PAYMENT FOR SUCH SHARES TO THE ORDER OF [COMPANY] IN THE AMOUNT OF $_____ IN ACCORDANCE WITH THE TERMS HEREOF.] [ELECTS TO MAKE AN OFFSET EXERCISE] [ELECTS TO MAKE A NET EXERCISE]

The undersigned requests that a certificate for such shares be registered in the name of _____ whose address is _____ and that such name of shares be delivered to _____ whose address is _____.

If said number of shares is less than all of the shares of Common Stock purchasable hereunder, the undersigned requests that a new Warrant Certificate representing the remaining balance of such shares be registered in the name of _____, whose address is _____ and that such Warrant Certificate be delivered to _____ whose address is _____ .

Signature(s): _____

NOTE: The above signature(s) must correspond with the name written upon the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever. If this Warrant is held of record by two or more joint owners, all such owners must sign.

Date: _____

Signature Guaranteed[*]

*NOTICE: The signature must be guaranteed by an institution which is a member of one of the following recognized signature guarantee program:

(1) The Securities Transfer Agent Medallion Program (STAMP);

(2) The New York Stock Exchange Medallion Program (MSP);

(3) The Stock Exchange Medallion Program (SEMP).

FORM OF ASSIGNMENT

(To be signed only upon assignment of Warrant Certificate)

FOR VALUE RECEIVED, _____ hereby sells, assigns and transfers unto _____ whose address is _____ and whose social security number or other identifying number is _____, the within Warrant Certificate, together with all right, title and interest therein and to the Warrants represented thereby, and does hereby irrevocably constitute and appoint _____ , attorney, to transfer said Warrant Certificate on the books of the within-named Company, with full power of substitution in the premises.

Signature(s): _____

NOTE: The above signature(s) must correspond with the name written upon the face of this Warrant Certificate in every particular, without alteration or enlargement or any change whatever. If this Warrant is held of record by two or more joint owners, all such owners must sign.

Date: _____

Signature Guaranteed

*NOTICE: The signature must be guaranteed by an institution which is a member of one of the following recognized signature guarantee program:

(1) The Securities Transfer Agent Medallion Program (STAMP);

(2) The New York Stock Exchange Medallion Program (MSP)

(3) The Stock Exchange Medallion Program (SEMP).

SUBSCRIPTION AGREEMENT (this "AGREEMENT"), dated as of July 13, 1999 (this "AGREEMENT"), by and among PACIFIC CIRCUITS, INC., a Washington corporation (the "COMPANY") and those purchasers of the Company's common stock listed on Schedule I attached hereto (individually a "PURCHASER" and collectively, the "PURCHASERS").

W I T N E S S E T H:

WHEREAS, each Purchaser wishes to subscribe for and purchase from the Company, and the Company wishes to issue and sell to the Purchaser, such number of shares of common stock, no par value per share, of the Company ("COMMON STOCK") set forth opposite such Purchaser's name on Schedule I attached hereto, upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and the mutual agreements and covenants hereinafter set forth, the parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE OF COMMON STOCK

SECTION 1.01. SUBSCRIPTION FOR SHARES. Upon the terms and subject to the conditions of this Agreement, the Purchasers, in respective amounts set forth on Schedule I hereto, agree to purchase at the Closing (as defined below) and the Company agrees to sell and issue to the Purchasers, in respective amounts set forth on Schedule I hereto, at the Closing an aggregate of 5,625 shares of Common Stock, at a purchase price of $1,000 per share (the "PER SHARE PURCHASE PRICE") for an aggregate purchase price of $5,625,000. The shares of Common Stock issued to the Purchasers pursuant to this Agreement shall be hereinafter referred to as the "SHARES."

SECTION 1.02. CLOSING. The purchase and sale of the Shares shall take place at the closing (the "Closing") at the offices of Gibson Dunn & Crutcher LLP, 333 South Grand Avenue, Los Angeles, California. The Closing shall take place at 9:00 a.m. on July 13, 1999 or at such other time and place as the Company and a majority in interest of the Purchasers shall agree upon, orally or in writing. The date of the Closing is hereafter referred to as the "Closing Date." At the Closing, the Company shall deliver to the Purchasers certificates representing the Shares against payment of the purchase price therefor, by wire transfer to the Company's bank account.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

OF THE PURCHASERS

As an inducement to the Company to enter into this Agreement, each Purchaser, severally as to himself or itself, and not jointly, hereby represents and warrants to the Company as follows:

SECTION 2.01 CAPACITY. Such Purchaser has the legal capacity to enter into this Agreement and to consummate the transactions contemplated hereby.

SECTION 2.02. ENFORCEABILITY OF AGREEMENT. This Agreement has been duly authorized, executed and delivered by such Purchaser, and (assuming due authorization, execution and delivery by the Company) this Agreement constitutes a legal, valid and binding obligation of such Purchaser enforceable against such Purchaser in accordance with its terms, except for (a) the effect thereon of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting to or affecting the rights of creditors generally and (b) limitations imposed by equitable principles upon the specific enforceability of any of the remedies, covenants or other provisions thereof and upon the availability of injunctive relief or other equitable remedies.

SECTION 2.03. PRIVATE PLACEMENT. Such Purchaser understands and acknowledges that:

(a) The Shares to be issued to such Purchaser pursuant to this Agreement have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "SECURITIES ACT"), and that the Shares will be issued to such Purchaser in a transaction that is exempt

from the registration requirements of the Securities Act. Such Purchaser understands and acknowledges that such Shares cannot be offered or resold except pursuant to registration under the Securities Act or an available exemption from registration and such Purchaser agrees that such Purchaser shall not resell such Shares except in compliance with applicable securities laws. Such Purchaser acknowledges and agrees that the Shares are "restricted securities" as defined in the Securities Act and must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available.

(b) Such Purchaser is purchasing the Shares for such Purchaser's own account for investment and not with a view to, or for resale in connection with, the distribution hereof, and Purchaser has no present intention of distributing any thereof, except in accordance with the terms of this Agreement. Purchaser understands that the Shares have not been registered under the Securities Act by reason of a specific exemption from the registration provisions of the Securities Act which may depend upon, among other things, the bona fide nature of Purchaser's investment intent as expressed herein.

(c) Such Purchaser has such knowledge and experience in financial and business matters that he or it is capable of evaluating the merits and risks of his or its investment in the Shares pursuant to this Agreement and protecting Purchaser's own interests in connection with this transaction.

(d) Such Purchaser has the financial ability to bear the economic risk of Purchaser's investment in the Shares pursuant to this Agreement, Purchaser is aware that Purchaser may be required to bear the economic risk of his or its investment in the Shares for an indefinite period of time, Purchaser has no need for liquidity with respect to

Purchaser's investment therein at this time, and Purchaser has adequate means of providing for his or its current needs and personal contingencies.

(e) Such Purchaser has had an opportunity to discuss the Company's business, management and financial affairs with the Company's management and, subject to the representations and warranties in Section 3.07, has had the opportunity to review financial and other information related to the Company.

(f) Such Purchaser understands and acknowledges that all certificates representing the Shares shall bear, in addition to any other legends required under applicable securities laws, the following legends:

> "The securities represented by this certificate have not been registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), and may not be transferred except pursuant to registration under the Securities Act or pursuant to an available exemption from registration."

(g) Such Purchaser is an "accredited investor", as such term is defined in Rule 501(a) of Regulation D under the Securities Act.

(h) Such Purchaser understands and agrees that, simultaneously upon execution of this Agreement, such Purchaser will become party to (i) the Amended and Restated Shareholders' Agreement dated July 13, 1999 among the Company, Circuit Holdings, LLC, Lewis O. Coley, III and the Purchasers (the "AMENDED AND RESTATED SHAREHOLDERS' AGREEMENT") and (ii) that certain Registration Rights Agreement dated July 13, 1999, among the Company and such Purchasers.

(i) Such Purchaser understands and agrees that he, she or it may not sell or dispose of any of the Shares other than (i) pursuant to an effective registration statement, unless the sale or other disposition is exempt from the registration requirements of the Securities Act and applicable state securities laws, and (ii) in compliance with the Amended and Restated Shareholders' Agreement.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

OF THE COMPANY

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

SECTION 3.01 ORGANIZATION AND AUTHORITY OF THE COMPANY. The Company is a corporation duly organized, validly existing and in good

standing under the laws of the State of Washington and has all necessary corporate power and authority to enter into this Agreement, to carry out its obligations hereunder and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement by the Company, the performance by the Company of its obligations hereunder and the consummation by the Company of the transactions

contemplated hereby have been duly authorized by all requisite action on the part of the Company.

SECTION 3.02. ENFORCEABILITY OF AGREEMENT. This Agreement has been duly executed and delivered by the Company, and (assuming due authorization, execution and delivery by the Purchaser) this Agreement constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except for (a) the effect thereon of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting to or affecting the rights of creditors generally and (b) limitations imposed by equitable principles upon the specific enforceability of any of the remedies, covenants or other provisions thereof and upon the availability of injunctive relief or other equitable remedies.

SECTION 3.03. CAPITAL STOCK OF THE COMPANY. (a) The authorized capital stock of the Company consists of, immediately prior to the Closing, 10,000,000 shares of Common Stock, no par value per share, 73,125 shares of which are issued and outstanding. Warrants to purchase 2,019 shares of Common Stock, at an exercise price of $.01 per share, will be issued and outstanding as of July 13, 1999 (the "Warrants").

(b) The Company has reserved 4,125 shares of Common Stock for issuance to directors, employees or consultants under the Company's Management Stock Option Plan, as may be amended from time to time and 3,836.25 shares of Common Stock are subject to outstanding stock options as of the date hereof (the "Outstanding Options").

(c) Except for the Warrants and the Outstanding Options, there are no options, warrants, rights (including conversion or preemptive rights) or agreements, orally or in writing, for the purchase or acquisition from the Company of any shares of its capital stock.

SECTION 3.04. SHARES. The Shares being issued to the Purchasers hereunder, when issued, sold and delivered in accordance with the terms hereof for the consideration expressed herein, will be duly authorized, validly issued, fully paid and nonassessable. The Shares are not subject to any preemptive rights, rights of first refusal, rights of first offer or other similar rights that have not been properly waived or complied with.

SECTION 3.05. NO SOLICITATION. No form of general solicitation or general advertising was used by the Company, or, to the knowledge of the Company, any other person acting on its behalf, in respect of the Shares or in connection with the offer and sale of the Shares.

SECTION 3.06. PER SHARE PURCHASE PRICE. The Per Share Purchase Price to be paid by the Purchasers is equal to the lowest price per share paid by Circuit Holdings, LLC, Thayer Equity Investors IV, L.P. ("THAYER IV"), Brockway Moran & Partners Fund, L.P. ("BMP FUND") or their respective affiliates (exclusive of borrowings to fund the purchase price for which assets of the Company, Power Holdings, L.L.C. ("HOLDINGCO."), Power Acquisition Sub., Inc. or Power Circuits, Inc. ("POWER") are pledged or which are guaranteed by any of them) for shares of Common Stock each such entity holds as of the date hereof. For the purpose of computing equity price per share, the amount paid by Thayer IV and BMP Fund in connection

with the acquisition by HoldingCo. of Power is deemed to be equity investment of Thayer IV and BMP Fund in HoldingCo.

SECTION 3.07. FINANCIAL STATEMENTS. The audited financial statements listed on Exhibit A hereof (the "FINANCIAL STATEMENTS"), copies which have been provided to Purchasers, are complete and correct in all material respects and have been prepared in accordance with generally accepted accounting principles consistently applied. The Financial Statements fairly present the consolidated financial condition, operating results and cash flows of the Company as of the respective dates and for the respective periods indicated. The Company does not have any other audited financial statements for any period commencing on or before December 31, 1995.

SECTION 3.08. NO UNDISCLOSED LIABILITIES. Except as set forth on Schedule 3.08 attached hereto, there are no debts, liabilities or obligations, whether accrued or fixed ("LIABILITIES") of the Company, other than

Liabilities (a) reflected or reserved against on the Financial Statements and (b) incurred since December 31, 1998 in the ordinary course of the business, consistent with the past practice of the Company and which are not, individually or in the aggregate, materially adverse to the Company.

SECTION 3.09. ABSENCE OF CERTAIN CHANGES, EVENTS AND CONDITIONS. Except as set forth on Schedule 3.09 attached hereto, since December 31, 1998, there have not been any changes, occurrences, series of events or circumstances with respect to the Company which individually or in the aggregate had or could reasonably be expected to have a Material Adverse Effect. For purposes of this Agreement, "MATERIAL ADVERSE EFFECT" shall mean any circumstance, change, event or series of events, transactions, loss, failure, effect or other occurrence which is or could reasonably be expected to be materially adverse to the business, operations, employee relationships, customer or supplier relationships, properties (including intangible properties), condition (financial or otherwise), assets, liabilities or earnings or results of operations of the Company.

SECTION 3.10. HOLDINGCO. On July 13, 1999, after HoldingCo. acquired Power, HoldingCo. was contributed by its owners to the Company in exchange for [31,875] shares of the Common Stock of the Company. The Company directly or indirectly owns 100 percent of the equity securities of Power.

SECTION 3.11. CONFIDENTIAL INFORMATION MEMORANDUM. The Company has provided to the Purchasers (other than TCW/Crescent Mezzanine Partners II, L.P. and affiliates thereof) a copy of a Confidential Information Memorandum prepared and distributed by First Union in connection with First Union's syndication efforts for $127,500,000 of Senior Secured Credit Facilities, dated July 1999 (other than Sections I and X thereof, which contain administrative documents and financial projections and assumptions).

ARTICLE IV

GENERAL PROVISIONS

SECTION 4.01. EXPENSES. All costs and expenses, including, without limitation, fees and disbursements of counsel, financial advisors and accountants, incurred in connection

with this Agreement and the transactions contemplated hereby shall be paid by the party incurring such costs and expenses.

SECTION 4.02. NOTICES. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given or made (and shall be deemed to have been duly given or made upon receipt) upon the Purchasers by delivery in person, by courier service, by cable, by facsimile, by telegram, by telex or by registered or certified mail (postage prepaid, return receipt requested) at the address set forth on the signature page hereto, or, if to the Company, to Pacific Circuits, Inc., 17550 N.E. 67th Court, Redmond, WA 98052, Attention: Lindsay Burton, Chief Financial Officer, with a copy to Shearman & Sterling, 555 California Street, San Francisco, California 94104-1522, Attention: Christopher D. Dillon, Esq.

SECTION 4.03. HEADINGS. The descriptive headings contained in this Agreement are for convenience of reference only and shall not affect in any way the meaning or interpretation of this Agreement.

SECTION 4.04. SEVERABILITY. If any term or other provision of this Agreement is held to be unenforceable under applicable law, such provision shall be excluded form this Agreement and the balance of the Agreement shall be interpreted as if such provision were so excluded and shall be enforceable in accordance with its terms.

SECTION 4.05. ENTIRE AGREEMENT. This Agreement constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, between the Purchaser and the Company with respect to the subject matter hereof, provided that the application of otherwise applicable laws relating to the issuance and sale of securities is not affected by this Agreement.

SECTION 4.06. ASSIGNMENT. This Agreement may not be assigned by operation of law or otherwise without the express written consent of the other party hereto (which consent may be granted or withheld in the sole discretion of such other party).

SECTION 4.07. NO THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure solely to the benefit of the parties hereto and their permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, benefit or remedy of any nature whatsoever under or by reason of this Agreement. .

SECTION 4.08 AMENDMENT. This Agreement may not be amended or modified except by an instrument in writing signed by, or on behalf of, the Purchasers and the Company.

SECTION 4.09. GOVERNING LAW. Except to the extent federal law is applicable, this Agreement shall be governed by, and construed in accordance with, the laws of the State of Washington, applicable to contracts executed in and to be performed entirely within that state.

SECTION 4.10. COUNTERPARTS. This Agreement may be executed in one or more counterparts, and by the different parties hereto in separate counterparts, each of which when executed, by facsimile or otherwise, shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ F.G. Lindsay Burton

Name: F.G. Lindsay Burton

Title: Chief Financial Officer

Address: c/o Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ Michael S. Lambrakis

Name: Michael S. Lambrakis

Title:

Address: 3201 Marna Avenue
Long Beach, CA 90808

IN WITNESS WHEREOF, the undersigned or each of their duly

authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ Dr. Edward D. Woerz

Name: Edward D. Woerz MD

Title: Family Trust

Address: 8 Possum Ridge Road
Rolling Hilles, CA 90274

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ Dale Anderson

Name: Dale Anderson

Title:

Address: 1736 Marlin Way
Newport Beach, CA 92660

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ James M. Eisenberg

Name: James M. Eisenberg

Title:

Address: 1350 Galaxy Drive
Newport Beach CA 92660

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

By: /s/ Kent Alder

Name: Kent Alder

Title: President and Chief Executive Officer

Address: c/o Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

TCW/CRESCENT MEZZANINE PARTNERS II, L.P.
TCW/CRESCENT MEZZANINE TRUST II

By: TCW/Crescent Mezzanine II, L.P.,
as general partner or managing owner

By: TCW/Crescent Mezzanine, L.L.C.,
its general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: President

Address:
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, TX 75201

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

TCW LEVERAGED INCOME TRUST, L.P.

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Thomas K. Smith, Jr.

Name: Thomas K,. Smith, Jr.
Title: Senior Vice President

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Melissa V. Weiler

Name: Melissa V. Weiler
Title: Managing Director

Address:
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, TX 75201

IN WITNESS WHEREOF, the undersigned or each of their duly authorized officers or representatives have executed this Agreement as of the date first written above.

"COMPANY"

PACIFIC CIRCUITS, INC.,
a Washington Corporation

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

"PURCHASER"

TCW LEVERAGED INCOME TRUST II, L.P.

By: TCW (LINC II), L.P.
as general partner

By: TCW Advisors (Bermuda), Ltd.,
as general partner

By: /s/ Thomas K. Smith, Jr.

Name: Thomas K,. Smith, Jr.
Title: Senior Vice President

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Melissa V. Weiler

Name: Melissa V. Weiler
Title: Managing Director

Address:
c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, TX 75201

SCHEDULE I

PURCHASER	NUMBER OF SHARES PURCHASED	CONSIDERATION PAID
James Eisenberg	2,000	$2,000,000
Dale Anderson	2,000	$2,000,000
TCW/ Crescent Mezzanine Partners II, L.P.	724.4	$724,400
TCW/Crescent Mezzanine Trust II	175.6	$175,600
TCW/Leveraged Income Trust, L.P.	50	$50,000
TCW/Leveraged Income Trust II, L.P.	50	$50,000
F.G. Lindsay Burton	25	$25,000
Kent Alder	300	$300,000
Michael Lambrakis	200	$200,000
Dr. Edward Woerz	100	$100,000
TOTAL	5,625	$5,625,000

EXHIBIT 5.1

[SHEARMAN & STERLING LETTERHEAD]

------, 2000

TTM Technologies, Inc.

17550 N.E. 67th Court

Redmond, WA 98052

Ladies and Gentlemen,

We are acting as counsel for TTM Technologies, Inc. (the "Company") in connection with the Registration Statement on Form S-1, as amended (Registration Statement No. 333-
- ------) (the "Registration Statement"), filed with the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"), relating to the offering, as set forth in the prospectus contained in the Registration Statement (the "Prospectus"), of the Company's shares of common stock, $0.001 par value per share (the "Shares"). The Shares are to be sold by the Company pursuant to the terms of an underwriting agreement (the "Underwriting Agreement") between the Company and the underwriters named therein.

We have examined the Underwriting Agreement and the originals, or copies identified to our satisfaction, of such corporate records of the Company, certificates of public officials, officers of the Company and other persons, and such other documents, agreements and instruments as we have deemed necessary as a basis for the opinions hereinafter expressed. In our examinations, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with the originals of all documents submitted to us as copies.

Our opinion expressed herein is limited to the Federal law of the United States, the law of the State of New York and the General Corporation Law of the State of Delaware.

Based on the foregoing and having regard for such legal considerations as we deem relevant, we are of the opinion that, when issued and delivered in accordance with the terms of the Underwriting Agreement, the Shares will be legally issued, fully paid and non-assessable.

We hereby consent to the use of this opinion as Exhibit 5.1 to the Registration Statement and to the use of our name under the caption "Legal Matters" contained in the Prospectus which is included in the Registration Statement. In giving this consent, we do not thereby concede that we come within the category of persons whose consent is required by the Securities Act or the rules and regulations promulgated thereunder.

Very truly yours,

/s/ Shearman & Sterling
SHEARMAN & STERLING

KPK/MKH/DJC/TYB
MPDOC501/4413 1

Exhibit 10.1

$127,500,000

CREDIT AGREEMENT

among

PACIFIC CIRCUITS, INC.,
as Borrower,

CIRCUIT HOLDINGS, LLC,

and

THE DOMESTIC SUBSIDIARIES OF THE BORROWER
FROM TIME TO TIME PARTIES HERETO,
as Guarantors,

THE LENDERS PARTIES HERETO

and

FIRST UNION NATIONAL BANK,
as Administrative Agent

DRESDNER BANK AG, NEW YORK
AND GRAND CAYMAN BRANCHES,
as Syndication Agent

and

SUNTRUST BANK, ATLANTA,
as Documentation Agent

and

FIRST UNION CAPITAL MARKETS CORP.,
as Lead Arranger

Dated as of July 13, 1999

- ---

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<CAPTION>
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SCHEDULES

CREDIT AGREEMENT, dated as of July 13, 1999, among PACIFIC CIRCUITS, INC., a Washington corporation (the "BORROWER"), CIRCUIT HOLDINGS, LLC, a Delaware limited liability company (the "PARENT"), those Domestic Subsidiaries of the Borrower identified as a "Guarantor" on the signature pages hereto and such other Domestic Subsidiaries of the Borrower as may from time to time become

a party hereto (collectively, with the Parent, the "GUARANTORS"), the several banks and other financial institutions as may from time to time become parties to this Agreement (collectively, the "LENDERS"; and individually, a "LENDER"), and FIRST UNION NATIONAL BANK, a national banking association, as administrative agent for the Lenders hereunder (in such capacity, the "ADMINISTRATIVE AGENT").

WITNESSETH:

WHEREAS, the Borrower has requested that the Lenders make loans and other financial accommodations to the Borrower in the amount of up to $127,500,000, as more particularly described herein;

WHEREAS, the Lenders have agreed to make such loans and other financial accommodations to the Borrower on the terms and conditions contained herein;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 DEFINED TERMS.

As used in this Agreement, terms defined in the preamble to this Agreement have the meanings therein indicated, and the following terms have the following meanings:

"ACCOUNT DESIGNATION LETTER" shall mean the Notice of Account Designation Letter dated the Closing Date from the Borrower to the Administrative Agent substantially in the form attached hereto as SCHEDULE 1.1(a).

"ACQUIRED COMPANY" shall mean Power Circuits, Inc., a California corporation.

"ACQUISITION" shall mean the acquisition of the Acquired Company.

"ACQUISITION DOCUMENTS" shall mean the Agreement and Plan of Merger dated June 11, 1999 among the Acquired Company, its stockholders, Brockway Moran & Partners, Inc., Thayer Equity Investors IV, LLC, Power Holdings, LLC and Power Acquisition Sub., Inc.

"ADDITIONAL CREDIT PARTY" shall mean each Person that becomes a Guarantor by execution of a Joinder Agreement in accordance with Section 5.10.

"ADMINISTRATIVE AGENT" shall have the meaning set forth in the first paragraph of this Agreement and any successors in such capacity.

"AFFILIATE" shall mean as to any Person, any other Person (excluding any Subsidiary) which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, a Person shall be deemed to be "controlled by" a Person if such Person possesses, directly or indirectly, power either (a) to vote 10% or more of the securities having ordinary voting power for the election of directors of such Person or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"AGREEMENT" shall mean this Credit Agreement, as amended, modified or supplemented from time to time in accordance with its terms.

"ALTERNATE BASE RATE" shall mean, for any day, a rate per annum equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1%. For purposes hereof: "PRIME RATE" shall mean, at any time, the rate of interest per annum publicly announced from time to time by First Union at its principal office in Charlotte, North Carolina as its prime rate. Each change in the Prime Rate shall be effective as of the opening of business on the day such change in the Prime Rate occurs. The parties hereto acknowledge that the rate announced publicly by First Union as its Prime Rate is an index or base rate and shall not necessarily be its lowest or best rate charged to its customers or other banks; and "FEDERAL FUNDS EFFECTIVE RATE" shall mean, for any day, 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 on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published on the next succeeding Business Day, the average of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it. If for any reason the Administrative Agent shall have determined (which determination shall be conclusive in the absence of manifest error) that it is unable to ascertain the Federal Funds Effective Rate, for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms thereof, the Alternate Base Rate shall be determined without regard to

clause (b) of the first sentence of this definition, as appropriate, until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective on the opening of business on the date of such change.

"ALTERNATE BASE RATE LOANS" shall mean Loans that bear interest at an interest rate based on the Alternate Base Rate.

"APPLICABLE PERCENTAGE" shall mean, for any day, the rate per annum set forth below opposite the applicable Level then in effect, it being understood that the Applicable Percentage for (i) Revolving Loans and Tranche A Term Loans which are Alternate Base Rate Loans shall be the percentage set forth under the column "Alternate Base Rate Margin for Revolving Loans and Tranche A Term Loans", (ii) Revolving Loans and Tranche A Term Loans which are LIBOR Rate Loans shall be the percentage set forth under the column "LIBOR Rate Margin for Revolving Loans, Tranche A Term Loans and Letter of Credit Fee", (iii) Tranche B Term Loans which are Alternate Base Rate Loans shall be the percentage set forth under the column "Alternate Base Rate Margin for Tranche B Term Loans", (iv) Tranche B Term Loans which are LIBOR Rate Loans shall be the percentage set forth under the column "LIBOR Rate Margin for Tranche B Term Loans", (v) the Letter of Credit Fee shall be the percentage set forth under the column "LIBOR Rate Margin for Revolving Loans, Tranche A Term Loans and Letter of Credit Fee", and (vi) the Commitment Fee shall be the percentage set forth under the column "Commitment Fee":

<TABLE>
<CAPTION>

Level	Leverage Ratio	Alternate Base Rate Margin for Revolving Loans and Tranche A Term Loans	LIBOR Rate Margin for Revolving Loans, Tranche A Term Loans and Letter of Credit Fee	Alternate Base Rate Margin for Tranche B Term Loans	LIBOR Rate Margin for Tranche B Term Loans	Commitment Fee
I	GREATER THAN OR EQUAL TO 5.00 to 1.0	1.75%	3.25%	2.25%	3.75%	.50%
II	LESS THAN 5.00 to 1.0 but GREATER THAN OR EQUAL TO 4.50 to 1.0	1.50%	3.00%	2.25%	3.75%	.50%
III	LESS THAN 4.50 to 1.0 but GREATER THAN OR EQUAL TO 4.00 to 1.0	1.25%	2.75%	2.25%	3.50%	.50%
IV	LESS THAN 4.00 to 1.0 but GREATER THAN OR EQUAL TO 3.50 to 1.0	1.00%	2.50%	2.25%	3.50%	.50%
V	LESS THAN 3.50 to 1.0	.75%	2.25%	2.25%	3.50%	.50%

</TABLE>

The Applicable Percentage shall, in each case, be determined and adjusted quarterly on the date five (5) Business Days after the date on which the Administrative Agent has received from the Borrower the quarterly financial information and certifications required to be delivered to the Administrative Agent and the Lenders in accordance with the provisions of Sections 5.1(b) and 5.2(b) (each an "INTEREST DETERMINATION DATE"). Such Applicable Percentage shall

be effective from such Interest Determination Date until the next such Interest Determination Date. The initial Applicable Percentages shall be based on Level I until the first Interest Determination Date occurring after September 30, 1999. After the Closing Date, if the Borrower shall fail to provide the quarterly financial information and certifications in accordance with the provisions of Sections 5.1(b) and 5.2(b), the Applicable Percentage from such Interest Determination Date shall, on the date five (5) Business Days after the date by which the Borrower was so required to provide such financial information and certifications to the Administrative Agent and the Lenders, be based on Level I until such time as such information and certifications are provided, whereupon the Level shall be determined by the then current Leverage Ratio.

"ASSET DISPOSITION" shall mean the disposition of any or all of the assets (including, without limitation, the Capital Stock of a Subsidiary or any ownership interest in a joint venture) of any Credit Party or any Subsidiary whether by sale, lease, transfer or otherwise. The term "Asset Disposition" shall not include (i) Specified Sales, (ii) the sale, lease or transfer of assets permitted by Section 6.5(a)(iii) or (iv) hereof, or (iii) any Equity Issuance.

"BANKRUPTCY CODE" shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

"BORROWER" shall have the meaning set forth in the first paragraph of this Agreement.

"BORROWING BASE" shall mean the sum of (i) 85% of Eligible Receivables PLUS (ii) 50% of Eligible Inventory.

"BORROWING BASE CERTIFICATE" shall mean a borrowing base certificate substantially in the form of SCHEDULE 5.2(f).

"BORROWING DATE" shall mean, in respect of any Loan, the date such Loan is made.

"BUSINESS" shall have the meaning set forth in Section 3.10.

"BUSINESS DAY" shall mean a day other than a Saturday, Sunday or other day on which commercial banks in Charlotte, North Carolina or New York, New York are authorized or required by law to close; PROVIDED, HOWEVER, that when used in connection with a rate determination, borrowing or payment in respect of a LIBOR Rate Loan, the term "Business Day" shall also exclude any day on which banks in London, England are not open for dealings in Dollar deposits in the London interbank market.

"CAPITAL LEASE" shall mean any lease of property, real or personal, the obligations with respect to which are required to be capitalized on a balance sheet of the lessee in accordance with GAAP.

CAPITAL LEASE OBLIGATIONS" shall mean the capitalized lease obligations relating to a Capital Lease determined in accordance with GAAP.

"CAPITAL STOCK" shall mean (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"CASH EQUIVALENTS" shall mean (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 twelve months from the date of acquisition ("GOVERNMENT OBLIGATIONS"), (ii) U.S. dollar denominated (or foreign currency fully hedged) time deposits, certificates of deposit, Eurodollar time deposits and Eurodollar certificates of deposit of (y) any domestic commercial bank of recognized standing having capital and surplus in excess of $250,000,000 or (z) any bank whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an "APPROVED BANK"), in each case with maturities of not more than 364 days from the date of acquisition, (iii) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) or any variable rate notes issued by, or guaranteed by any domestic corporation rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within one year of the date of acquisition, (iv) repurchase agreements with a bank or trust company (including a Lender) or a recognized securities dealer having capital and surplus in excess of $500,000,000 for direct obligations issued by or fully guaranteed by the United

States of America, (v) obligations of any state of the United States or any political subdivision thereof for the payment of the principal and redemption price of and interest on which there shall have been irrevocably deposited Government Obligations maturing as to principal and interest at times and in amounts sufficient to provide such payment, and (vi) auction preferred stock rated in the highest short-term credit rating category by S&P or Moody's.

"CHANGE OF CONTROL" shall mean the occurrence of any of the following events: (a) the failure of the Sponsors or one or more of their Affiliates to maintain beneficial ownership, directly or indirectly, of Voting Stock of the Borrower representing at least 51% of the combined voting power of all Voting Stock of the Borrower, (b) any Person or two or more Persons acting in concert shall have acquired beneficial ownership, directly or indirectly, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of control over, Voting Stock of the Borrower (or other securities convertible into such Voting Stock) representing 33% or more of

the combined voting power of all Voting Stock of the Borrower, (c) the failure of the Borrower to own, directly or indirectly, 100% of the combined voting power of all Voting Stock of Power Circuits, Inc. or (d) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of the Parent then in office. As used herein, "beneficial ownership" shall have the meaning provided in Rule l3d-3 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

"CLOSING DATE" shall mean the date of this Agreement.

"CODE" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"COLLATERAL" shall mean a collective reference to the collateral which is identified in, and at any time will be covered by, the Security Documents.

"COMMITMENT" shall mean the Revolving Commitment, the LOC Commitment, the Swingline Commitment, the Tranche A Term Loan Commitment and the Tranche B Term Loan Commitment, individually or collectively, as appropriate.

"COMMITMENT FEE" shall have the meaning set forth in Section 2.6(a).

"COMMITMENT PERCENTAGE" shall mean the Revolving Commitment Percentage, the LOC Commitment Percentage, the Tranche A Term Loan Commitment Percentage and/or the Tranche B Term Loan Commitment Percentage, as appropriate.

"COMMITMENT PERIOD" shall mean the period from and including the Funding Date to but not including the Revolving Commitment Termination Date.

"COMMITMENT TRANSFER SUPPLEMENT" shall mean a Commitment Transfer Supplement, substantially in the form of SCHEDULE 9.6(c).

"COMMONLY CONTROLLED ENTITY" shall mean an entity, whether or not incorporated, which is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group which includes the Borrower and which is treated as a single employer under Section 414 of the Code.

"CONSOLIDATED CAPITAL EXPENDITURES" means, for any period, all capital expenditures of the Borrower and its Subsidiaries on a consolidated basis for such period, as determined in accordance with GAAP. The term "Consolidated Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of proceeds derived from (i) Recovery Events or (ii) a sale of assets pursuant to Section 6.5(a)(ii) received by the Borrower and its Subsidiaries to the extent that such reinvestment is permitted under the Credit Documents.

"CONSOLIDATED EBITDA" means, for any period, the sum of (i) Consolidated Net Income for such period, plus (ii) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (A) Consolidated Interest Expense, (B) total federal, state,

local and foreign income, value added and similar taxes, (C) losses (or MINUS gains) on the sale or disposition of assets outside the ordinary course of business, (D) depreciation, amortization expense and other non-cash charges, all as determined in accordance with GAAP, (E) amounts paid in respect of management fees to the extent permitted hereunder and (F) other non-recurring add-backs as set forth on SCHEDULE 1.1(d) PROVIDED THAT, notwithstanding the foregoing, in the event such period includes the fourth fiscal quarter of 1998 and/or the first fiscal quarter of 1999, Consolidated EBITDA for such fiscal quarters shall be the amounts set forth on SCHEDULE 1.1(d).

"CONSOLIDATED INTEREST EXPENSE" means, for any period, all cash interest expense of the Borrower and its Subsidiaries (including, without limitation, the interest component under Capital Leases and the interest component of deferred compensation under the Retention Bonus Plan), as determined in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, for any period, net income (excluding extraordinary items) after taxes for such period of the Borrower and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

"CONSOLIDATED WORKING CAPITAL" shall mean, at any time, the excess of (i) current assets (excluding cash) of the Borrower and its Subsidiaries on a consolidated basis at such time less (ii) current liabilities (including the Credit Party Obligations, but excluding the sum of (a) the current portion of long term Indebtedness, PLUS (b) accrued and unpaid interest on Indebtedness, PLUS (c) non-cash accruals under the Retention Bonus Plan) of the Borrower and its Subsidiaries on a consolidated basis at such time, all as determined in accordance with GAAP.

"CONTINUING DIRECTORS" means either during any period of up to 24 consecutive months commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Parent (together with any new director whose election by the Parent's board of directors or whose nomination for election by the Parent's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved).

"CONTRACTUAL OBLIGATION" shall mean, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or undertaking to which such Person is a party or by which it or any of its property is bound.

"CREDIT DOCUMENTS" shall mean this Agreement, each of the Notes, any Joinder Agreement, the Letters of Credit, LOC Documents and the Security Documents.

"CREDIT PARTY" shall mean any of the Borrower or the Guarantors.

"CREDIT PARTY OBLIGATIONS" shall mean, without duplication, (i) all of the obligations of the Credit Parties to the Lenders (including the Issuing Lender) and the Administrative Agent, whenever arising, under this Agreement, the Notes or any of the other Credit Documents (including, but not limited to, any interest accruing after the occurrence of a filing of a petition of

bankruptcy under the Bankruptcy Code with respect to any Credit Party, regardless of whether such interest is an allowed claim under the Bankruptcy Code) and (ii) all liabilities and obligations, whenever arising, owing from the Borrower or any of its Subsidiaries to any Lender, or any Affiliate of a Lender, arising under any Hedging Agreement.

"DEBT ISSUANCE" shall mean the issuance of any Indebtedness for borrowed money by the any Credit Party or any of its Subsidiaries (excluding, for purposes hereof, any Equity Issuance or any Indebtedness of the Borrower and its Subsidiaries permitted to be incurred pursuant to Section 6.1 hereof).

"DEFAULT" shall mean any of the events specified in Section 7.1, whether or not any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

"DEFAULTING LENDER" shall mean, at any time, any Lender that, at such time (a) has failed to make a Loan required pursuant to the term of this Credit Agreement, including the funding of a Participation Interest in accordance with the terms hereof, (b) has failed to pay to the Administrative Agent or any Lender an amount owed by such Lender pursuant to the terms of this Credit Agreement, or (c) has been deemed insolvent or has become subject to a bankruptcy or insolvency proceeding or to a receiver, trustee or similar official.

"DOLLARS" and "$" shall mean dollars in lawful currency of the United States of America.

"DOMESTIC LENDING OFFICE" shall mean, initially, the office of each Lender designated as such Lender's Domestic Lending Office shown on SCHEDULE 9.2; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which Alternate Base Rate Loans of such Lender are to be made.

"DOMESTIC SUBSIDIARY" shall mean any Subsidiary that is organized and existing under the laws of the United States or any state or commonwealth thereof or under the laws of the District of Columbia.

"ELIGIBLE INVENTORY" means, as of the date of determination, the gross dollar value (valued at the lower of cost (on a FIFO basis) or fair market value) of all finished goods and raw materials inventory of the Borrower and its Subsidiaries LESS appropriate reserves determined in accordance with GAAP applied on a consistent basis, BUT EXCLUDING in any event (i) inventory subject to a Lien other than a Permitted Lien, (ii) inventory upon which the Administrative Agent does not have a perfected security interest, (iii) inventory which fails to meet standards for sale or use imposed by Governmental Authorities having regulatory authority over such inventory or its use or sale, (iv) inventory which is not useable or saleable at prices approximating their cost (after taking into account, without duplication, the amount of any reserves for obsolescence, unsaleability or decline in value), (v) inventory which is leased or on consignment and (vi) packaging materials, supplies and work in process.

"ELIGIBLE RECEIVABLES" means, as of any date of determination and without duplication, the aggregate book value of all accounts receivable, receivables, and obligations for payment created or arising from the sale of inventory or the rendering of services in the ordinary course of business (collectively, the "RECEIVABLES"), owned by or owing to the Borrower and its Subsidiaries, net of allowances and reserves for doubtful or uncollectible accounts and sales adjustments consistent with the Borrower's internal policies and in any event in accordance with GAAP, net of accrued incentive amounts (until such time as the Administrative Agent has determined to its satisfaction that such incentive could not be used as an offset to the applicable Receivable), but excluding in any event (i) Receivables subject to any Lien, other than any Permitted Lien, (ii) Receivables upon which the Administrative Agent does not have a perfected security interest, (iii) Receivables which are more than 90 days from the date of invoice (net of reserves for bad debts in connection with any such Receivables but before giving effect to any applicable credit), (iv) any Receivable not otherwise excluded by clause (iii) above but owing from an account debtor which is the account debtor on existing Receivables more than 50% of which are then excluded by such clause (iii), unless the exclusion by such clause (iii) is a result of a legitimate dispute by the account debtor and the applicable Receivables are no more than 90 days from the date of invoice, (v) Receivables evidenced by notes, chattel paper or other instruments, unless (a) such notes, chattel paper or instruments have been delivered to and are in the possession of the Administrative Agent or (b) the aggregate amount of the Receivables evidenced thereby is not greater than $50,000, (vi) Receivables owing by an account debtor which is subject to any bankruptcy or insolvency proceeding of any kind, (vii) Receivables owing by an account debtor located outside of the United States (unless (a) payment for the goods shipped is either (A) covered by credit insurance in form and substance acceptable to the Administrative Agent or (B) secured by an irrevocable letter of credit in a form and from an institution reasonably acceptable to the Administrative Agent or (b) such receivables are owing by an account debtor which is majority owned by a parent domiciled in the United States and with respect to which such parent has an "investment grade" senior debt credit rating by each of S&P and Moody's provided that such receivables shall not be Eligible Receivables to the extent they exceed an aggregate amount of $1,500,000 at any time), (viii) Receivables which are contingent or subject to offset, deduction, counterclaim, credit, dispute or other defense to payment, in each case to the extent of such offset, deduction, counterclaim, dispute or other defense, (ix) Receivables for which any direct or indirect Subsidiary of the Borrower or any Affiliate of the Borrower is the account debtor, (x) Receivables representing a sale to the government of the United States of America or any subdivision thereof unless the Borrower or its Subsidiaries, as applicable have complied (to the satisfaction of the Administrative Agent), with respect to the granting of a security interest in such Receivable, with the Federal Assignment of Claims Act or other similar applicable law and (xi) Receivables (if any) created in connection with any sale where payment is due on delivery of inventory sold.

"ENVIRONMENTAL LAWS" shall mean any and all applicable foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time be in effect during the term of this Agreement.

"EQUITY ISSUANCE" shall mean any issuance by any Credit Party or any Subsidiary to any Person which is not a Credit Party of (a) shares of its Capital Stock, (b) any shares of its Capital Stock pursuant to the exercise of options or warrants or (c) any shares of its Capital Stock pursuant to the conversion of any debt securities to equity. The term "Equity Issuance" shall not include any Asset Disposition or any Debt Issuance.

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

"EURODOLLAR RESERVE PERCENTAGE" shall mean for any day, the percentage (expressed as a decimal and rounded upwards, if necessary, to the next higher 1/100th of 1%) which is in effect for such day as prescribed by the Federal Reserve Board (or any successor) for determining the maximum reserve requirement (including without limitation any basic, supplemental or emergency reserves) in respect of Eurocurrency liabilities, as defined in Regulation D of such Board as in effect from time to time, or any similar category of liabilities for a member bank of the Federal Reserve System in New York City.

"EVENT OF DEFAULT" shall mean any of the events specified in Section 7.1; PROVIDED, HOWEVER, that any requirement for the giving of notice or the lapse of time, or both, or any other condition, has been satisfied.

"EXCESS CASH FLOW" means, with respect to any fiscal year period of the Borrower and its Subsidiaries on a consolidated basis, an amount equal to (a) Consolidated EBITDA for such period PLUS (b) decreases (or minus increases) in Consolidated Working Capital for such period MINUS (c) Consolidated Capital Expenditures for such period MINUS (d) optional prepayments made pursuant to Section 2.8 MINUS (e) Scheduled Funded Debt Payments made during such period MINUS (f) Consolidated Interest Expense MINUS (g) amounts paid in respect of federal, state, local and foreign income, value added and similar taxes with respect to such period.

"EXTENSION OF CREDIT" shall mean, as to any Lender, the making of a Loan by such Lender or the issuance of, or participation in, a Letter of Credit by such Lender.

"FEDERAL FUNDS EFFECTIVE RATE" shall have the meaning set forth in the definition of "Alternate Base Rate".

"FEE LETTER" shall mean the letter agreement dated June 17, 1999 addressed to the Borrower from the Administrative Agent, as amended, modified or otherwise supplemented.

"FIRST UNION" shall mean First Union National Bank, a national banking association.

"FIXED CHARGE COVERAGE RATIO" means, as of the end of each fiscal quarter of the Borrower, for the Borrower and its Subsidiaries on a consolidated basis for the four consecutive quarters ending on such date, the ratio of (i) Consolidated EBITDA for the applicable period MINUS Consolidated Capital Expenditures for the applicable period to (ii) the sum of Consolidated Interest Expense for the applicable period PLUS Scheduled Funded Debt Payments

for the applicable period PLUS cash taxes paid during the applicable period. For purposes hereof, the Consolidated Interest Expense and the Scheduled Funded Debt Payment components of the Fixed Charge Coverage Ratio for the first three complete fiscal quarters to occur after the Closing Date shall be determined by annualizing the Consolidated Interest Expense and the Scheduled Funded Debt Payment components such that for the first complete fiscal quarter to occur after the Closing Date such components would be multiplied by four (4), the first two complete fiscal quarters would be multiplied by two (2) and the first three fiscal quarters would be multiplied by one AND ONE-THIRD (1 %).

"FOREIGN SUBSIDIARY" shall mean any Subsidiary that is not a Domestic Subsidiary.

"FUNDED DEBT" shall mean, with respect to the Borrower and its Subsidiaries on a consolidated basis, without duplication, (a) all Indebtedness of such Person other than Indebtedness of the types referred to in clause (e), (f), (i) and (l) of the definition of "Indebtedness" set forth in this Section 1. 1, (b) all Funded Debt of others of the type referred to in clause (a) above secured by (or for which the holder of such Funded Debt has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (c) all Guaranty Obligations of such Person with respect to Funded Debt of the type referred to in clause (a) above of another Person, (d) Funded Debt of the type referred to in clause (a) above of any partnership or unincorporated joint venture in which such Person is legally obligated or has a reasonable expectation of being liable with respect thereto, and (e) the full amount of all obligations under the Subordinated Notes and the Retention Bonus Plan measured as of the maturity dates of such obligations and not on a present value basis.

"FUNDING DATE" shall mean the date upon which the conditions in Section 4.2 shall have been satisfied and the initial Extensions of Credit shall have been made by the Lenders.

"GAAP" shall mean generally accepted accounting principles in effect in the United States of America applied on a consistent basis, SUBJECT, HOWEVER, in the case of determination of compliance with the financial covenants set out in

Section 5.9 to the provisions of Section 1.3.

"GOVERNMENT ACTS" shall have the meaning set forth in Section 2.20.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTY OBLIGATIONS' means, with respect to any Person, without duplication, any obligations of such Person (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing or intended to guarantee any Indebtedness of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (i) to purchase any such Indebtedness or any property constituting security therefor, (ii) to advance or provide funds or other support for the payment or purchase of any such Indebtedness or to maintain working capital, solvency or other

balance sheet condition of such other Person (including without limitation keep well agreements, maintenance agreements, comfort letters or similar agreements or arrangements) for the benefit of any holder of Indebtedness of such other Person, (iii) to lease or purchase Property, securities or Services primarily for the purpose of assuring the holder of such Indebtedness, or (iv) to otherwise assure or hold harmless the holder of such Indebtedness against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount (or maximum principal amount, if larger) of the Indebtedness in respect of which such Guaranty Obligation is made.

"GUARANTOR" shall mean the Parent and any of the Domestic Subsidiaries identified as a "Guarantor" on the signature pages hereto and the Additional Credit Parties which execute a Joinder Agreement, together with their successors and permitted assigns.

"GUARANTY" shall mean the guaranty of the Guarantors set forth in Article X.

"HEDGING AGREEMENTS" shall mean, with respect to any Person, any agreement entered into to protect such Person against fluctuations in interest rates, or currency or raw materials values, including, without limitation, any interest rate swap, cap or collar agreement or similar arrangement between such Person and one or more counterparties, any foreign currency exchange agreement, currency protection agreements, commodity purchase or option agreements or other interest or exchange rate or commodity price hedging agreements.

"INDEBTEDNESS" shall mean, with respect to any Person, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person (other than trade debt incurred in the ordinary course of business and due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guaranty Obligations of such Person with respect to Indebtedness of another Person, (h) the principal portion of all obligations of such Person under Capital Leases, (i) all obligations of such Person under Hedging Agreements, (j) the maximum amount of all standby letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Capital Stock issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product, (m) the Indebtedness of any partnership or

unincorporated joint venture in which such Person is a general partner or a joint venturer, and (n) with respect to the Borrower, obligations owing under the Retention Bonus Plan.

"INSOLVENCY" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of such term as used in Section 4245 of ERISA.

"INSOLVENT" shall mean being in a condition of Insolvency.

"INTEREST COVERAGE RATIO" means, with respect to the Borrower and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter of the Borrower and its Subsidiaries, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period. Notwithstanding the foregoing, for purposes of calculating the Interest Coverage Ratio of the Borrower and its Subsidiaries for the first three complete fiscal quarters to occur after the Closing Date, Consolidated Interest Expense shall be determined by annualizing the components thereof such that for the first complete fiscal quarter to occur after the Closing Date such components would be multiplied by four (4), the first two complete fiscal quarters would be multiplied by two (2) and the first three complete fiscal quarters would be multiplied by one and one-third (1 1/3).

"INTEREST DETERMINATION DATE" shall have the meaning assigned thereto in the definition of "Applicable Percentage".

"INTEREST PAYMENT DATE" shall mean (a) as to any Alternate Base Rate Loan or Swingline Loan, the last day of each March, June, September and December and on the applicable Maturity Date, (b) as to any LIBOR Rate Loan having an Interest Period of three months or less, the last day of such Interest Period, and (c) as to any LIBOR Rate Loan having an Interest Period longer than three months, each day which is three months after the first day of such Interest Period and the last day of such Interest Period.

"INTEREST PERIOD" shall mean, with respect to any LIBOR Rate Loan,

(i) initially, the period commencing on the Borrowing Date or conversion date, as the case may be, with respect to such LIBOR Rate Loan and ending one, two, three or six months thereafter, as selected by the Borrower in the notice of borrowing or notice of conversion given with respect thereto; and

(ii) thereafter, each period commencing on the last day of the immediately preceding Interest Period applicable to such LIBOR Rate Loan and ending one, two, three or six months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent not less than three Business Days prior to the last day of the then current Interest Period with respect thereto;

PROVIDED that the foregoing provisions are subject to the following:

(A) if any Interest Period pertaining to a LIBOR Rate Loan would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such interest period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(B) any Interest Period pertaining to a LIBOR Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the relevant calendar month;

(C) if the Borrower shall fail to give notice as provided above, the Borrower shall be deemed to have selected an Alternate Base Rate Loan to replace the affected LIBOR Rate Loan;

(D) any Interest Period in respect of any Loan that would otherwise extend beyond the applicable Maturity Date and, further with regard to the Tranche A Term Loans and the Tranche B Term Loans, no Interest Period shall extend beyond any principal amortization payment date unless the portion of such Tranche A Term Loan or Tranche B Term Loan consisting of Alternate Base Rate Loans together with the portion of such Tranche A Term Loan and Tranche B Term Loan consisting of LIBOR Rate Loans with Interest Periods expiring prior to or

concurrently with the date such principal amortization payment date is due, is at least equal to the amount of such principal amortization payment due on such date; and

(E) no more than six (6) LIBOR Rate Loans may be in effect at any time. For purposes hereof, LIBOR Rate Loans with different Interest Periods shall be considered as separate LIBOR Rate Loans, even if they shall begin on the same date and have the same duration, although borrowings, extensions and conversions may, in accordance with the provisions hereof, be combined at the end of existing Interest Periods to constitute a new LIBOR Rate Loan with a single Interest Period.

"ISSUING LENDER" shall mean First Union.

"ISSUING LENDER Fees" shall have the meaning set forth in Section 2.6(c).

"JOINDER AGREEMENT" shall mean a Joinder Agreement substantially in the form of SCHEDULE 5.10, executed and delivered by an Additional Credit Party in accordance with the provisions of Section 5.10.

"LENDER" shall have the meaning set forth in the first paragraph of this Agreement.

"LETTERS OF CREDIT" shall mean any letter of credit issued by the Issuing Lender pursuant to the terms hereof, as such Letters of Credit may be amended, modified, extended, renewed or replaced from time to time.

"LETTER OF CREDIT FEE" shall have the meaning set forth in Section 2.6(b).

"LEVERAGE RATIO" means, with respect to the Borrower and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter, the ratio of (a) Funded Debt of the Borrower and its Subsidiaries on a consolidated basis on the last day of such period to (b) Consolidated EBITDA for such twelve month period.

"LIBOR" shall mean, for any LIBOR Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Telerate Page 3750 (or any successor page) as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period. If for any reason such rate is not available, the term "LIBOR" shall mean, for any LIBOR Rate Loan for any Interest Period therefor, the rate per annum (rounded upwards, if necessary, to the nearest 1/100 of 1%) appearing on Reuters Screen LIBO Page as the London interbank offered rate for deposits in Dollars at approximately 11:00 A.M. (London time) two Business Days prior to the first day of such Interest Period for a term comparable to such Interest Period; PROVIDED, HOWEVER, if more than one rate is specified on Reuters Screen LIBO Page, the applicable rate shall be the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%). If, for any reason, neither of such rates is available, then "LIBOR" shall mean the rate per annum at which, as determined by the Administrative Agent, Dollars in an amount comparable to the Loans then requested are being offered to leading banks at approximately 11:00 A.M. London time, two (2) Business Days prior to the commencement of the applicable Interest Period for settlement in immediately available funds by leading banks in the London interbank market for a period equal to the Interest Period selected.

"LIBOR LENDING OFFICE" shall mean, initially, the office of each Lender designated as such Lender's LIBOR Lending Office shown on SCHEDULE 9.2; and thereafter, such other office of such Lender as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office of such Lender at which the LIBOR Rate Loans of such Lender are to be made.

"LIBOR RATE" shall mean a rate per annum (rounded upwards, if necessary, to the next higher 1/100th of 1%) determined by the Administrative Agent pursuant to the following formula:

$$\text{LIBOR Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

"LIBOR RATE LOAN" shall mean Loans the rate of interest applicable to which is based on the LIBOR Rate.

"LIEN" shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement and any Capital Lease having substantially the same economic effect as any of the foregoing).

"LOAN" shall mean a Revolving Loan, a Swingline Loan, the Tranche A Term Loan and/or the Tranche B Term Loan as appropriate.

"LOC COMMITMENT" shall mean the commitment of the Issuing Lender to issue Letters of Credit and with respect to each Lender, the commitment of such Lender to purchase participation interests in the Letters of Credit up to such Lender's LOC Committed Amount as specified in SCHEDULE 2.1 (a), as such amount may be reduced from time to time in accordance with the provisions hereof.

"LOC COMMITMENT PERCENTAGE" shall mean, for each Lender, the percentage identified as its LOC Commitment Percentage on SCHEDULE 2.1 (a), as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6(c).

"LOC COMMITTED AMOUNT" shall mean, collectively, the aggregate amount of all of the LOC Commitments of the Lenders to issue and participate in Letters of Credit as referenced in Section 2.4 and, individually, the amount of each Lender's LOC Commitment as specified in SCHEDULE 2.1 (a).

"LOC DOCUMENTS" shall mean, with respect to any Letter of Credit, such Letter of Credit, any amendments thereto, any documents delivered in connection therewith, any application therefor, and any agreements, instruments, guarantees or other documents (whether general in application or applicable only to such Letter of Credit) governing or providing for (i) the rights and obligations of the parties concerned or (ii) any collateral security for such obligations.

"LOC OBLIGATIONS" shall mean, at any time, the sum of (i) the maximum amount which is, or at any time thereafter may become, available to be drawn under Letters of Credit then outstanding, assuming compliance with all requirements for drawings referred to in such Letters of Credit PLUS (ii) the aggregate amount of all drawings under Letters of Credit honored by the Issuing Lender but not theretofore reimbursed.

"MANDATORY BORROWING" shall have the meaning set forth in Section 2.5(b)(ii) or Section 2.3(b)(ii), as the context may require.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole, (b) the ability of the Borrower or any Guarantor to perform its obligations, when such obligations are required to be performed, under this Agreement, any of the Notes or any other Credit Document to which it is a party or (c) the validity or enforceability of this Agreement, any

of the Notes or any of the other Credit Documents or the rights or remedies of the Administrative Agent or the Lenders hereunder or thereunder.

"MATERIAL CONTRACT" shall mean any contract or other arrangement, whether written or oral, to which the Borrower or any of its Subsidiaries is a party as to which the breach, nonperformance, cancellation or failure to renew by any party thereto could reasonably be expected to have a Material Adverse Effect.

"MATERIALS OF ENVIRONMENTAL CONCERN" shall mean any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, friable asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"MATURITY DATE" shall mean (i) with respect to the Tranche A Term Loan, the last scheduled quarterly payment date for the Tranche A Term Loan set forth in Section 2.2(b), (ii) with respect to the Tranche B Term Loan, the last scheduled quarterly payment date for the Tranche B Term Loan set forth in Section 2.3(b) and (iii) with respect to the Revolving Loans, the Revolving Commitment Termination Date.

"MOODY'S" shall mean Moody's Investors Service, Inc.

"MORTGAGE INSTRUMENTS" shall have the meaning set forth in Section 4.2(c)(i).

"MORTGAGE POLICIES" shall have the meaning set forth in Section 4.2(c)(iii).

"MORTGAGED PROPERTIES" shall have the meaning set forth in Section 4.2(c)(i).

"MULTIEMPLOYER PLAN" shall mean a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET CASH PROCEEDS" shall mean the aggregate cash proceeds received by any Credit Party or any Subsidiary in respect of any Asset Disposition, Equity Issuance or Debt Issuance, net of (a) direct costs (including, without limitation, reasonable and customary legal, accounting, brokerage commissions, finder's fees and investment banking fees, and sales commissions and other similar fees and commissions), (b) taxes paid or payable as a result thereof and (c) the amount of any Indebtedness secured by a Lien in such asset that is required to be repaid upon such disposition; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received by the Borrower or any Subsidiary in any Asset Disposition, Equity Issuance or Debt Issuance.

"NOTE" or "NOTES" shall mean the Revolving Notes, the Swingline Note, the Tranche A Term Notes and/or the Tranche B Term Notes, collectively, separately or individually, as appropriate.

"NOTICE OF BORROWING" shall mean the written notice of borrowing as referenced and defined in Section 2.1(b)(i) or 2.3(b)(i), as appropriate.

"NOTICE OF CONVERSION" shall mean the written notice of extension or conversion as referenced and defined in Section 2.11.

"OBLIGATIONS" shall mean, collectively, Loans and LOC Obligations.

"PARENT" shall mean Circuit Holdings, L.L.C.

"PARTICIPANT" shall have the meaning set forth in Section 9.6(b).

"PARTICIPATION Interest" shall mean the purchase by a Lender of a participation interest in Letters of Credit as provided in Section 2.4.

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PERMITTED INVESTMENTS" shall mean:

(i) cash and Cash Equivalents;

(ii) receivables owing to the Borrower or any of its Subsidiaries or any receivables and advances to suppliers, in each case if created, acquired or made in the ordinary course of business and payable or dischargeable in accordance with Customary trade terms;

(iii) investments in and loans to any Credit Parties;

(iv) loans and advances to officers, directors, employees and Affiliates in an aggregate amount not to exceed $1,000,000 at any time outstanding;

(v) investments (including debt obligations) received in connection with the bankruptcy or reorganization of suppliers and customers and in settlement of delinquent obligations of, and other disputes with, customers and suppliers arising in the ordinary course of business;

(vi) investments, acquisitions or transactions permitted under Section 6.5(b);

(vii) additional loan advances and/or investments of a nature not contemplated by the foregoing clauses hereof, PROVIDED that such loans, advances and/or investments made pursuant to this clause (vii) shall not exceed an aggregate amount of $100,000;

(viii) investments existing on the date hereof and set forth on SCHEDULE 1.1(c);

(ix) investments by the Borrower in Hedge Agreements permitted under Section 6.1(e); and

(x) investments consisting of intercompany debt permitted under Section 6.1(d).

As used herein, "INVESTMENT" means all investments, in cash or by

delivery of property made, directly or indirectly in, to or from any Person, whether by acquisition of shares of Capital Stock, property, assets, indebtedness or other obligations or securities or by loan advance, capital contribution or otherwise.

"PERMITTED LIENS" shall mean:

(i) Liens created by or otherwise existing, under or in connection with this Agreement or the other Credit Documents in favor of the Lenders;

(ii) Liens in favor of a Lender hereunder in connection with Hedging Agreements, but only (A) to the extent such Liens secure obligations under Hedging Agreements with any Lender, or any Affiliate of a Lender, (B) to the extent such Liens are on the same collateral as to which the Administrative Agent on behalf of the Lenders also has a Lien and (C) if such provider and the Lenders shall share PARI PASSU in the collateral subject to such Liens;

(iii) purchase money Liens securing purchase money indebtedness (and refinancings thereof) to the extent permitted under Section 6.1(c);

(iv) Liens for taxes, assessments, charges or other governmental levies not yet due or as to which the period of grace (not to exceed 60 days), if any, related thereto has not expired or which are being contested in good faith by appropriate proceedings, PROVIDED that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP (or, in the case of Subsidiaries with significant operations outside of the United States of America, generally accepted accounting principles in effect from time to time in their respective jurisdictions of incorporation);

(v) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business which are not overdue for a period of more than 60 days or which are being contested in good faith by appropriate proceedings;

(vi) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation and deposits securing liability to insurance carriers under insurance or self-insurance arrangements;

(vii) deposits to secure the performance of bids, trade contracts, (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(viii) any extension, renewal or replacement (or successive extensions, renewals or replacements), in whole or in part, of any Lien referred to in the foregoing clauses; PROVIDED that such extension, renewal or replacement Lien shall be limited to all or a part of the property which secured the Lien so extended, renewed or replaced (plus improvements on such property);

(ix) Liens existing on the Closing Date and set forth on SCHEDULE 1.1(b); provided that (a) no such Lien shall at any time be extended to cover property or assets other than the property or assets subject thereto on the Closing Date and (b) the principal amount of the Indebtedness secured by such Liens shall not be extended, renewed, refunded or refinanced;

(x) Liens arising in connection with Capitalized Leases to the extent permitted under SECTION 6.1(c);

(xi) Liens on property of a Person existing at the time such Person is acquired, merged into or consolidated with the Borrower or any Subsidiary of the Borrower so long as such Liens were not created in contemplation of such acquisition, merger or consolidation;

(xii) Liens set forth in Exhibit B to the real property title reports set forth on SCHEDULE 1.1(b);

(xiii) any attachment or judgment Lien the existence of which, individually or in the aggregate, does not result in an Event of Default under Section 7.1(f); and

(xiv) other Liens securing debt outstanding in an aggregate principal amount not to exceed $250,000.

"Person" shall mean an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"PLAN" shall mean, at any particular time, any employee benefit plan which is covered by Title IV of ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PLEDGE AGREEMENT" shall mean the Pledge Agreement dated as of the Closing Date to be executed in favor of the Administrative Agent by the Borrower and each of the other Credit Parties, as amended, modified, restated or supplemented from time to time.

"PRIME RATE" shall have the meaning set forth in the definition of Alternate Base Rate.

"PROPERTIES" shall have the meaning set forth in Section 3.10(a).

"PURCHASING LENDERS" shall have the meaning set forth in Section 9.6(c).

"RECOVERY EVENT" shall mean the receipt by the Borrower or any of its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

"REGISTER" shall have the meaning set forth in Section 9.6(d).

"REORGANIZATION" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is in reorganization within the meaning of such term as used in Section 4241 of ERISA.

"REPORTABLE EVENT" shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived under PBGC Reg. Section 4043.

"REQUIRED LENDERS" means, at any time, (i) Lenders which are then in compliance with their obligations hereunder (as determined by the Administrative Agent) and holding in the aggregate at least 51% of the Revolving Commitments (and Participation Interests therein) and the outstanding Tranche A Term Loans (and Participation Interests therein) or if the Commitments have been terminated, the outstanding Revolving Loans and Tranche A Term Loans and Participation Interests (including the Participation Interests of the Issuing Lender in any Letters of Credit and of the Swingline Lender in any Swingline Loans) and (ii) Lenders which are then in compliance with their obligations hereunder (as determined by the Administrative Agent) and holding in the aggregate at least 51% of the Tranche B Term Loans (and Participation Interests therein) or if the Commitments have been terminated, the outstanding Tranche B Term Loans and Participation Interests.

"REQUIREMENT OF LAW" shall mean, as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person, and each law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"RESPONSIBLE OFFICER" shall mean, as to (a) the Borrower, the President and the Chief Executive Officer or the Chief Financial Officer or (b) any other Credit Party, any duly authorized officer thereof.

"RESTRICTED PAYMENT" shall mean (a) any dividend or other distribution, direct or indirect, on account of any shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (b) any redemption, retirement, sinking fund or similar payment, purchase or other acquisition for value, direct or indirect, of any shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, (c) any payment made to retire, or to obtain the surrender of, any outstanding warrants, options or other rights to acquire shares of any class of Capital Stock of the Borrower or any of its Subsidiaries, now or hereafter outstanding, or (d) any payment or prepayment of principal of, premium, if any, or interest on, redemption, purchase, retirement, defeasance, sinking fund or similar payment with respect to, any Subordinated Notes.

"RETENTION BONUS PLAN" shall mean that certain plan of the Borrower dated as of December 15, 1998 for the purpose of providing certain designated

employees of the Borrower with an ongoing incentive to remain in the employ of the Borrower as implemented pursuant to that certain Recapitalization and Stock Purchase Agreement dated as of December 15, 1998 among the Parent, the Borrower and certain other parties thereto.

"REVOLVING COMMITMENT" shall mean, with respect to each Lender, the commitment of such Lender to make Revolving Loans in an aggregate principal amount at any time outstanding up to such Lender's Revolving Committed Amount as specified in SCHEDULE 2.1(a), as such amount may be reduced from time to time in accordance with the provisions hereof.

"REVOLVING COMMITMENT PERCENTAGE" shall mean, for each Lender, the percentage identified as its Revolving Commitment Percentage on SCHEDULE 2.1(a), as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6(c).

"REVOLVING COMMITMENT TERMINATION DATE" shall mean June 30, 2004.

"REVOLVING COMMITTED AMOUNT" shall mean, collectively, the aggregate amount of all Revolving Commitments as referenced in Section 2.1(a), as such amount may be reduced from time to time in accordance with the provisions hereof, and, individually, the amount of each Lender's Revolving Commitment as specified on SCHEDULE 2.1(a).

"REVOLVING LOANS" shall have the meaning set forth in Section 2.1.

"REVOLVING NOTE" or "REVOLVING NOTES" shall mean the promissory notes of the Borrower in favor of each of the Lenders evidencing the Revolving Loans provided pursuant to Section 2.1(e), individually or collectively, as appropriate, as such promissory notes may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"S&P" shall mean Standard & Poor's Ratings Group, a division of McGraw Hill, Inc.

"SCHEDULED FUNDED DEBT PAYMENTS" shall mean, as of any date of determination for the Borrower and its Subsidiaries, the sum of all scheduled payments of principal on Funded Debt

for the applied period ending on the date of determination (including the principal component of payments due on Capital Leases during the applicable period ending on the date of determination).

"SECURITY AGREEMENT" shall mean the Security Agreement dated as of the Closing Date given by the Borrower and the other Credit Parties to the Administrative Agent, as amended, modified or supplemented from time to time in accordance with its terms.

"SECURITY DOCUMENTS" shall mean the Security Agreement, the Pledge Agreement, the Mortgage Instruments and such other documents executed and delivered in connection with the attachment and perfection of the Administrative Agent's security interests and liens arising thereunder, including, without limitation, UCC financing statements.

"SENIOR FUNDED DEBT" shall mean any Indebtedness not specifically subordinated in right of payment to the Credit Party Obligations.

"SENIOR LEVERAGE RATIO" means, with respect to the Borrower and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter, the ratio of (a) Senior Funded Debt of the Borrower and its Subsidiaries on a consolidated basis on the last day of such period to (b) Consolidated EBITDA for such twelve month period.

"SINGLE EMPLOYER PLAN" shall mean any Plan which is not a Multiemployer Plan.

"SPECIFIED SALES" shall mean (a) the sale, transfer, lease or other disposition of inventory and materials in the ordinary course of business, (b) the sale, transfer or other disposition of Permitted Investments described in clause (i) of the definition thereof and (c) the sale of certain real property located at 2620 Croddy Way, Santa Ana, California provided that (i) such sale is consummated within 180 days of the Funding Date, (ii) the consideration for such sale shall be cash only and (iii) only $500,000 of such net proceeds shall be excluded from the prepayment obligations set forth in Section 2.8(b)(ii).

"SPONSORS" shall mean a collective reference to each of Brockway Moran & Partners Fund L.P. and Thayer Equity Investors IV, L.P.

"SUBORDINATED DEBT" shall mean (a) the Subordinated Notes and (b) any other Indebtedness incurred by any Credit Party which by its terms is specifically subordinated in right of payment to the prior payment of the Credit Party Obligations.

"SUBORDINATED NOTES" shall mean collectively, (a) that certain subordinated note dated December 15, 1998 in the amount of $51,043.65 from the Borrower to The Colleen Beckdolt Trust No. 2, (b) that certain Subordinated Note dated December 15, 1998 in the amount of $51,043.65 from the Borrower to The Ian Lewis Coley Trust No. 2, (c) that certain subordinated note dated December 15, 1998 in the amount of $3,547,912.70 from the Borrower to Lewis 0. Coley, III, (d) that certain subordinated note dated December 15, 1998 in the amount of $350,000.00 from the Borrower to Simon Dadoun and (e) the TCW/Crescent Mezzanine Notes.

"SUBSIDIARY" shall mean, as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"SWINGLINE COMMITMENT" shall mean the commitment of the Swingline Lender to make Swingline Loans in an aggregate principal amount at any time outstanding up to the Swingline Committed Amount, and the commitment of the Lenders to purchase participation interests in the Swingline Loans as provided in Section 2.5(b)(ii), as such amounts may be reduced from time to time in accordance with the provisions hereof.

"SWINGLINE COMMITTED AMOUNT" shall mean the amount of the Swingline Lender's Swingline Commitment as specified in Section 2.5(a).

"SWINGLINE LENDER" shall mean First Union, in its capacity as such.

"SWINGLINE LOAN" or "SWINGLINE LOANS" shall have the meaning set forth in Section 2.5(a).

"SWINGLINE NOTE" shall mean the promissory note of the Borrower in favor of the Swingline Lender evidencing the Swingline Loans provided pursuant to Section 2.5(d), as such promissory note may be amended, modified, supplemented, extended, renewed or replaced from time to time.

"TAXES" shall have the meaning set forth in Section 2.19.

"TCW/CRESCENT MEZZANINE NOTES" shall mean those certain senior subordinated notes dated as of the Closing Date in the aggregate amount of $12,500,000, from the Borrower to TCW/Crescent Mezzanine Partners II, L.P. and its Affiliates.

"TRANCHE A TERM LOAN" shall have the meaning set forth in Section 2.2(a).

"TRANCHE A TERM LOAN COMMITMENT" shall mean, with respect to each Lender, the commitment of such Lender to make its portion of the Tranche A Term Loan in a principal amount equal to such Lender's Tranche A Term Loan Commitment Percentage of the Tranche A Term Loan Committed Amount (and for purposes of making determinations of Required Lenders hereunder after the Closing Date, the principal amount outstanding on the Tranche A Term Loan).

"TRANCHE A TERM LOAN COMMITMENT PERCENTAGE" shall mean, for any Lender, the percentage identified as its Tranche A Term Loan Commitment Percentage on SCHEDULE 2.1(a), as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6.

"TRANCHE A TERM LOAN COMMITTED AMOUNT" shall have the meaning set forth in Section 2.2(a).

TRANCHE A TERM NOTE" or "TRANCHE A TERM NOTES" shall mean the promissory notes of the Borrower in favor of each of the Lenders evidencing the portion of the Tranche A Term Loan provided pursuant to Section 2.2(d), individually or collectively, as appropriate, as such promissory notes may be amended, modified, restated, supplemented, extended, renewed or replaced from time to time.

"TRANCHE B TERM LOAN" shall have the meaning set forth in Section 2.3 (a).

"TRANCHE B TERM LOAN COMMITMENT" shall mean, with respect to each Lender, the commitment of such Lender to make its portion of the Tranche B Term

Loan in a principal amount equal to such Lender's Tranche B Term Loan Commitment Percentage of the Tranche B Term Loan Committed Amount (and for purposes of making determinations of Required Lenders hereunder after the Closing Date, the principal amount outstanding on the Tranche B Term Loan).

"TRANCHE B TERM LOAN COMMITMENT PERCENTAGE" shall mean, for any Lender, the percentage identified as its Tranche B Term Loan Commitment Percentage on SCHEDULE 2.1(a), as such percentage may be modified in connection with any assignment made in accordance with the provisions of Section 9.6.

"TRANCHE B TERM LOAN COMMITTED AMOUNT" shall have the meaning set forth in Section 2.3(a).

"TRANCHE B TERM NOTE" or "TRANCHE B TERM NOTES" shall mean the promissory notes of the Borrower in favor of each of the Lenders evidencing the portion of the Tranche B Term Loan provided pursuant to Section 2.3(d), individually or collectively, as appropriate, as such promissory notes may be amended, modified, restated, supplemented, extended, renewed or replaced from time to time.

"TRANCHE" shall mean the collective reference to LIBOR Rate Loans whose Interest Periods begin and end on the same day. A Tranche may sometimes be referred to as a "LIBOR Tranche".

"TRANSFER EFFECTIVE DATE" shall have the meaning set forth in each Commitment Transfer Supplement.

"2.19 CERTIFICATE" shall have the meaning set forth in Section 2.19.

"TYPE" shall mean, as to any Loan, its nature as an Alternate Base Rate Loan or LIBOR Rate Loan or Swingline Loan, as the case may be.

"VOTING STOCK" means, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

"YEAR 2000 COMPLIANT" shall have the meaning set forth in Section 3.25.

SECTION 1.2 OTHER DEFINITIONAL PROVISIONS.

(a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the Notes or other Credit Documents or any certificate or other document made or delivered pursuant hereto.

(b) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, subsection, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

SECTION 1.3 ACCOUNTING TERMS.

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of the Borrower delivered to the Lenders; PROVIDED that, if the Borrower notifies the Administrative Agent that it wishes to amend any covenant in Section 5.9 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Section 5.9 for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

The Borrower shall deliver to the Administrative Agent and each Lender at the same time as the delivery of any annual or quarterly financial statements given in accordance with the provisions of Section 5.1, (i) a description in reasonable detail of any material change in the application of accounting principles employed in the preparation of such financial statements from those applied in the most recently preceding quarterly or annual financial statements as to which no objection shall have been made in accordance with the provisions above and (ii) a

reasonable estimate of the effect on the financial statements on account of such changes in application.

ARTICLE II

THE LOANS; AMOUNT AND TERMS

SECTION 2.1 REVOLVING LOANS.

(a) REVOLVING COMMITMENT. During the Commitment Period, subject to the terms and conditions hereof, each Lender severally agrees to make revolving credit loans ("REVOLVING LOANS") to the Borrower from time to time for the purposes hereinafter set forth; PROVIDED, HOWEVER, that (i) with regard to each Lender individually, the sum of such Lender's share of outstanding Revolving Loans PLUS such Lender's Revolving Commitment Percentage of Swingline Loans PLUS such Lender's LOC Commitment Percentage of LOC Obligations shall not exceed such Lender's Revolving Commitment Percentage of the aggregate Revolving Committed Amount, and (ii) with regard to the Lenders collectively, the sum of the aggregate amount of outstanding Revolving Loans PLUS Swingline Loans PLUS LOC Obligations shall not exceed the lesser of (A) the Revolving Committed Amount and (B) the Borrowing Base. For purposes hereof, the aggregate amount available hereunder shall be FIFTEEN MILLION DOLLARS ($15,000,000) (as such aggregate maximum amount may be reduced from time to time as provided in Section 2.6, the "REVOLVING COMMITTED AMOUNT"). Revolving Loans may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Borrower may request, and may be repaid and reborrowed in accordance with the provisions hereof. Notwithstanding any provision herein to the contrary, provided that each of the Lenders shall be able to provide LIBOR Rate Loans having an Interest Period of fourteen (14) days, (x) the initial LIBOR borrowings under Section 2.1 shall be made as LIBOR Rate Loans having an Interest Period of fourteen (14) days and (y) subsequent to such initial LIBOR Rate Loan borrowings but prior to the earlier to occur of (I) the closing of the initial syndication of the Commitment and (II) the sixtieth (60th) day following the Funding Date, all LIBOR Rate Loans under Section 2.1 shall be continued, at the Borrower's election, as LIBOR Rate Loans having an Interest Period of fourteen (14) days. All LIBOR Rate Loans having an Interest Period of fourteen (14) days shall bear interest at the same rate as LIBOR Rate Loans having an Interest Period of one month. LIBOR Rate Loans shall be made by each Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office.

(b) REVOLVING LOAN BORROWINGS.

(i) NOTICE OF BORROWING. The Borrower shall request a Revolving Loan borrowing by written notice (or telephone notice promptly confirmed in writing which confirmation may be by fax) to the Administrative Agent not later than 1:00 P.M. (Charlotte, North Carolina time) on the Business Day prior to the

date of requested borrowing in the case of Alternate Base Rate Loans, and on the third Business Day prior to the date of the requested borrowing in the case of LIBOR Rate Loans. Each such request for borrowing shall be irrevocable and shall specify (A) that a Revolving Loan is requested, (B) the date of the requested borrowing (which shall be a Business Day), (C) the aggregate principal amount to be borrowed, (D) whether the borrowing shall be comprised of Alternate Base Rate Loans, LIBOR Rate Loans or a combination thereof, and if LIBOR Rate Loans are requested, the Interest Period(s) therefor. A form of Notice of Borrowing (a "NOTICE OF BORROWING") is attached as SCHEDULE 2.1(b)(i). If the Borrower shall fail to specify in any such Notice of Borrowing (I) an applicable Interest Period in the case of a LIBOR Rate Loan, then such notice shall be deemed to be a request for an Interest Period of one month, or (II) the type of Revolving Loan requested, then such notice shall be deemed to be a request for an Alternate Base Rate Loan hereunder. The Administrative Agent shall give notice to each Lender promptly upon receipt of each Notice of Borrowing, the contents thereof and each such Lender's share thereof.

(ii) MINIMUM AMOUNTS. Each Revolving Loan borrowing shall be in a minimum aggregate amount of (A) with respect to LIBOR Rate Loans, $1,000,000 and integral multiples of $500,000 in excess thereof (or the remaining amount of the Revolving Committed Amount, if less) and (B) with respect to

Alternate Base Rate Loans, $500,000 and integral multiples of $100,000 in excess thereof (or the remaining amount of the Revolving Committed Amount, if less).

(iii) ADVANCES. Each Lender will make its Revolving Commitment Percentage of each Revolving Loan borrowing available to the Administrative Agent for the account of the Borrower at the office of the Administrative Agent specified in SCHEDULE 9.2, or at such other office as the Administrative Agent may designate in writing, by 3:00 P.M. (Charlotte, North Carolina time) on the date specified in the applicable Notice of Borrowing in Dollars and in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent by crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Lenders and in like funds as received by the Administrative Agent.

(c) REPAYMENT. The principal amount of all Revolving Loans shall be due and payable in full on the Revolving Commitment Termination Date.

(d) INTEREST. Subject to the provisions of Section 2.10, Revolving Loans shall bear interest as follows:

(i) ALTERNATE BASE RATE LOANS. During such periods as Revolving Loans shall be comprised of Alternate Base Rate Loans, each such Alternate Base

Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate PLUS the Applicable Percentage; and

(ii) LIBOR RATE LOANS. During such periods as Revolving Loans shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate PLUS the Applicable Percentage.

Interest on Revolving Loans shall be payable in arrears on each Interest Payment Date.

(e) REVOLVING NOTES. Each Lender's Revolving Commitment Percentage of the Revolving Loans shall be evidenced by a duly executed promissory note of the Borrower to such Lender in substantially the form of SCHEDULE 2.1(e).

SECTION 2.2 TRANCHE A TERM LOAN FACILITY.

(a) TRANCHE A TERM LOAN. Subject to the terms and conditions hereof and in reliance upon the representations and warranties set forth herein, each Lender severally agrees to make available to the Borrower on the Funding Date such Lender's Tranche A Term Loan Commitment Percentage of a term loan in Dollars (the "TRANCHE A TERM LOAN") in the aggregate principal amount of THIRTY-SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($37,500,000) (the "TRANCHE A TERM LOAN COMMITTED AMOUNT") for the purposes hereinafter set forth. The Tranche A Term Loan may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Borrower may request. Notwithstanding any provision herein to the contrary, provided that each of the Lenders shall be able to provide LIBOR Rate Loans having an Interest Period of fourteen (14) days, (x) the initial LIBOR borrowings under Section 2.2 shall be made as LIBOR Rate Loans having an Interest Period of fourteen (14) days and (y) subsequent to such initial LIBOR Rate Loan borrowings but prior to the earlier to occur of (I) the closing of the initial syndication of the Commitment and (II) the sixtieth (60th) day following the Funding Date all LIBOR Rate Loans under Section 2.2 shall be continued, at the Borrower's election, as LIBOR Rate Loans having an Interest Period of fourteen (14) days. All LIBOR Rate Loans having an Interest Period of fourteen (14) days shall bear interest at the same rate as LIBOR Rate Loans having an Interest Period of one month. The Borrower shall request the initial Tranche A Term Loan borrowing by written notice (or telephone notice promptly confirmed in writing which confirmation may be by fax) to the Administrative Agent not later than 1:00 P.M. (Charlotte, North Carolina time) on the Business Day prior to the date of requested borrowing. LIBOR Rate Loans shall be made by each Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office. Amounts repaid on the Tranche A Term Loan may not be reborrowed.

(b) REPAYMENT OF TRANCHE A TERM LOAN. The principal amount of the Tranche A Term Loan shall be repaid in twenty (20) consecutive fiscal quarterly installments as follows, unless accelerated sooner pursuant to Section 7.2:

<TABLE>
<CAPTION>

PRINCIPAL AMORTIZATION PAYMENT DATES	TRANCHE A TERM LOAN PRINCIPAL AMORTIZATION PAYMENT
<S>	<C>
September 30, 1999	$468,750
December 31, 1999	$468,750
March 31, 2000	$468,750
June 30, 2000	$468,750
September 30, 2000	$937,500
December 31, 2000	$937,500
March 31, 2001	$937,500
June 30, 2001	$937,500
September 30, 2001	$1,875,000
December 31, 2001	$1,875,000
March 31, 2002	$1,875,000
June 30, 2002	$1,875,000
September 30, 2002	$2,812,500
December 31, 2002	$2,812,500
March 31, 2003	$2,812,500
June 30, 2003	$2,812,500
September 30, 2003	$3,281,250
December 31, 2003	$3,281,250
March 31, 2004	$3,281,250
June 30, 2004	$3,281,250

</TABLE>

(c) INTEREST ON THE TRANCHE A TERM LOAN. Subject to the provisions of Section 2.10, the Tranche A Term Loan shall bear interest as follows:

(i) ALTERNATE BASE RATE LOANS. During such periods as the Tranche A Term Loan shall be comprised of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate PLUS the Applicable Percentage; and

(ii) LIBOR RATE LOANS. During such periods as the Tranche A Term Loan shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate PLUS the Applicable Percentage.

Interest on the Tranche A Term Loan shall be payable in arrears on each Interest Payment Date.

(d) TRANCHE A TERM NOTES. Each Lender's Tranche A Term Loan Commitment Percentage of the Tranche A Term Loan outstanding as of the Closing Date shall be evidenced by a duly executed promissory note of the Borrower to such Lender in substantially the form of SCHEDULE 2.2(d).

SECTION 2.3 TRANCHE B TERM LOAN FACILITY.

(a) TRANCHE B TERM LOAN. Subject to the terms and conditions hereof and in reliance upon the representations and warranties set forth herein, each Lender severally agrees to make available to the Borrower on the Funding Date such Lender's Tranche B Term Loan Commitment Percentage of a term loan in Dollars (the "TRANCHE B TERM LOAN") in the aggregate principal amount of SEVENTY-FIVE MILLION DOLLARS ($75,000,000) (the "TRANCHE B TERM LOAN COMMITTED AMOUNT") for the purposes hereinafter set forth. The Tranche B Term Loan may consist of Alternate Base Rate Loans or LIBOR Rate Loans, or a combination thereof, as the Borrower may request. Notwithstanding any provision herein to the contrary, provided that each of the Lenders shall be able to provide LIBOR Rate Loans having an Interest Period of fourteen (14) days, (x) the initial LIBOR borrowings under Section 2.3 shall be made as LIBOR Rate Loans having an Interest Period of fourteen (14) days and (y) subsequent to such initial LIBOR Rate Loan borrowings but prior to the earlier to occur of (I) the closing of the initial syndication of the Commitment and (II) the sixtieth (60th) day following the Funding Date. All LIBOR Rate Loans under Section 2.3 shall be continued, at the Borrower's election, as LIBOR Rate Loans having an Interest Period of fourteen (14) days. All LIBOR Rate Loans having an Interest Period of fourteen (14) days shall bear interest at the same rate as LIBOR Rate Loans having an Interest Period of one month. The Borrower shall request the initial Tranche B Term Loan borrowing by written notice (or telephone notice promptly confirmed in writing which confirmation may be by fax) to the Administrative Agent not later than 1:00 P.M. (Charlotte, North Carolina time) on the Business Day prior to the date of requested borrowing. LIBOR Rate Loans shall be made by each Lender at its LIBOR Lending Office and Alternate Base Rate Loans at its Domestic Lending Office. Amounts repaid on the Tranche B Term Loan may not be reborrowed.

(b) REPAYMENT OF TRANCHE B TERM LOAN. The principal amount of the Tranche B Term Loan shall be repaid in twenty-four (24) consecutive fiscal quarterly installments as follows, unless accelerated sooner pursuant to Section 7.2:

<TABLE>
<CAPTION>

PRINCIPAL AMORTIZATION PAYMENT DATES	TRANCHE B TERM LOAN PRINCIPAL AMORTIZATION PAYMENT
<S>	<C>
September 30, 1999	$187,500
December 31, 1999	$187,500
March 31, 2000	$187,500
June 30, 2000	$187,500
September 30, 2000	$187,500
December 31, 2000	$187,500
March 31, 2001	$187,500
June 30, 2001	$187,500
September 30, 2001	$187,500
December 31, 2001	$187,500
March 31, 2002	$187,500
June 30, 2002	$187,500
September 30, 2002	$187,500
December 31, 2002	$187,500
March 31, 2003	$187,500
June 30, 2003	$187,500
September 30, 2003	$187,500
December 31, 2003	$187,500
March 31, 2004	$187,500

June 30, 2004	$187,500
September 30, 2004	$17,812,500
December 31, 2004	$17,812,500
March 31, 2005	$17,812,500
June 30, 2005	$17,812,500

</TABLE>

(c) INTEREST ON THE TRANCHE B TERM LOAN. Subject to the provisions of Section 2.10, the Tranche B Term Loan shall bear interest as follows:

(i) ALTERNATE BASE RATE LOANS. During such periods as the Tranche B Term Loan shall be comprised of Alternate Base Rate Loans, each such Alternate Base Rate Loan shall bear interest at a per annum rate equal to the sum of the Alternate Base Rate PLUS the Applicable Percentage; and

(ii) LIBOR RATE LOANS. During such periods as the Tranche B Term Loan shall be comprised of LIBOR Rate Loans, each such LIBOR Rate Loan shall bear interest at a per annum rate equal to the sum of the LIBOR Rate PLUS the Applicable Percentage.

Interest on the Tranche B Term Loan shall be payable in arrears on each Interest Payment Date.

(d) TRANCHE B TERM NOTES. Each Lender's Tranche B Term Loan Commitment Percentage of the Tranche B Term Loan outstanding as of the Closing Date shall be evidenced by a duly executed promissory note of the Borrower to such Lender in substantially the form of SCHEDULE 2.3(d).

SECTION 2.4 LETTER OF CREDIT SUBFACILITY.

(a) ISSUANCE. Subject to the terms and conditions hereof and of the LOC Documents, if any, and any other terms and conditions which the Issuing Lender may reasonably require, during the Commitment Period the Issuing Lender shall issue, and the Lenders shall participate in, Letters of Credit for the account of the Borrower from time to time upon request in a form acceptable to the Issuing Lender; PROVIDED, HOWEVER, that (i) the aggregate amount of LOC Obligations shall not at any time exceed TWO MILLION FIVE HUNDRED THOUSAND DOLLARS ($2,500,000) (the "LOC COMMITTED AMOUNT"), (ii) the sum of the aggregate amount of Revolving Loans PLUS Swingline Loans PLUS LOC Obligations shall not at any time exceed the lesser of (A) Revolving Committed Amount and (B) the Borrowing Base, (iii) all Letters of Credit shall be denominated in U.S. Dollars and (iv) Letters of Credit shall be issued for the purpose of supporting tax-advantaged variable rate demand note financing and for other lawful corporate purposes and may be issued as standby letters of credit, including in connection with workers' compensation and other insurance programs, and trade letters of credit. Except as otherwise expressly agreed upon by all the Lenders, no Letter of Credit shall have an original expiry date more than twelve (12) months from the date of issuance; PROVIDED, HOWEVER, so long as no Default or Event of Default has occurred and is continuing and subject to the other terms and conditions to the issuance of Letters of Credit hereunder, the expiry dates of Letters of Credit may be extended annually or periodically from time to time on the request of the Borrower or by operation of the terms of the applicable Letter of Credit to a date not more than twelve (12) months from the date of extension; PROVIDED, FURTHER, that no Letter of Credit, as originally issued or as

extended, shall have an expiry date extending beyond the Revolving Commitment Termination Date. Each Letter of Credit shall comply with the related LOC Documents. The issuance and expiry date of each Letter of Credit shall be a Business Day. Any Letters of Credit issued hereunder shall be in a minimum original face amount of $100,000. First Union shall be the Issuing Lender on all Letters of Credit issued after the Closing Date.

(b) NOTICE AND REPORTS. The request for the issuance of a Letter of Credit shall be submitted to the Issuing Lender at least five (5) Business Days prior to the requested date of issuance. The Issuing Lender will promptly upon request provide to the Administrative Agent for dissemination to the Lenders a detailed report specifying the Letters of Credit which are then issued and outstanding and any activity with respect thereto which may have occurred since the date of any prior report, and including therein, among other things, the account party, the beneficiary, the face amount, expiry date as well as any payments or expirations which may have occurred. The Issuing Lender will further provide to the Administrative Agent promptly upon request copies of the Letters

of Credit. The Issuing Lender will provide to the Administrative Agent promptly upon request a summary report of the nature and extent of LOC Obligations then outstanding.

(c) PARTICIPATIONS. Each Lender upon issuance of a Letter of Credit shall be deemed to have purchased without recourse a risk participation from the Issuing Lender in such Letter of Credit and the obligations arising thereunder and any collateral relating thereto, in each case in an amount equal to its LOC Commitment Percentage of the obligations under such Letter of Credit and shall absolutely, unconditionally and irrevocably assume, as primary obligor and not as surety, and be obligated to pay to the Issuing Lender therefor and discharge when due, its LOC Commitment Percentage of the obligations arising under such Letter of Credit. Without limiting the scope and nature of each Lender's participation in any Letter of Credit, to the extent that the Issuing Lender has not been reimbursed as required hereunder or under any LOC Document, each such Lender shall pay to the Issuing Lender its LOC Commitment Percentage of such unreimbursed drawing in same day funds on the day of notification by the Issuing Lender of an unreimbursed drawing pursuant to the provisions of subsection (d) hereof. The obligation of each Lender to so reimburse the Issuing Lender shall be absolute and unconditional and shall not be affected by the occurrence of a Default, an Event of Default or any other occurrence or event. Any such reimbursement shall not relieve or otherwise impair the obligation of the Borrower to reimburse the Issuing Lender under any Letter of Credit, together with interest as hereinafter provided.

(d) REIMBURSEMENT. In the event of any drawing under any Letter of Credit, the Issuing Lender will promptly notify the Borrower and the Administrative Agent. The Borrower shall reimburse the Issuing Lender on the day of drawing under any Letter of Credit (either with the proceeds of a Revolving Loan or a Swingline Loan obtained hereunder or otherwise) in same day funds as provided herein or in the LOC Documents. If the Borrower shall fail to reimburse the Issuing Lender as provided herein, the unreimbursed amount of such drawing shall bear interest at a per annum rate equal to the

Alternate Base Rate plus two percent (2%). Unless the Borrower shall immediately notify the Issuing Lender and the Administrative Agent of its intent to otherwise reimburse the Issuing Lender, the Borrower shall be deemed to have requested a Swingline Loan, or if and to the extent Swingline Loans shall be unavailable, a Revolving Loan in the amount of the drawing as provided in subsection (e) hereof, the proceeds of which will be used to satisfy the reimbursement obligations. The Borrower's reimbursement obligations hereunder shall be absolute and unconditional under all circumstances irrespective of any rights of set-off, counterclaim or defense to payment the Borrower may claim or have against the Issuing Lender, the Administrative Agent, the Lenders, the beneficiary of the Letter of Credit drawn upon or any other Person, including without limitation any defense based on any failure of the Borrower to receive consideration or the legality, validity, regularity or unenforceability of the Letter of Credit. The Issuing Lender will promptly notify the other Lenders of the amount of any unreimbursed drawing and each Lender shall promptly pay to the Administrative Agent for the account of the Issuing Lender in Dollars and in immediately available funds, the amount of such Lender's LOC Commitment Percentage of such unreimbursed drawing. Such payment shall be made on the day such notice is received by such Lender from the Issuing Lender if such notice is received at or before 2:00 P.M. (Charlotte, North Carolina time), otherwise such payment shall be made at or before 12:00 Noon (Charlotte, North Carolina time) on the Business Day next succeeding the day such notice is received. If such Lender does not pay such amount to the Issuing Lender in full upon such request, such Lender shall, on demand, pay to the Administrative Agent for the account of the Issuing Lender interest on the unpaid amount during the period from the date of such drawing until such Lender pays such amount to the Issuing Lender in full at a rate per annum equal to, if paid within two (2) Business Days of the date of drawing, the Federal Funds Effective Rate and thereafter at a rate equal to the Alternate Base Rate. Each Lender's obligation to make such payment to the Issuing Lender, and the right of the Issuing Lender to receive the same, shall be absolute and unconditional, shall not be affected by any circumstance whatsoever and without regard to the termination of this Agreement or the Commitments hereunder, the existence of a Default or Event of Default or the acceleration of the Credit Party Obligations hereunder and shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) REPAYMENT WITH REVOLVING LOANS. On any day on which the Borrower shall have requested, or been deemed to have requested (i) a Swingline Loan borrowing to reimburse a drawing under a Letter of Credit, the Swingline Lender shall make the Swingline Loan advance pursuant to the terms of the request or deemed request in accordance with the provisions for Swingline Loan advances hereunder or (ii) a Revolving Loan to reimburse a drawing under a Letter of Credit, the Administrative Agent shall give notice to the Lenders that a Revolving Loan has been requested or deemed requested in connection with a drawing under a Letter of Credit, in which case a Revolving Loan borrowing comprised entirely of Alternate Base Rate Loans (each such borrowing, a "MANDATORY BORROWING") shall be immediately made (without giving effect to any termination of the Commitments pursuant to Section 7.2) PRO RATA based on each

Lender's respective Revolving Commitment Percentage (determined before giving effect

to any termination of the Commitments pursuant to Section 7.2) and in the case of both clauses (i) and (ii) the proceeds thereof shall be paid directly to the Issuing Lender for application to the respective LOC Obligations. Each Lender hereby irrevocably agrees to make such Revolving Loans immediately upon any such request or deemed request on account of each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the same such date NOTWITHSTANDING (i) the amount of Mandatory Borrowing may not comply with the minimum amount for borrowings of Revolving Loans otherwise required hereunder, (ii) whether any conditions specified in Section 4.3 are then satisfied, (iii) whether a Default or an Event of Default then exists, (iv) failure for any such request or deemed request for Revolving Loan to be made by the time otherwise required in Section 2.1(b), (v) the date of such Mandatory Borrowing, or (vi) any reduction in the Revolving Committed Amount after any such Letter of Credit may have been drawn upon; PROVIDE, HOWEVER, that in the event any such Mandatory Borrowing should be less than the minimum amount for borrowings of Revolving Loans otherwise provided in Section 2.1(b)(ii), the Borrower shall pay to the Administrative Agent for its own account an administrative fee of $500. In the event that any Mandatory Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each such Lender hereby agrees that it shall forthwith fund (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) its Participation Interests in the outstanding LOC Obligations; PROVIDED, FURTHER, that in the event any Lender shall fail to fund its Participation Interest on the day the Mandatory Borrowing would otherwise have occurred, then the amount of such Lender's unfunded Participation Interest therein shall bear interest payable by such Lender to the Issuing Lender upon demand, at the rate equal to, if paid within two (2) Business Days of such date, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate.

(f) MODIFICATION, EXTENSION. The issuance of any supplement, modification, amendment, renewal, or extension to any Letter of Credit shall, for purposes hereof, be treated in all respects the same as the issuance of a new Letter of Credit hereunder.

(g) UNIFORM CUSTOMS AND PRACTICES. The Issuing Lender shall have the Letters of Credit be subject to The Uniform Customs and Practice for Documentary Credits, as published as of the date of issue by the International Chamber of Commerce (the "UCP"), in which case the UCP may be incorporated therein and deemed in all respects to be a part thereof.

SECTION 2.5 SWINGLINE LOAN SUBFACILITY.

(a) SWINGLINE COMMITMENT. During the Commitment Period, subject to the terms and conditions hereof, the Swingline Lender, in its individual capacity, agrees to make certain revolving credit loans to the Borrower (each a "SWINGLINE LOAN" and, collectively, the "SWINGLINE LOANS") for the purposes hereinafter set forth; PROVIDED,

HOWEVER, (i) the aggregate amount of Swingline Loans outstanding at any time shall not exceed TWO MILLION FIVE HUNDRED THOUSAND DOLLARS ($2,500,000) (the "SWINGLINE COMMITTED AMOUNT"), and (ii) the sum of the aggregate amount of outstanding Revolving Loans PLUS Swingline Loans PLUS LOC Obligations shall not exceed the Revolving Committed Amount. Swingline Loans hereunder may be repaid and reborrowed in accordance with the provisions hereof.

(b) SWINGLINE LOAN BORROWINGS.

(i) NOTICE OF BORROWING AND DISBURSEMENT. The Swingline Lender will make Swingline Loans available to the Borrower on any Business Day upon request made by the Borrower not later than 2:00 P.M. (Charlotte, North Carolina time) on such Business Day. A notice of request for Swingline Loan borrowing shall be made in the form of SCHEDULE 2.1(b)(i) with appropriate modifications. Swingline Loan borrowings hereunder shall be made in minimum amounts of $100,000 and in integral amounts of $100,000 in excess thereof.

(ii) REPAYMENT OF SWINGLINE LOANS. Each Swingline Loan borrowing shall be due and payable on the Revolving Commitment Termination Date. The Swingline Lender may, at any time, in its sole discretion, by written notice to the Borrower and the Administrative Agent, demand repayment of its Swingline Loans by way of a Revolving Loan borrowing, in which case the Borrower shall be deemed to have requested a Revolving Loan borrowing comprised entirely of Alternate Base Rate Loans in the amount of such Swingline Loans; PROVIDED,

HOWEVER, that, in the following circumstances, any such demand shall also be deemed to have been given one Business Day prior to each of (i) the Revolving Commitment Termination Date, (ii) the occurrence of any Event of Default described in Section 7.1(e), (iii) upon acceleration of the Credit Party Obligations hereunder, whether on account of an Event of Default described in Section 7.1(e) or any other Event of Default, and (iv) the exercise of remedies in accordance with the provisions of Section 7.2 hereof (each such Revolving Loan borrowing made on account of any such deemed request therefor as provided herein being hereinafter referred to as "MANDATORY BORROWING"). Each Lender hereby irrevocably agrees to make such Revolving Loans promptly upon any such request or deemed request on account of each Mandatory Borrowing in the amount and in the manner specified in the preceding sentence and on the same such date NOTWITHSTANDING (I) the amount of Mandatory Borrowing may not comply with the minimum amount for borrowings of Revolving Loans otherwise required hereunder, (II) whether any conditions specified in Section 4.3 are then satisfied, (III) whether a Default or an Event of Default then exists, (IV) failure of any such request or deemed request for Revolving Loans to be made by the time otherwise required in Section 2.1(b)(i), (V) the date of such Mandatory Borrowing, or (VI) any reduction in the Revolving Committed Amount or termination of the Revolving Commitments immediately prior to such Mandatory Borrowing or Contemporaneously therewith. In the event that any Mandatory

Borrowing cannot for any reason be made on the date otherwise required above (including, without limitation, as a result of the commencement of a proceeding under the Bankruptcy Code), then each Lender hereby agrees that it shall forthwith purchase (as of the date the Mandatory Borrowing would otherwise have occurred, but adjusted for any payments received from the Borrower on or after such date and prior to such purchase) from the Swingline Lender such participations in the outstanding Swingline Loans as shall be necessary to cause each such Lender to share in such Swingline Loans ratably based upon its respective Revolving Commitment Percentage (determined before giving effect to any termination of the Commitments pursuant to Section 7.2), PROVIDED that (A) all interest payable on the Swingline Loans shall be for the account of the Swingline Lender until the date as of which the respective participation is purchased, and (B) at the time any purchase of participations pursuant to this sentence is actually made, the purchasing Lender shall be required to pay to the Swingline Lender interest on the principal amount of such participation purchased for each day from and including the day upon which the Mandatory Borrowing would otherwise have occurred to but excluding the date of payment for such participation, at the rate equal to, if paid within two (2) Business Days of the date of the Mandatory Borrowing, the Federal Funds Effective Rate, and thereafter at a rate equal to the Alternate Base Rate.

(c) INTEREST ON SWINGLINE LOANS. Subject to the provisions of Section 2.10, Swingline Loans shall bear interest at a per annum rate equal to the Alternate Base Rate PLUS the applicable Percentage for Revolving Loans that are Alternate Base Rate Loans. Interest on Swingline Loans shall be payable in arrears on each Interest Payment Date.

(d) SWINGLINE NOTE. The Swingline Loans shall be evidenced by a duly executed promissory note of the Borrower to the Swingline Lender in the original amount of the Swingline Committed Amount and substantially in the form of Schedule 2.5(d).

SECTION 2.6 FEES.

(a) COMMITMENT FEE. In consideration of the Revolving Commitment, the Borrower agrees to pay to the Administrative Agent for the ratable benefit of the Lenders a commitment fee (the "COMMITMENT FEE") in an amount equal to the Applicable Percentage per annum on the average daily unused amount of the aggregate Revolving Committed Amount. For purposes hereof, Letters Of Credit shall be considered usage but Swingline Loans shall not be considered usage under the aggregate Revolving Commitment Amount. The Commitment Fee shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the prior calendar quarter.

(b) LETTER OF CREDIT FEES. In consideration of the LOC Commitments, the Borrower agrees to pay to the Issuing Lender a fee (the "LETTER OF CREDIT FEE") equal to the Applicable Percentage per annum on the average daily maximum amount available to be drawn under each Letter of Credit from the date of issuance to the date of expiration.

In addition to such Letter of Credit Fee, the Issuing Lender may charge, and

retain for its own account without sharing by the other Lenders, an additional facing fee of one-fourth of one percent (1/4%) per annum on the average daily maximum amount available to be drawn under each such Letter of Credit issued by it. The Issuing Lender shall promptly pay over to the Administrative Agent for the ratable benefit of the Lenders (including the Issuing Lender) the Letter of Credit Fee. The Letter of Credit Fee shall be payable quarterly in arrears on the 15th day following the last day of each calendar quarter for the prior calendar quarter.

(c) ISSUING LENDER FEES. In addition to the Letter of Credit Fees payable pursuant to subsection (b) hereof, the Borrower shall pay to the Issuing Lender for its own account without sharing by the other Lenders the reasonable and customary charges from time to time of the Issuing Lender with respect to the amendment, transfer, administration, cancellation and conversion of, and drawings under, such Letters of Credit (collectively, the "ISSUING LENDER FEES").

(d) ADMINISTRATIVE FEE. The Borrower agrees to pay to the Administrative Agent the annual administrative fee as described in the Fee Letter.

SECTION 2.7 COMMITMENT REDUCTIONS.

(a) VOLUNTARY REDUCTIONS. The Borrower shall have the right to terminate or permanently reduce the unused portion of the Revolving Committed Amount at any time or from time to time upon not less than five Business Days' prior notice to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable) of each such termination or reduction, which notice shall specify the effective date thereof and the amount of any such reduction which shall be in a minimum amount of $1,000,000 or a whole multiple of $500,000 in excess thereof and shall be irrevocable and effective upon receipt by the Administrative Agent, PROVIDED that no such reduction or termination shall be permitted if after giving effect thereto, and to any prepayments of the Revolving Loans made on the effective date thereof, the sum of the then outstanding aggregate principal amount of the Revolving Loans PLUS Swingline Loans PLUS LOC Obligations would exceed the Revolving Committed Amount.

(b) MANDATORY REDUCTIONS. On any date that the Revolving Loans are required to be prepaid pursuant to the terms of Section 2.8(b)(ii), (iii) and (iv), the Revolving Committed Amount shall be automatically permanently reduced by the amount of such required prepayment and/or reduction.

(c) REVOLVING COMMITMENT TERMINATION DATE. The Revolving Commitment and the LOC Commitment and the Swingline Commitment shall automatically terminate on the Revolving Commitment Termination Date.

SECTION 2.8 PREPAYMENTS.

(a) OPTIONAL PREPAYMENTS. The Borrower shall have the right to prepay Loans in whole or in part from time to time; PROVIDED, HOWEVER, that each partial prepayment of Revolving Loans, the Tranche A Term Loan and the Tranche B Term Loan shall be in a minimum principal amount of $1,000,000 and integral multiples of $1,000,000 in excess thereof, and each prepayment of Swingline Loans shall be in a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof. The Borrower shall give three Business Days' irrevocable notice in the case of LIBOR Rate Loans and one Business Day's irrevocable notice in the case of Alternate Base Rate Loans, to the Administrative Agent (which shall notify the Lenders thereof as soon as practicable). Amounts prepaid under this Section 2.8(a) shall be applied first ratably to the Tranche A Term Loan to the remaining scheduled principal installments thereof until paid in full and the Tranche B Term Loan to the remaining scheduled principal installments thereof until paid in full (provided, however, promptly upon notification thereof, one or more holders of the Tranche B Term Loan may decline to accept such payment to the extent there are sufficient amounts under the Tranche A Term Loan outstanding to be paid with such prepayment, in which case, such declined payments shall be allocated pro rata among the Tranche A Term Loan and the Tranche B Term Loan held by Lenders accepting such payments) and then to the Revolving Loans, in each case first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All prepayments, under this Section 2.8(a) shall be subject to Section 2.18, but otherwise without premium or penalty; provided, however, that optional prepayments made with respect to Tranche B Term Loans within (i) six months of the Funding Date shall be subject to a prepayment penalty of 1.5% and (ii) after six months but prior to the expiration of twelve months from the Funding Date shall be subject to a 1.0% prepayment penalty. Interest on the principal amount prepaid shall be payable on the next occurring Interest Payment Date that would have occurred had such loan not been prepaid or, at the request of the Administrative Agent, interest on the principal amount prepaid shall be payable on any date that a prepayment is made hereunder through the date of prepayment. Amounts prepaid on the Revolving Loans may be reborrowed in accordance with the terms hereof. Amounts prepaid on the Tranche A Term Loan and the Tranche B Term Loan may not be reborrowed.

(b) MANDATORY PREPAYMENTS.

(i) REVOLVING COMMITTED AMOUNT. If at any time after the Closing Date, the sum of the aggregate principal amount of outstanding Revolving Loans PLUS Swingline Loans PLUS LOC Obligations shall exceed the lesser of (A) the Revolving Committed Amount and (B) the Borrowing Base, the Borrower immediately shall prepay the Revolving Loans and (after all Revolving Loans have been repaid) cash collateralize the LOC Obligations, in an amount sufficient to eliminate such excess.

(ii) ASSET DISPOSITIONS. Promptly following any Asset Disposition in excess of $250,000 in any fiscal year, the Borrower shall prepay the Loans in an aggregate amount equal to the Net Cash Proceeds derived from such Asset Disposition (such prepayment to be applied as set forth in clause (vi) below); provided, however, that such Net Cash Proceeds shall not be required to be so applied to the extent the Borrower delivers to the Administrative Agent a certificate stating that it intends to use such Net Cash Proceeds to acquire fixed or capital assets in replacement of the disposed assets within 180 days of the receipt of such Net Cash Proceeds, it being expressly agreed that any Net Cash Proceeds not so reinvested shall be applied to repay the Loans immediately thereafter.

(iii) ISSUANCES. Immediately upon receipt by any Credit Party of proceeds from (A) any Debt Issuance, the Borrower shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Debt Issuance to the Lenders (such prepayment to be applied as set forth in clause (vi) below) or (B) any Equity Issuance (other than an Equity Issuance to the Sponsors in an aggregate amount not to exceed $3,000,000 during the term of this Agreement provided that such equity contribution shall not enable the Borrower to cure a Default or an Event of Default that would have otherwise existed but for such equity contribution), the Borrower shall prepay the Loans in an aggregate amount equal to one hundred percent (100%) of the Net Cash Proceeds of such Equity Issuance to the Lenders; provided, however, if the Leverage Ratio of the Borrower and its Subsidiaries on a pro forma basis after giving effect to such Equity Issuance would be less than 3.50 to 1.0, the Borrower shall prepay the Loans in an amount equal to seventy-five percent (75%) of such cash proceeds to the Lenders (such prepayments set forth above to be applied as set forth in clause (vi) below).

(iv) RECOVERY EVENT. To the extent of cash proceeds received in connection with a Recovery Event which are in excess of $250,000 in the aggregate and which are not applied in accordance with Section 6.5(a)(ii), immediately following the 180th day occurring after the receipt by a Credit Party of such cash proceeds, the Borrower shall prepay the Loans in an aggregate amount equal to one-hundred percent (100%) of such cash proceeds to the Lenders (such prepayment to be applied as set forth in clause (vi) below).

(v) EXCESS CASH FLOW. Within 120 days after the end of each fiscal year (commencing with the fiscal year ending December 31, 1999), the Borrower shall prepay the Loans in an amount equal to (x) (1) if the Leverage Ratio of the Borrower and its Subsidiaries as of the end of the immediately preceding fiscal quarter was greater than or equal to 3.50 to 1.0, 75% of the Excess Cash Flow earned during such prior fiscal year and (2) if the Leverage Ratio of the Borrower and its Subsidiaries as of the end of the immediately preceding fiscal quarter was less than 3.50 to 1.0, 50% of the Excess Cash Flow earned during such prior fiscal year less (y) the amount of any voluntary prepayments of the Tranche A Term Loan,

the Tranche B Term Loan and (to the extent accompanied by a reduction in the Revolving Committed Amount) the Revolving Loans during such prior fiscal year.

(vi) APPLICATION OF MANDATORY PREPAYMENTS. All amounts required to be paid pursuant to this Section 2.8(b) shall be applied as follows: (A) with respect to all amounts

prepaid pursuant to Section 2.8(b)(i), to Revolving Loans and (after all Revolving Loans have been repaid) to a cash collateral account in respect of LOC Obligations, (B) with respect to all amounts prepaid pursuant to Section 2.8(b)(ii), pro rata across the Revolving Loans (with a corresponding reduction in the Revolving Commitments), the Tranche A Term Loan and the Tranche B Term Loan outstanding as of such date and (C) with respect to all amounts prepaid pursuant to Sections 2.8(b)(iii) through (v), (1) FIRST PRO RATA to the Tranche A Term Loan and the Tranche B Term Loan (ratably to the remaining principal installments thereof); PROVIDED, HOWEVER, promptly upon notification thereof, one or more holders of the Tranche B Term Loan may decline to accept a mandatory prepayment under Section 2.8(b)(ii) through (iv) to the extent there are sufficient amounts under the Tranche A Term Loan outstanding to be paid with such prepayment, in which case, such declined payments shall be allocated pro rata among the Tranche A Term Loan and the Tranche B Term Loan held by Lenders accepting such prepayments, and (2) SECOND to the Revolving Loans and (after all Revolving Loans have been repaid) to a cash collateral account in respect of LOC Obligations. Within the parameters of the applications set forth above, prepayments shall be applied first to Alternate Base Rate Loans and then to LIBOR Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.8(b) shall be subject to Section 2.18 and be accompanied by interest on the principal amount prepaid through the date of prepayment.

SECTION 2.9 MINIMUM PRINCIPAL AMOUNT OF TRANCHES.

All borrowings, payments and prepayments in respect of Revolving Loans, the Tranche A Term Loan and the Tranche B Term Loan shall be in such amounts and be made pursuant to such elections so that after giving effect thereto the aggregate principal amount of the Revolving Loans, the Tranche A Term Loan and the Tranche B Term Loan comprising any Tranche shall not be less than (i) with respect to LIBOR Rate Loans, $1,000,000 or a whole multiple of $500,000 in excess thereof and (ii) with respect to Base Rate Loans, $500,000 in the aggregate or a whole multiple of $100,000 in excess thereof

SECTION 2.10 DEFAULT RATE AND PAYMENT DATES.

Upon the occurrence, and during the continuance, of an Event of Default, the principal of and, to the extent permitted by law, interest on the Loans and any other amounts owing hereunder or under the other Credit Documents shall bear interest, payable on demand, at a per annum rate 2% greater than the rate which would otherwise be applicable (or if no rate is applicable, whether in respect of interest, fees or other amounts, then the Alternate Base Rate PLUS 2%).

SECTION 2.11 CONVERSION OPTIONS.

(a) The Borrower may, in the case of Revolving Loans, the Tranche A Term Loan and the Tranche B Term Loan, elect from time to time to convert Alternate Base Rate Loans to LIBOR Rate Loans, by giving the Administrative Agent at least three Business Days' prior irrevocable written notice of such election. A form of Notice of Conversion/ Extension is attached as SCHEDULE 2.11. If the date upon which an Alternate Base Rate Loan is to be converted to a LIBOR Rate Loan is not a Business Day, then such conversion shall be made on the next succeeding Business Day and during the period from such last day of an Interest Period to such succeeding Business Day such Loan shall bear interest as if it were an Alternate Base Rate Loan. All or any part of outstanding Alternate Base Rate Loans may be converted as provided herein, PROVIDED that (i) no Loan may be converted into a LIBOR Rate Loan when any Default or Event of Default has occurred and is continuing and (ii) partial conversions shall be in an aggregate principal amount of $400,000 or a whole multiple of $100,000 in excess thereof.

(b) Any LIBOR Rate Loans may be continued as such upon the expiration of an Interest Period with respect thereto by compliance by the Borrower with the notice provisions contained in Section 2.11(a); PROVIDED, that no LIBOR Rate Loan may be continued as such when any Default or Event of Default has occurred and is continuing, in which case such Loan shall be automatically converted to an Alternate Base Rate Loan at the end of the applicable Interest Period with respect thereto. If the Borrower shall fail to give timely notice of an election to continue a LIBOR Rate Loan, or the continuation of LIBOR Rate Loans is not permitted hereunder, such LIBOR

Rate Loans shall be automatically converted to Alternate Base Rate Loans at the end of the applicable Interest Period with respect thereto.

SECTION 2.12 COMPUTATION OF INTEREST AND FEES.

(a) Interest payable hereunder with respect to Alternate Base Rate Loans shall be calculated on the basis of a year of 365 days (or 366 days, as applicable) for the actual days elapsed. All other fees, interest and all other amounts payable hereunder shall be calculated on the basis of a 360 day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of each determination of a LIBOR Rate on the Business Day of the determination thereof. Any change in the interest rate on a Loan resulting from a change in the Alternate Base Rate shall become effective as of the opening of business on the day on which such change in the Alternate Base Rate shall become effective. The Administrative Agent shall as soon as practicable notify the Borrower and the Lenders of the effective date and the amount of each such change.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent

shall, at the request of the Borrower, deliver to the Borrower a statement showing the computations used by the Administrative Agent in determining any interest rate.

SECTION 2.13 PRO RATA TREATMENT AND PAYMENTS.

(a) Each borrowing of Revolving Loans and any reduction of the Revolving Commitments shall be made PRO RATA according to the respective Commitment Percentages of the Lenders. Each payment under this Agreement or any Note shall be applied, first, to any fees then due and owing by the Borrower pursuant to Section 2.6, second, to interest then due and owing in respect of the Notes of the Borrower and, third, to principal then due and owing hereunder and under the Notes of the Borrower. Each payment on account of any fees pursuant to Section 2.6 shall be made PRO RATA in accordance with the respective amounts due and owing (except as to the portion of the Letter of Credit retained by the Issuing Lender and the Issuing Lender Fees). Each payment (other than prepayments) by the Borrower on account of principal of and interest on the Revolving Loans, the Tranche A Term Loan and on the Tranche B Term Loan shall be made PRO RATA according to the respective amounts due and owing in accordance with Section 2.8 hereof. Prepayments made pursuant to Section 2.16 shall be applied in accordance with such section. Each mandatory prepayment on account of principal of the Loans shall be applied in accordance with Section 2.8(b). All payments (including prepayments) to be made by the Borrower on account of principal, interest and fees shall be made without defense, set-off or counterclaim (except as provided in Section 2.19(b)) and shall be made to the Administrative Agent for the account of the Lenders at the Administrative Agent's office specified on SCHEDULE 9.2 in Dollars and in immediately available funds not later than 2:00 P.M. (Charlotte, North Carolina time) on the date when due. The Administrative Agent shall distribute such payments to the Lenders entitled thereto promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the LIBOR Rate Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day, and, with respect to payments of principal, interest thereon shall be payable at the then applicable rate during such extension. If any payment on a LIBOR Rate Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day.

(b) ALLOCATION OF PAYMENTS AFTER EVENT OF DEFAULT. Notwithstanding any other provisions of this Credit Agreement to the contrary, after the occurrence and during the continuance of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of the Credit Party Obligations or any other amounts outstanding under any of the Credit Documents or in respect of the Collateral shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Administrative Agent in connection with enforcing the rights of the Lenders under the Credit Documents and any

protective advances made by the Administrative Agent with respect to the Collateral under or pursuant to the terms of the Collateral Documents;

SECOND, to payment of any fees owed to the Administrative Agent;

THIRD, to the payment of all reasonable out-of-pocket costs and expenses (including without limitation, reasonable attorneys' fees) of each of the Lenders in connection with enforcing its rights under the Credit Documents or otherwise with respect to the Credit Party Obligations owing to such Lender;

FOURTH, to the payment of all of the Credit Party Obligations consisting of accrued fees and interest;

FIFTH, to the payment of the outstanding principal amount of the Credit Party Obligations (including the payment or cash collateralization of the outstanding LOC Obligations);

SIXTH, to all other Credit Party Obligations and other obligations which shall have become due and payable under the Credit Documents or otherwise and not repaid pursuant to clauses "FIRST" through "FIFTH" above; and

SEVENTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (i) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category; (ii) each of the Lenders shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Loans and LOC Obligations held by such Lender bears to the aggregate then outstanding Loans and LOC Obligations) of amounts available to be applied pursuant to clauses "THIRD", "FOURTH", "FIFTH" and "SIXTH" above; and (iii) to the extent that any amounts available for distribution pursuant to clause "FIFTH" above are attributable to the issued but undrawn amount of outstanding Letters of Credit, such amounts shall be held by the Administrative Agent in a cash collateral account and applied (A) first, to reimburse the Issuing Lender from time to time for any drawings under such Letters of Credit and (B) then, following the expiration of all Letters of Credit, to all other obligations of the types described in clauses "FIFTH" and "SIXTH" above in the manner provided in this Section 2.13(b).

SECTION 2.14 NON-RECEIPT OF FUNDS BY THE ADMINISTRATIVE AGENT.

(a) Unless the Administrative Agent shall have been notified in writing by a Lender prior to the date a Loan is to be made by such Lender (which notice shall be effective upon receipt) that such Lender does not intend to make the proceeds of such Loan available to the Administrative Agent, the Administrative Agent may assume that such Lender has made such proceeds available to the Administrative Agent on such date,

and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent, the Administrative Agent shall be able 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 will 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 the 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 per annum rate equal to (i) from the Borrower at the applicable rate for the applicable borrowing pursuant to the Notice of Borrowing and (ii) from a Lender at the Federal Funds Effective Rate.

(b) Unless the Administrative Agent shall have been notified in writing by the Borrower, prior to the date on which any payment is due from it hereunder (which notice shall be effective upon receipt) that the Borrower does not intend to make such payment, the Administrative Agent may assume that such Borrower has made such payment when due, and the Administrative Agent may in reliance upon such assumption (but shall not be required to) make available to each Lender on such payment date an amount equal to the portion of such assumed payment to which such Lender is entitled hereunder, and if the

Borrower has not in fact made such payment to the Administrative Agent, such Lender shall, on demand, repay to the Administrative Agent the amount made available to such Lender. If such amount is repaid to the Administrative Agent on a date after the date such amount was made available to such Lender, such Lender shall pay to the Administrative Agent on demand interest on such amount in respect of each day from the date such amount was made available by the Administrative Agent to such Lender to the date such amount is recovered by the Administrative Agent at a per annum rate equal to the Federal Funds Effective Rate.

(c) A certificate of the Administrative Agent submitted to the Borrower or any Lender with respect to any amount owing under this Section 2.14 shall be conclusive in the absence of manifest error.

SECTION 2.15 INABILITY TO DETERMINE INTEREST RATE.

Notwithstanding any other provision of this Agreement, if (i) the Administrative Agent shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that, by reason of circumstances affecting the relevant market, reasonable and adequate means do not exist for ascertaining LIBOR for such Interest Period, or (ii) the Required Lenders shall reasonably determine (which determination shall be conclusive and binding absent manifest error) that the LIBOR Rate does not adequately and fairly reflect the cost to such Lenders of funding LIBOR Rate Loans that the Borrower has requested be outstanding as a LIBOR Tranche during such Interest Period, the Administrative Agent shall forthwith give telephone notice of

such determination, confirmed in writing, to the Borrower, and the Lenders at least two Business Days prior to the first day of such Interest Period. Unless the Borrower shall have notified the Administrative Agent upon receipt of such telephone notice that it wishes to rescind or modify its request regarding such LIBOR Rate Loans, any Loans that were requested to be made as LIBOR Rate Loans shall be made as Alternate Base Rate Loans and any Loans that were requested to be converted into or continued as LIBOR Rate Loans shall remain or be converted into Alternate Base Rate Loans. Until any such notice has been withdrawn by the Administrative Agent, no further Loans shall be made as, continued as, or converted into, LIBOR Rate Loans for the interest Periods so affected.

SECTION 2.16 ILLEGALITY.

Notwithstanding any other provision of this Agreement, if the adoption of or any change in any relevant Requirement of Law or in the interpretation or application thereof by the relevant Governmental Authority to any Lender shall make it unlawful for such Lender or its LIBOR, Lending Office to make or maintain LIBOR Rate Loans as contemplated by this Agreement or to obtain in the interbank eurodollar market through its LIBOR Lending Office the funds with which to make such Loans, (a) such Lender shall promptly notify the Administrative Agent and the Borrower thereof, (b) the commitment of such Lender hereunder to make LIBOR Rate Loans or continue LIBOR Rate Loans as such shall forthwith be suspended until the Administrative Agent shall give notice that the condition or situation which gave rise to the suspension shall no longer exist, and (c) such Lender's Loans then outstanding as LIBOR Rate Loans, if any, shall be converted on the last day of the Interest Period for such Loans or within such earlier period as required by law as Alternate Base Rate Loans. The Borrower hereby agrees promptly to pay any Lender, upon its demand, any additional amounts necessary to compensate such Lender for actual and direct costs (but not including anticipated profits) reasonably incurred by such Lender in making any repayment in accordance with this Section including, but not limited to, any interest or fees payable by such Lender to lenders of funds obtained by it in order to make or maintain its LIBOR Rate Loans hereunder. A certificate as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its LIBOR Lending Office) to avoid or to minimize any amounts which may otherwise be payable pursuant to this Section; PROVIDED, HOWEVER, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

SECTION 2.17 REQUIREMENTS OF LAW.

(a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject such Lender to any tax of any kind whatsoever with respect to any Letter of Credit or any application relating thereto, any LIBOR

Rate Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender which is not otherwise included in the determination of the LIBOR Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender of making or maintaining LIBOR Rate Loans or the Letters of Credit or to reduce any amount receivable hereunder or under any Note, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such additional cost or reduced amount receivable which such Lender reasonably deems to be material as determined by such Lender with respect to its LIBOR Rate Loans or Letters of Credit. A certificate as to any additional amounts payable pursuant to this Section submitted by such Lender, through the Administrative Agent, to the Borrower shall be conclusive in the absence of manifest error. Each Lender agrees to use reasonable efforts (including reasonable efforts to change its Domestic Lending Office or LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this paragraph of this Section; PROVIDED, HOWEVER, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender to be material.

(b) If any Lender shall have reasonably determined that the adoption of or any change in any relevant Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority made subsequent to the date hereof does or shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a result of its commitment to lend hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount reasonably deemed by such Lender to be material, then from time to time, within fifteen (15) days after demand by such Lender, the Borrower shall pay to such Lender such additional amount as shall be certified by such Lender as being required to compensate it for such reduction to the extent that such Lender reasonably determines that such additional amount is allocable to the existence of such Lender's commitment to lend hereunder. Such a certificate as to any additional amounts payable under this Section submitted by a Lender (which certificate shall include a description of the basis for the

computation), through the Administrative Agent, to the Borrower shall be conclusive absent manifest error.

(c) The agreements in this Section 2.17 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.18 INDEMNITY.

The Borrower hereby agrees to indemnify each Lender and to hold such Lender harmless from any funding loss or expense which such Lender may sustain or incur as a consequence of (a) default by the Borrower in payment of the principal amount of or interest on any Loan by such Lender in accordance with the terms hereof, (b) default by the Borrower in accepting a borrowing after the Borrower has given a notice in accordance with the terms hereof, (c) default by the Borrower in making any prepayment after the Borrower has given a notice in accordance with the terms hereof, and/or (d) the making by the Borrower of a prepayment of a Loan, or the conversion thereof, on a day which is not the last day of the Interest Period with respect thereto, in each case including, but not limited to, any such loss or expense arising from interest or fees payable by such Lender to lenders of funds obtained by it in order to maintain its Loans hereunder. A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender, through the Administrative Agent, to the

Borrower (which certificate must be delivered to the Administrative Agent within thirty days following such default, prepayment or conversion) shall be conclusive in the absence of manifest error. The agreements in this Section shall survive termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

Section 2.19 TAXES.

(a) All payments made by the Borrower hereunder or under any Note will be, except as provided in Section 2.19(b), 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 Governmental Authority or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding any tax imposed on or measured by the net income or profits (and franchise taxes imposed in lieu thereof) of a Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or applicable lending office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (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 as may be necessary so that every payment of all amounts due under this Agreement or under any Note, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Note. The Borrower will furnish to the Administrative Agent as soon as practicable after the date the payment of any Taxes is due pursuant to applicable law certified copies (to the extent reasonably available and required by law) of

tax receipts evidencing such payment by the Borrower. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender to the extent not paid 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) agrees to deliver 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 9.6(d) (unless the respective Lender was already a Lender hereunder immediately prior to such assignment or transfer), on the date of such assignment or transfer to such Lender, (i) if the Lender is a "bank" within the meaning of Section 81(c)(3)(A) of the Code, two accurate and complete original signed copies of Internal Revenue Service Form 4224 or 1001 (or successor forms) certifying such Lender's entitlement to a complete exemption from United States withholding tax with respect to payments to be made under this Agreement and under any Note, or (ii) if the Lender is not a "bank" within the meaning of Section 881 (c)(3)(A) of the Code, either Internal Revenue Service Form 1001 or 4224 as set forth in clause (i) above, or (x) a certificate substantially in the form of SCHEDULE 2.19 (any such certificate, a "2.19 CERTIFICATE") and (y) two accurate and complete original signed copies of Internal Revenue Service Form W-8 (or successor form) certifying such Lender's entitlement to an exemption from United States withholding tax with respect to payments of interest to be made under this Agreement and under any Note. In addition, each Lender agrees that it will deliver upon the Borrower's request updated versions of the foregoing, as applicable, whenever the previous certification has become obsolete or inaccurate in any material respect, together with such other forms as may be required in order to confirm or establish the entitlement of such Lender to a continued exemption from or reduction in United States withholding tax with respect to payments under this Agreement and any Note. Notwithstanding anything to the contrary contained in Section 2.19(a), but subject to the immediately succeeding sentence, (x) each Borrower shall be entitled, to the extent it is required to do so by law, to deduct or withhold Taxes imposed by the United States (or any political subdivision or taxing authority thereof or therein) from interest, fees or other amounts payable hereunder for the account of any Lender which is not a United States person (as such term is defined in Section 7701(a)(30) of the Code) for U.S. Federal income tax purposes to the extent that such Lender has not provided to the Borrower U.S. Internal Revenue Service Forms that establish a complete exemption from such deduction or withholding and (y) the Borrower shall not be obligated pursuant to Section 2.19(a) hereof to gross-up payments to be made to a Lender in respect of Taxes imposed by the United States if (I) such Lender has not provided to the Borrower the Internal Revenue Service Forms required to be provided to

the Borrower pursuant to this Section 2.19(b) or (II) in the case of a payment, other than interest, to a Lender described in clause (ii) above, to the extent that such Forms do not establish a complete exemption from withholding of such Taxes. Notwithstanding anything to the contrary contained in the preceding sentence or elsewhere in this Section 2.19, the Borrower agrees to pay additional amounts and to indemnify each Lender in the manner set forth in Section 2.19(a) (without regard to the identity of the jurisdiction

requiring the deduction or withholding) in respect of any amounts deducted or withheld by it as described in the immediately preceding sentence as a result of any changes after the Closing Date in any applicable law, treaty, governmental rule, regulation, guideline or order, or in the interpretation thereof, relating to the deducting or withholding of Taxes.

(c) Each Lender agrees to use reasonable efforts (including reasonable efforts to change its Domestic Lending Office or LIBOR Lending Office, as the case may be) to avoid or to minimize any amounts which might otherwise be payable pursuant to this Section; PROVIDED, HOWEVER, that such efforts shall not cause the imposition on such Lender of any additional costs or legal or regulatory burdens deemed by such Lender in its sole discretion to be material.

(d) If the Borrower pays any additional amount pursuant to this Section 2.19 with respect to a Lender, such Lender shall use reasonable efforts to obtain a refund of tax or credit against its tax liabilities on account of such payment; PROVIDED that such Lender shall have no obligation to use such reasonable efforts if either (i) it is in an excess foreign tax credit position or (ii) it believes in good faith, in its sole discretion, that claiming a refund or credit would cause adverse tax consequences to it. In the event that such Lender receives such a refund or credit, such Lender shall pay to the Borrower an amount that such Lender reasonably determines is equal to the net tax benefit obtained by such Lender as a result of such payment by the Borrower. In the event that no refund or credit is obtained with respect to the Borrower's payments to such Lender pursuant to this Section 2.19, then such Lender shall upon request provide a certification that such Lender has not received a refund or credit for such payments. Nothing contained in this Section 2.19 shall require a Lender to disclose or detail the basis of its calculation of the amount of any tax benefit or any other amount or the basis of its determination referred to in the proviso to the first sentence of this Section 2.19 to the Borrower or any other party.

(e) The agreements in this Section 2.19 shall survive the termination of this Agreement and the payment of the Notes and all other amounts payable hereunder.

SECTION 2.20 INDEMNIFICATION; NATURE OF ISSUING LENDER'S DUTIES.

(a) In addition to its other obligations under Section 2.4, the Borrower hereby agrees to protect, indemnify, pay and save each Issuing Lender harmless from and against any and all claims, demands, liabilities, damages, losses, costs, charges and expenses (including reasonable attorneys' fees) that the Issuing Lender may incur or be subject to as a consequence, direct or indirect, of (i) the issuance of any Letter of Credit or (ii) the failure of the Issuing Lender to honor a drawing under a Letter of Credit as a result of any act or omission, whether rightful or wrongful, of any present or future de jure or de facto government or governmental authority (all such acts or omissions, herein called "GOVERNMENT ACTS").

(b) As between the Borrower and the Issuing Lender, the Borrower shall assume all risks of the acts, omissions or misuse of any Letter of Credit by the beneficiary

thereof. The Issuing Lender shall not be responsible: (i) for the form, validity, sufficiency, accuracy, genuineness or legal effect of any document submitted by any party in connection with the application for and issuance of any Letter of Credit, even if it should in fact prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged; (ii) for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign any Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, that may prove to be invalid or ineffective for any reason; (iii) for failure of the beneficiary of a Letter of Credit to comply fully with conditions required in order to draw upon a Letter of Credit; (iv) for errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex or otherwise, whether or not they be in cipher; (v) for errors in interpretation of technical terms; (vi) for any loss or delay in the transmission or otherwise of any document required in order to make a drawing under a Letter of Credit or of the proceeds thereof; and (vii) for any consequences arising from causes beyond the control of the Issuing Lender, including, without limitation, any

Government Acts. None of the above shall affect, impair, or prevent the vesting of the Issuing Lender's rights or powers hereunder.

(c) In furtherance and extension and not in limitation of the specific provisions hereinabove set forth, any action taken or omitted by the Issuing Lender, under or in connection with any Letter of Credit or the related certificates, if taken or omitted in good faith, shall not put such Issuing Lender under any resulting liability to the Borrower. It is the intention of the parties that this Agreement shall be construed and applied to protect and indemnify the Issuing Lender against any and all risks involved in the issuance of the Letters of Credit, all of which risks are hereby assumed by the Borrower, including, without limitation, any and all risks of the acts or omissions, whether rightful or wrongful, of any Government Authority. The Issuing Lender shall not, in any way, be liable for any failure by the Issuing Lender or anyone else to pay any drawing under any Letter of Credit as a result of any Government Acts or any other cause beyond the control of the Issuing Lender.

(d) Nothing in this Section 2.20 is intended to limit the reimbursement obligation of the Borrower contained in Section 2.4(d) hereof. The obligations of the Borrower under this Section 2.20 shall survive the termination of this Agreement. No act or omissions of any current or prior beneficiary of a Letter of Credit shall in any way affect or impair the rights of the Issuing Lender to enforce any right, power or benefit under this Agreement.

(e) Notwithstanding anything to the contrary contained in this Section 2.20, the Borrower shall have no obligation to indemnify any Issuing Lender in respect of any liability incurred by such Issuing Lender arising out of the gross negligence or willful misconduct of the Issuing Lender (including action not taken by an Issuing Lender), as determined by a court of competent jurisdiction.

SECTION 2.21 REPLACEMENT OF LENDERS.

If any Lender delivers a notice pursuant to Section 2.16, 2.17 or 2.19 (hereinafter any such Lender shall be referred to as a "Replaced Lender"), then in such case, the Borrower may, upon at least five (5) Business Days' notice to the Administrative Agent and such Replaced Lender, designate a replacement lender (a "Replacement Lender") acceptable to the Administrative Agent in its reasonable discretion, to which such Replaced Lender shall, subject to its receipt (unless a later date for the remittance thereof shall be agreed upon by the Borrower and the Replaced Lender) of all amounts owed to such Replaced Lender hereunder, assign all (but not less than all) of its rights and obligations hereunder. Upon any assignment by any Lender pursuant to this Section 2.21 becoming effective, the Replacement Lender shall thereupon be deemed to be a "Lender" for all purposes of this Agreement and such Replaced Lender shall thereupon cease to be a "Lender" for all purposes of this Agreement and shall have no further rights or obligations hereunder (other than pursuant to Sections 2.15, 2.16, 2.17 or 9.5 while such Replaced Lender was a Lender).

ARTICLE III

REPRESENTATIONS AND WARRANTIES

To induce the Lenders to enter into this Agreement and to make the Extensions of Credit herein provided for, the Credit Parties hereby represents and warrants to the Administrative Agent and to each Lender that:

SECTION 3.1 FINANCIAL CONDITION.

The balance sheets and the related statements of income and of cash flows of Power Circuits, Inc. for fiscal year 1997 and fiscal year 1998 audited by Ernst & Young, LLP are complete and correct and present fairly the financial condition of the Power Circuits, Inc. and its Subsidiaries as of such dates and the balance sheets and the related statements of income and of cash flows of Pacific Circuits, Inc. for fiscal year 1997 and fiscal year 1998 audited by Arthur Andersen, L.L.P. are complete and correct and present fairly the financial condition of Pacific Circuits, Inc. and its Subsidiaries as of such dates. Additionally, monthly working capital detail for the trailing twelve months, the company-prepared pro forma balance sheets of the Borrower and the six-year projections have been prepared in good faith based upon reasonable assumptions and represent the Borrower's best estimate of future results. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein).

SECTION 3.2 NO CHANGE.

Since December 31, 1998 (and after delivery of annual audited financial statements in accordance Section 5.1(a), from the date of the most recently delivered annual audited financial

statements) there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

SECTION 3.3 CORPORATE EXISTENCE; COMPLIANCE WITH LAW.

Each of the Borrower and the other Credit Parties (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the requisite power and authority and the legal right to own and operate all its material property, to lease the material property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified to conduct business and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification except to the extent that the failure to so qualify or be in good standing could not, in the aggregate, reasonably be expected to have a Material Adverse Effect and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 3.4 CORPORATE POWER; AUTHORIZATION; ENFORCEABLE OBLIGATIONS.

Each of the Borrower and the other Credit Parties has full power and authority and the legal right to make, deliver and perform the Credit Documents to which it is party and has taken all necessary limited liability company or corporate action to authorize the execution, delivery and performance by it of the Credit Documents to which it is party. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the borrowings hereunder or with the execution, delivery or performance of any Credit Document by the Borrower or the other Credit Parties (other than those which have been obtained) or with the validity or enforceability of any Credit Document against the Borrower or the other Credit Parties (except such filings as are necessary in connection with the perfection of the Liens created by such Credit Documents). Each Credit Document to which it is a party has been duly executed and delivered on behalf of the Borrower or the other Credit Parties, as the case may be. Each Credit Document to which it is a party constitutes a legal, valid and binding obligation of the Borrower or the other Credit Parties, as the case may be, enforceable against the Borrower or such other Credit Party, as the case may be, in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

SECTION 3.5 NO LEGAL BAR; NO DEFAULT.

The execution, delivery and performance of the Credit Documents, the borrowings thereunder and the use of the proceeds of the Loans will not violate any Requirement of Law or any Contractual Obligation of the Borrower or any other Credit Party (except those as to which waivers or consents have been obtained), and will not result in, or require, the creation or imposition of any Lien on any of its or their respective properties or revenues pursuant to any

Requirement of Law or Contractual Obligation other than the Liens arising under or contemplated in connection with the Credit Documents. Neither the Borrower nor any other Credit Party is in default under or with respect to any of its Contractual Obligations in any respect which could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

SECTION 3.6 NO MATERIAL LITIGATION.

Except as set forth in SCHEDULE 3.6, no litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the best knowledge of the Borrower, threatened by or against any Credit Party or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Credit Documents or any Loan or any of the transactions contemplated hereby, or (b) which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

SECTION 3.7 INVESTMENT COMPANY ACT.

Neither the Borrower nor any Credit Party is an "investment company", or a company "controlled" by any entity which is required to register as an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

SECTION 3.8 MARGIN REGULATIONS.

No part of the proceeds of any Loan hereunder will be used directly or

indirectly for any purpose which violates, or which would be inconsistent with, the provisions of Regulation T, U or X of the Board of Governors of the Federal Reserve System as now and from time to time hereafter in effect. The Borrower and its Subsidiaries taken as a group do not own "margin stock" except as identified in the financial statements referred to in Section 3.1 and the aggregate value of all "margin stock" owned by the Borrower and its Subsidiaries taken as a group does not exceed 25% of the value of their assets.

SECTION 3.9 ERISA.

Except as set forth in SCHEDULE 3.9, neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code, except to the extent that any such occurrence or failure to comply would not reasonably be expected to have a Material Adverse Effect. No termination of a Single Employer Plan has occurred resulting in any liability that has remained underfunded, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period which could reasonably be expected to have a Material Adverse Effect. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to

such accrued benefits by an amount which, as determined in accordance with GAAP, could reasonably be expected to have a Material Adverse Effect. Neither the Borrower nor any Commonly Controlled Entity is currently subject to any liability for a complete or partial withdrawal from a Multiemployer Plan which could reasonably be expected to have a Material Adverse Effect.

SECTION 3.10 ENVIRONMENTAL MATTERS. Except as set forth in SCHEDULE 3.10, which in the aggregate, could not be reasonably expected to have a Material Adverse Effect:

(a) To the best knowledge of the Borrower and the other Credit Parties, the facilities and properties owned, leased or operated by the Borrower and the other Credit Parties or any of their Subsidiaries (the "PROPERTIES") do not contain any Materials of Environmental Concern in amounts or concentrations which (i) constitute a violation of, or (ii) could reasonably be expected to give rise to liability under, any Environmental Law.

(b) To the best knowledge of the Borrower and the other Credit Parties, the Properties and all operations of the Borrower and the other Credit Parties and/or their Subsidiaries at the Properties are in compliance, and have in the last three years been in compliance, in all material respects with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the business operated by the Borrower and the other Credit Parties or any of their Subsidiaries (the "BUSINESS").

(c) Neither the Borrower nor any of the other Credit Parties has received any written or actual notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the Business, nor does the Borrower or any of the other Credit Parties nor any of their Subsidiaries have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) To the best knowledge of the Borrower and the other Credit Parties, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower and the other Credit Parties, threatened, under any Environmental Law to which the Borrower or any other Credit Party or any Subsidiary is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders

or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business.

(f) To the best knowledge of the Borrower and the other Credit Parties, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Borrower or any other Credit Party or any Subsidiary in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could reasonably be expected to give rise to liability under Environmental Laws.

SECTION 3.11 PURPOSE OF LOANS.

The proceeds of the Loans hereunder shall be used solely by the Borrower to (i) finance the Acquisition and to pay certain fees and expenses related thereto, (ii) refinance certain existing indebtedness of the Credit Parties and (iii) provide for working capital, capital expenditures and other general corporate purposes. The Letters of Credit shall be used only for or in connection with appeal bonds, reimbursement obligations arising in connection with surety and reclamation bonds, reinsurance, domestic or international trade transactions and obligations not otherwise aforementioned relating to transactions entered into by the applicable account party in the ordinary course of business.

SECTION 3.12 SUBSIDIARIES.

Set forth on SCHEDULE 3.12 is a complete and accurate list of all Subsidiaries of the Credit Parties. Information on the attached Schedule includes state of incorporation; the number of shares of each class of Capital Stock or other equity interests outstanding; the number and percentage of outstanding shares of each class of stock; and the number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and similar rights. The outstanding Capital Stock and other equity interests of all such Subsidiaries is validly issued, fully paid and non-assessable and is owned, free and clear of all Liens (other than those arising under or contemplated in connection with the Credit Documents).

SECTION 3.13 OWNERSHIP.

Each Credit Party and its Subsidiaries is the owner of, and has good and marketable title to, all of its respective assets, except as may be permitted pursuant Section 6.13 hereof, and none of such assets is subject to any Lien other than Permitted Liens.

SECTION 3.14 INDEBTEDNESS.

Except as otherwise permitted under Section 6.1, the Borrower and its Subsidiaries have no Indebtedness.

SECTION 3.15 TAXES.

Each of the Borrower and its Subsidiaries has filed, or caused to be filed, all tax returns (federal, state, local and foreign) required to be filed and paid (a) all amounts of taxes shown thereon to be due (including interest and penalties) and (b) all other taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes (i) which are not yet delinquent or (ii) that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP. Neither the Borrower nor any of its Subsidiaries is aware as of the Closing Date of any proposed tax assessments against it or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect.

SECTION 3.16 INTELLECTUAL PROPERTY.

Each of the Borrower and its Subsidiaries owns, or has the legal right to use, all trademarks, tradenames, copyrights, technology, know-how and processes necessary for each of them to conduct its business as currently conducted. Set forth on SCHEDULE 3.16 is a list of all Intellectual Property owned by each of the Borrower and its Subsidiaries or that the Borrower or any of its Subsidiaries has the right to use. Except as provided on SCHEDULE 3.16, no claim has been asserted and is pending by any Person challenging or questioning the use of any such Intellectual Property or the validity or effectiveness of any such Intellectual Property, nor does the Borrower or any of its Subsidiaries know of any such claim, and, to the knowledge of the Borrower or any of its Subsidiaries, the use of such Intellectual Property by the Borrower or any of its Subsidiaries does not infringe on the rights of any

Person, except for such claims and infringements that in the aggregate, could not reasonably be expected to have a Material Adverse Effect. SCHEDULE 3.16 may be updated from time to time by the Borrower to include new Intellectual Property by giving written notice thereof to the Administrative Agent.

SECTION 3.17 SOLVENCY.

The fair saleable value of each Credit Party's assets, measured on a going concern basis, exceeds all probable liabilities, including those to be incurred pursuant to this Credit Agreement. None of the Credit Parties (a) has unreasonably small capital in relation to the business in which it is or proposes to be engaged or (b) has incurred, or believes that it will incur after giving effect to the transactions contemplated by this Credit Agreement, debts beyond its ability to pay such debts as they become due.

SECTION 3.18 INVESTMENTS.

All Investments of each of the Borrower and its Subsidiaries are Permitted Investments.

SECTION 3.19 LOCATION OF COLLATERAL.

Set forth on SCHEDULE 3.19(a) is a list of the Properties of the Borrower and its Subsidiaries with street address, county and state where located. Set forth on SCHEDULE 3.19(b) is

a list of all locations where any tangible personal property of the Borrower and its Subsidiaries is located, including county and state where located. Set forth on SCHEDULE 3.19(c) is the chief executive office and principal place of business of each of the Borrower and its Subsidiaries. SCHEDULE 3.19(a), 3.19(b) and 3.19(c) may be updated from time to time by the Borrower to include new properties or locations by giving written notice thereof to the Administrative Agent.

SECTION 3.20 NO BURDENSOME RESTRICTIONS.

None of the Borrower or any of its Subsidiaries is a party to any agreement or instrument or subject to any other obligation or any charter or corporate restriction or any provision of any applicable law, rule or regulation which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 3.21 BROKERS' FEES.

None of the Borrower or any of its Subsidiaries has any obligation to any Person in respect of any finder's, broker's, investment banking or other similar fee in connection with any of the transactions contemplated under the Credit Documents other than the closing and other fees payable pursuant to this Credit Agreement.

SECTION 3.22 LABOR MATTERS.

There are no collective bargaining agreements or Multiemployer Plans covering the employees of the Borrower or any of its Subsidiaries as of the Closing Date, other than as set forth in SCHEDULE 3.22 hereto, and none of the Borrower or any of its Subsidiaries (i) has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the last five years, other than as set forth in SCHEDULE 3.22 hereto or (ii) has knowledge of any potential or pending strike, walkout or work stoppage.

SECTION 3.23 SECURITY DOCUMENTS.

The Security Documents create valid security interests in, and Liens on, the Collateral purported to be covered thereby, which security interests and Liens are currently (or will be, upon the filing of appropriate financing statements or the recordation of the applicable Mortgage Instruments in favor of First Union, as Collateral Agent for the Lenders) perfected security interests and Liens, prior to all other Liens other than Permitted Liens.

SECTION 3.24 ACCURACY AND COMPLETENESS OF INFORMATION.

All factual information heretofore, contemporaneously or hereafter furnished by or on behalf of any Credit Party or any of its Subsidiaries to the Administrative Agent or any Lender for purposes of or in connection with this Agreement or any other Credit Document (including, without limitation, information disclosed in all financial statements and all footnotes attached thereto, the confidential information memorandum provided to the Lenders and the bank group presentation made by the Borrower to prospective lenders on July 8, 1999), or any transaction

contemplated hereby or thereby, is or will be true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading. There is no fact now known to the Borrower, any other Credit Party or any of their Subsidiaries which has, or could reasonably be expected to have, a Material Adverse Effect which fact has not been set forth herein, in the financial statements of the Borrower and its Subsidiaries furnished to the Administrative Agent and/or the Lenders, or in any certificate, opinion or other written statement made or furnished by any Credit Party to the Administrative Agent and/or the Lenders.

SECTION 3.25 YEAR 2000 ISSUE.

Any reprogramming and related testing required to permit the proper functioning of the Credit Parties' computer systems in and following the year 2000 will be completed in all material respects prior to September 29, 1999 (that is, the Credit Parties will be "Year 2000 Compliant"), and the cost to the Credit Parties of such reprogramming and testing will not result in a Default or Event of Default or a Material Adverse Effect. Except for such reprogramming referred to in the preceding sentence as may be necessary, the computer and management information systems of the Credit Parties and their Subsidiaries are and, with ordinary course upgrading and maintenance, will continue for the term of this Agreement to be, adequate for the conduct of its business.

ARTICLE IV

CONDITIONS PRECEDENT

SECTION 4.1 CONDITIONS TO CLOSING DATE AND INITIAL REVOLVING LOANS, TRANCHE A TERM LOANS AND TRANCHE B TERM LOANS.

This Agreement shall become effective upon the satisfaction or waiver of the following conditions precedent:

(a) EXECUTION OF AGREEMENT. The Administrative Agent shall have received (i) counterparts of this Agreement, executed by a duly authorized officer of each party hereto, (ii) for the account of each Lender, Revolving Notes, the Tranche A Term Notes and the Tranche B Term Notes and for the account of the Swingline Lender, a Swingline Note and (iii) counterparts of the Security Agreement and the Pledge Agreement, in each case conforming to the requirements of this Agreement and executed by duly authorized officers of the Credit Parties.

(b) AUTHORITY DOCUMENTS. The Administrative Agent shall have received the following:

(i) ARTICLES OF INCORPORATION. Copies of the articles of incorporation or other charter documents, as applicable, of each Credit Party certified to be true

and complete as of a recent date by the appropriate governmental authority of the state of its incorporation.

(ii) RESOLUTIONS. Copies of resolutions of the board of directors of each Credit Party approving and adopting the Credit Documents, the transactions contemplated therein and authorizing execution and delivery thereof, certified by an officer of such Credit Party as of the Closing Date to be true and correct and in force and effect as of such date.

(iii) BYLAWS. A copy of the bylaws of each Credit Party certified by an officer of such Credit Party as of the Closing Date to be true and correct and in force and effect as of such date.

(iv) GOOD STANDING. Copies of (i) certificates of good standing, existence or its equivalent with respect to the each Credit Party certified as of a recent date by the appropriate governmental authorities of the state of incorporation and each other state in which the failure to so qualify and be in good standing could reasonably be expected to have a Material Adverse Effect on the business or operations of the Borrower and its Subsidiaries in such state and (ii) a certificate indicating payment of all corporate franchise taxes certified as of a recent date by the appropriate governmental taxing authorities.

(v) INCUMBENCY. An incumbency certificate of each Credit Party certified by a secretary or assistant secretary to be true and correct as of the Closing Date.

(c) CLOSING DATE STRUCTURE. The Administrative Agent shall be satisfied with management structure, legal structure, voting control, liquidity, total leverage and total capitalization of the Borrower as of the Closing Date.

(d) YEAR 2000 PLAN. The Administrative Agent shall have received the Borrower's plan for becoming Year 2000 Compliant, which plan shall be in form and substance satisfactory to the Administrative Agent.

(e) ENVIRONMENTAL REPORTS. The Administrative Agent shall have received satisfactory environmental reviews of all real property owned by the Borrower and its Subsidiaries.

SECTION 4.2 CONDITIONS TO INITIAL REVOLVING LOANS, TRANCHE A TERM LOANS AND TRANCHE B TERM LOANS.

The obligations of each Lender to make the initial Revolving Loans, the Tranche A Term Loan and the Tranche B Term Loan on the Funding Date is subject to the satisfaction or waiver of the following conditions precedent:

(a) LEGAL OPINIONS OF COUNSEL. The Administrative Agent shall have received an opinion of Shearman & Sterling, counsel for the Credit Parties, dated the Closing Date and addressed to the Administrative Agent and the Lenders, in form and substance reasonably acceptable to the Administrative Agent.

(b) PERSONAL PROPERTY COLLATERAL. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) searches of Uniform Commercial Code filings in the jurisdiction of the chief executive office of each Credit Party and each jurisdiction where any Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens;

(ii) duly executed UCC financing statements for each appropriate jurisdiction as is necessary, in the Administrative Agent's sole discretion, to perfect the Administrative Agent's security interest in the Collateral;

(iii) duly executed consents as are necessary, in the Administrative Agent's sole discretion, to perfect the Lenders' security interest in the Collateral; and

(iv) in the case of any personal property Collateral located at premises leased by a Credit Party, such estoppel letters, consents and waivers from the landlords on such real property as may be required by the Administrative Agent.

(e) REAL PROPERTY COLLATERAL. The Administrative Agent shall have received, in form and substance reasonably satisfactory to the Administrative Agent:

(i) fully executed and notarized mortgages, deeds of trust or deeds to secure debt (each, as the same may be amended, modified, restated or supplemented from time to time, a "MORTGAGE INSTRUMENT" and collectively the "MORTGAGE INSTRUMENTS") encumbering the fee interest in the properties listed in SCHEDULE 3.19(a) (excluding for purposes hereof, the property located at 2620 Croddy Way, Santa Ana, California for a period of 180 days following the Funding Date) as properties owned by the Credit Parties (each a "MORTGAGED PROPERTY" and collectively the "MORTGAGED PROPERTIES");

(ii) a title report obtained by the Credit Parties in respect of each of the Mortgaged Properties;

(iii) with respect to each Mortgaged Property, current form ALTA mortgagee title insurance policies issued by Lawyers Title Insurance Corporation (the "MORTGAGE POLICIES"), in amounts not less than the respective amounts

designated in SCHEDULE 3.19(a) with respect to any particular

Mortgaged Property, assuring the Administrative Agent that each of the Mortgage Instruments creates a valid and enforceable first priority mortgage lien on the applicable Mortgaged Property, free and clear of all defects and encumbrances except Permitted Liens, shall provide for affirmative insurance and such reinsurance as the Administrative Agent may reasonably request, all of the foregoing in form and substance reasonably satisfactory to the Administrative Agent;

(iv) evidence as to (A) whether any Mortgaged Property is in an area designated by the Federal Emergency Management Agency as having special flood or mud slide hazards (a "FLOOD HAZARD PROPERTY") and (B) if any Mortgaged Property is a Flood Hazard Property, (1) whether the community in which such Mortgaged Property is located is participating in the National Flood Insurance Program, (2) the applicable Credit Party's written acknowledgment of receipt of written notification from the Administrative Agent (a) as to the fact that such Mortgaged Property is a Flood Hazard Property and (b) as to whether the community in which each such Flood Hazard Property is located is participating in the National Flood Insurance Program and (3) copies of insurance policies or certificates of insurance of the Borrower and its Subsidiaries evidencing flood insurance reasonably satisfactory to the Administrative Agent and naming the Administrative Agent as sole loss payee on behalf of the Lenders; and

(v) maps or plats of an as-built survey of the sites of the Mortgaged Properties certified to the Administrative Agent and Lawyers Title Insurance Corporation in a manner reasonably satisfactory to them, dated a date satisfactory to each of the Administrative Agent and Lawyers Title Insurance Corporation by an independent professional licensed land surveyor reasonably satisfactory to each of the Administrative Agent and Lawyers Title Insurance Corporation, which maps or plats and the surveys on which they are based shall be sufficient to delete any standard printed survey exception contained in the applicable title policy and be made in accordance with the Minimum Standard Detail Requirements for Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping in 1992, and, without limiting the generality of the foregoing, there shall be surveyed and shown on such maps, plats or surveys the following: (A) the locations on such sites of all the buildings, structures and other improvements and the established building setback lines; (B) the lines of streets abutting the sites and width thereof, (C) all access and other easements appurtenant to the sites necessary to use the sites; (D) all roadways, paths, driveways, easements, encroachments and overhanging projections and similar encumbrances affecting the site, whether recorded, apparent from a physical inspection of the sites or otherwise known to the surveyor; (E) any encroachments on any adjoining property by the building structures and improvements on the sites; and (F) if the site is described as being on a filed map, a legend relating the survey to said map.

(d) LIABILITY AND CASUALTY INSURANCE. The Administrative Agent shall have received copies of insurance policies or certificates of insurance evidencing liability and casualty insurance meeting the requirements set forth herein or in the Security Documents. The Administrative Agent shall be named as loss payee and additional insured on all such insurance policies for the benefit of the Lenders.

(e) FEES. The Administrative Agent shall have received all fees, if any, owing pursuant to the Fee Letter and Section 2.6.

(f) LITIGATION. There shall not exist any pending litigation or, to the best of any Credit Party's knowledge, investigation affecting or relating to the Borrower or any of its Subsidiaries, this Agreement and the other Credit Documents that in the reasonable judgment of the Administrative Agent could materially adversely affect the Borrower or any of its Subsidiaries, this Agreement and the other Credit Documents, that has not been settled, dismissed, vacated, discharged or terminated prior to the Closing Date.

(g) SOLVENCY EVIDENCE. (A) The Administrative Agent shall have received an officer's certificate for each Credit Party prepared by the chief financial officer of each such Credit Party as to the financial condition, solvency and related matters of each such Credit

Party, in each case after giving effect to the Acquisition and the initial borrowings under the Credit Documents, in substantially the form of SCHEDULE 4.2(g) hereto and (B) the Administrative Agent shall have received a solvency opinion from a firm satisfactory to the Administrative Agent as to the solvency and related matters of (i) the Acquired Company on the Closing Date and (ii) the Borrower after giving effect to the Acquisition and the initial borrowings under the Credit Documents.

(h) ACCOUNT DESIGNATION LETTER. The Administrative Agent shall have received the executed Account Designation Letter in the form of SCHEDULE 1.1 (a) hereto.

(i) CORPORATE STRUCTURE. The corporate capital and ownership structure of the Borrower and its Subsidiaries (after giving effect to the purchase of the Acquired Company) shall be as described in SCHEDULE 3.12. The Administrative Agent shall be satisfied with management structure, legal structure, voting control, liquidity, total leverage and total capitalization of the Borrower as of the Closing Date.

(j) ACQUISITION DOCUMENTS. There shall not have been any material modification, amendment, supplement or waiver to the Acquisition Documents without the prior written consent of the Administrative Agent, including, but not limited to, any modification, amendment, supplement or waiver relating to the amount or type of consideration to be paid in connection with the Acquisition and the contents of all disclosure schedules and exhibits, and the Acquisition shall have been consummated in accordance with the terms of the Acquisition Documents (without waiver of any conditions precedent to the obligations of the buyer thereunder) with total consideration relating to the Acquisition including all fees and expenses incurred in connection therewith not to exceed $101,000,000 with fees and expenses incurred in connection therewith not to exceed

$5,500,000. The Administrative Agent shall have received final copies of the Acquisition Documents, together with all exhibits and schedules thereto, certified by an officer of the Borrower.

(k) SUBORDINATED DEBT AND EQUITY. The Borrower shall have received proceeds from the issuance of a combination of debt and equity in an amount not less than $50,000,000 on terms and conditions reasonably acceptable to the Administrative Agent in the aggregate, provided that the equity component of such combination shall be in an amount not less than $37,500,000 on terms and conditions acceptable to the Administrative Agent.

(l) GOVERNMENT CONSENT. The Administrative Agent shall have received evidence that all governmental, shareholder and material third party consents and approvals necessary in connection with the financings and other transactions contemplated hereby have been obtained and all applicable waiting periods have expired without any action being taken by any authority that could restrain, prevent or impose any material adverse conditions on such transactions or that could seek or threaten any of the foregoing.

(m) COMPLIANCE WITH LAWS. The financing and other transactions contemplated hereby shall be in compliance with all applicable laws and regulations (including all applicable securities and banking laws, rules and regulations).

(n) BANKRUPTCY. There shall be no bankruptcy or insolvency proceedings with respect to the Borrower or any of its Subsidiaries.

(o) MATERIAL ADVERSE EFFECT. Except as disclosed on Schedule 3.2, no material adverse change shall have occurred since December 31, 1998 in the business, properties, operations or conditions (financial or otherwise) of the Borrower and its Subsidiaries taken as a whole.

(p) FUNDED DEBT. After giving effect to the Acquisition and the closing of this Agreement, there shall be no more than $153,000,000 in Funded Debt of the Borrower and its Subsidiaries on a consolidated basis.

(q) MINIMUM EBITDA. The Administrative Agent shall have received satisfactory evidence that Consolidated EBITDA for the immediately preceding twelve month period was not less than $30,000,000. It being agreed that if the Funding Date shall occur after the 15th day of any month, then Consolidated EBITDA shall be calculated as of the end of the most recently ended month.

(r) FINANCIAL STATEMENTS. The Administrative Agent shall have

received copies of the financial statements referred to in Section 3.1 hereof, each in form and substance satisfactory to it.

(s) BORROWING BASE CERTIFICATE. The Administrative Agent shall have received a Borrowing Base Certificate dated as of the Closing Date in form and substance satisfactory to the Administrative Agent.

(t) TERMINATION OF EXISTING INDEBTEDNESS. All existing Indebtedness for borrowed money of the Borrower and its Subsidiaries (other than the Indebtedness listed ON SCHEDULE 6.1(b)) shall have been repaid in full and terminated.

(u) ADDITIONAL MATTERS. All other legal matters in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to the Administrative Agent and its counsel.

SECTION 4.3 CONDITIONS TO ALL EXTENSIONS OF CREDIT.

The obligation of each Lender to make any Extension of Credit hereunder is subject to the satisfaction or waiver of the following conditions precedent on the date of making such Extension of Credit:

(a) REPRESENTATIONS AND WARRANTIES. The representations and warranties made by the Credit Parties herein, in the Security Documents or which are contained in any certificate furnished at any time under or in connection herewith shall be true and correct in all material respects on and as of the date of such Extension of Credit as if made on and as of such date other than any such representations and warranties that, by its terms, refer to a specific date other than the date of such Extension of Credit, which shall be true and correct to all material respects on and as of such specific date.

(b) NO DEFAULT OR EVENT OF DEFAULT. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the Extension of Credit to be made on such date unless such Default or Event of Default shall have been waived in accordance with this Agreement.

(c) COMPLIANCE WITH COMMITMENTS. Immediately after giving effect to the making of any such Extension of Credit (and the application of the proceeds thereof), (i) the sum of the aggregate principal amount of outstanding Revolving Loans PLUS Swingline Loans PLUS LOC Obligations shall not exceed the Revolving Committed Amount, (ii) the LOC Obligations shall not exceed the LOC Committed Amount and (iii) the Swingline Loans shall not exceed the Swingline Commitment.

(d) ADDITIONAL CONDITIONS TO REVOLVING LOANS. If such Loan is made pursuant to Section 2.1, all conditions set forth in such Section shall have been satisfied.

(e) ADDITIONAL CONDITIONS TO TRANCHE A TERM LOAN. If such Loan is made pursuant to Section 2.2, all conditions set forth in such Section shall have been satisfied.

(f) ADDITIONAL CONDITIONS TO TRANCHE B TERM LOAN. If such Loan is made pursuant to Section 2.3, all conditions set forth in such Section shall have been satisfied.

(g) ADDITIONAL CONDITIONS TO LETTERS OF CREDIT. If such Extension of Credit is made pursuant to Section 2.4, all conditions set fort in such Section shall have been satisfied.

(h) ADDITIONAL CONDITIONS TO SWINGLINE LOANS. If such Extension of Credit is made pursuant to Section 2.5, all conditions set forth in such Section shall have been satisfied.

Each request for an Extension of Credit and each acceptance by the Borrower of any such Extension of Credit shall be deemed to constitute a representation and warranty by the Borrower as of the date of such Extension of Credit that the applicable conditions in paragraphs (a) through (g) of this Section have been satisfied.

ARTICLE V

AFFIRMATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Closing Date, and thereafter for so long as this Agreement is in effect and until the

Commitments have terminated, no Note remains outstanding and unpaid and the Credit Party Obligations, together with interest, Commitment Fees and all other amounts owing to the Administrative Agent or any Lender hereunder, are paid in full, the Borrower shall, and shall cause each of its Subsidiaries (other than in the case of Sections 5.1, 5.2 or 5.7 hereof), to:

SECTION 5.1 FINANCIAL STATEMENTS.

Furnish to the Administrative Agent and each of the Lenders:

(a) ANNUAL FINANCIAL STATEMENTS. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Borrower, a copy of the consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income and of cash flows of the Borrower and its consolidated Subsidiaries for such year, such consolidated statements shall be audited by a firm of independent certified public accountants of nationally recognized standing reasonably acceptable to the Required Lenders, and shall set forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) QUARTERLY FINANCIAL STATEMENTS. As soon as available and in any event within forty-five (45) days after the end of each of the first three fiscal quarters of the Borrower, a company-prepared consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such period and related company-prepared statements of income and cash flows for the Borrower and its consolidated Subsidiaries for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated and consolidating figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments);

(c) MONTHLY FINANCIAL STATEMENTS. As soon as available and in any event within thirty (30) days after the end of each month of the Borrower (other than at the end of a fiscal quarter, in which case 45 days after the end thereof), a company-prepared consolidated and consolidating balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such period and related company-prepared statements of income and cash flows for the Borrower and its consolidated Subsidiaries for such monthly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated and consolidating figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments); and

(d) ANNUAL BUDGET PLAN. As soon as available, but in any event within forty five (45) days after the end of each fiscal year, a copy of the detailed annual budget or plan of the Borrower for the next fiscal year on quarterly basis, in form and detail reasonably acceptable to the Administrative Agent and the Required Lenders, together with a summary of the material assumptions made in the preparation of such annual budget or plan;

all such financial statements to be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments) and to be prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in the application of accounting principles as provided in Section 1.3.

SECTION 5.2 CERTIFICATES; OTHER INFORMATION.

Furnish to the Administrative Agent and each of the Lenders:

(a) concurrently with the delivery of the financial statements referred to in Section 5.1(a) above, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in Sections 5.1(a) and 5.1(b) above, a certificate of a Responsible Officer stating that, to the best of such Responsible Officer's knowledge, each of the Credit Parties during such period observed or performed in all material respects all of its covenants and other agreements, and satisfied in all material respects every condition, contained in this Agreement to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and such certificate shall include the calculations in reasonable detail required to indicate compliance with Section 5.9 as of the last day of such period;

(c) within thirty (30) days after the same are sent, copies of all material financial reports (other than those otherwise provided pursuant to Section 5.1 and those which are of a promotional nature) and other financial information which the Borrower sends to its shareholders, and within thirty days after the same are filed, copies of all financial statements and non-confidential reports which the Borrower may make to, or file with the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(d) within ninety (90) days after the end of each fiscal year of the Borrower, a certificate containing information regarding the amount of all Asset Dispositions, Debt Issuances, and Equity Issuances that were made during the prior fiscal year and amounts received in connection with any Recovery Event during the prior fiscal year;

(e) promptly upon receipt thereof, a copy of any other report or "management letter" submitted by independent accountants to the Borrower or any of its Subsidiaries in connection with any annual, interim or special audit of the books of such Person;

(f) within 15 days after the end of each calendar month, a Borrowing Base Certificate (including an accounts receivable detail and an inventory detail) as of the end of the immediately preceding month, substantially in the form of SCHEDULE 5.2(f) and certified by the chief financial officer of the Borrower to be true and correct as of such date; and

(g) promptly, such additional financial and other information as the Administrative Agent, on behalf of any Lender, may from time to time reasonably request.

SECTION 5.3 PAYMENT OF OBLIGATIONS.

Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, in accordance with industry practice (subject, where applicable, to specified grace periods) all its material obligations of whatever nature and any additional costs that are imposed as a result of any failure to so pay, discharge or otherwise satisfy such obligations, except when the amount or validity of such obligations and costs is currently being

contested in good faith by appropriate proceedings and reserves, if applicable, in conformity with GAAP with respect thereto have been provided on the books of the Borrower or its Subsidiaries, as the case may be.

SECTION 5.4 CONDUCT OF BUSINESS AND MAINTENANCE OF EXISTENCE.

Continue to engage in business of the same general type as now conducted by it on the Closing Date and preserve, renew and keep in full force and effect its corporate existence and take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business; comply with all Contractual Obligations and Requirements of Law applicable to it except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 5.5 MAINTENANCE OF PROPERTY; INSURANCE.

(a) Keep all property useful and necessary in its business in good working order and condition (ordinary wear and tear and obsolescence excepted) except where failure to do so would not have a Material Adverse Effect;

(b) Maintain with financially sound and reputable insurance companies insurance on all its material property (including without limitation its material tangible Collateral) in at least such amounts and against at least such risks as are usually insured against in the same general area by companies engaged in the same or a similar business; and furnish to the Administrative Agent, upon written

request, full information as to the insurance carried; PROVIDED, HOWEVER, that the Borrower and its Subsidiaries may maintain self insurance plans to the extent companies of similar size and in similar businesses do so. The Administrative Agent shall be named as loss payee or mortgagee, as its interest may appear, and/or additional insured with respect to any such insurance providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be altered or canceled, and that no act or default of the Borrower or any of its Subsidiaries or any other Person shall affect the rights of the Administrative Agent or the Lenders under such policy or policies. The present insurance coverage of the Borrower and its Subsidiaries is outlined as to carrier, policy number, expiration date, type and amount on SCHEDULE 5.5(b); and

(c) In case of any material loss, damage to or destruction of the Collateral of any Credit Party or any part thereof, such Credit Party shall promptly give written notice thereof to the Administrative Agent generally describing the nature and extent of such damage or destruction.

SECTION 5.6 INSPECTION OF PROPERTY; BOOKS AND RECORDS; DISCUSSIONS.

Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its businesses and activities; and permit, during regular business hours and upon reasonable notice by the Administrative Agent or any Lender, the Administrative Agent or any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records (other than materials protected by the attorney-client privilege and materials which the Borrower may not disclose without violation of a confidentiality obligation binding upon it) at any reasonable time and as often as may reasonably be desired, and to discuss the business, operations, properties and financial and other condition of the Borrower and its Subsidiaries with officers and employees of the Borrower and its Subsidiaries and with its independent certified public accountants.

SECTION 5.7 NOTICES.

Give notice in writing to the Administrative Agent (which shall promptly transmit such notice to each Lender) of:

(a) promptly, but in any event within two (2) Business Days after the Borrower knows or has reason to know thereof, the occurrence of any Default or Event of Default;

(b) promptly, any default or event of default under any Contractual Obligation of the Borrower or any of its Subsidiaries which could reasonably be expected to have a Material Adverse Effect;

(c) promptly, any litigation, or any investigation or proceeding known to the Borrower, affecting the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(d) as soon as possible and in any event within thirty (30) days after the Borrower knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC (other than a Permitted Lien) or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan; and

(e) promptly, any other development or event which could reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower proposes to take with respect thereto. In the case of any notice of a Default or Event of Default, the Borrower shall specify that such notice is a Default or Event of Default notice on the face thereof.

SECTION 5.8 ENVIRONMENTAL LAWS.

(a) Comply in all material respects with, and use its best efforts to ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws and obtain and comply in all material respects with and maintain, and use its best efforts to ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws except to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect;

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws except to the extent that the same are being contested in good faith by appropriate proceedings and the pendency of such proceedings could not reasonably be expected to have a Material Adverse Effect; and

(c) Defend, indemnify and hold harmless the Administrative Agent and the Lenders, and their respective employees, agents, officers and directors, from and against any and all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature known or unknown, contingent or otherwise, arising out of, or in any way relating to the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of the Borrower any of its Subsidiaries or the Properties, or any legally binding orders, requirements or demands of Governmental Authorities related thereto, including, without limitation, reasonable attorney's and consultant's fees, investigation and laboratory fees, response costs, court costs and litigation expenses, except to the extent that any of the foregoing arise out of the gross negligence or willful misconduct of the party seeking indemnification therefor. The agreements in this paragraph shall survive repayment of the Notes and all other amounts payable hereunder.

SECTION 5.9 FINANCIAL COVENANTS.

Commencing on the day immediately following the Closing Date, the Borrower shall, and shall cause each of its Subsidiaries to, comply with the following financial covenants:

(a) LEVERAGE RATIO. The Leverage Ratio, as of the last day of each fiscal quarter of the Borrower and its Subsidiaries occurring during the periods indicated below, shall be less than or equal to the following:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>
Closing Date through and including the second fiscal quarter of fiscal year 2000	5.25 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the fourth fiscal quarter of fiscal year 2000	5.00 to 1.0
First fiscal quarter of fiscal year 2001	4.75 to 1.0
Second fiscal quarter of fiscal year 2001	4.50 to 1.0
Third fiscal quarter of fiscal year 2001	4.25 to 1.0
Fourth fiscal quarter of fiscal year 2001 through and including the third fiscal quarter of fiscal year 2002	4.00 to 1.0
Fourth fiscal quarter of fiscal year 2002 and thereafter	3.75 to 1.0

</TABLE>

(b) SENIOR LEVERAGE RATIO. The Senior Leverage Ratio, as of the last day of each fiscal quarter of the Borrower and its Subsidiaries occurring during the periods indicated below, shall be less than or equal to the following:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>

Closing Date through and including the second fiscal quarter of fiscal year 2000	4.25 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the fourth fiscal quarter of fiscal year 2000	4.00 to 1.0
First fiscal quarter of fiscal year 2001	3.75 to 1.0
Second fiscal quarter of fiscal year 2001	3.50 to 1.0
Third fiscal quarter of fiscal year 2001	3.25 to 1.0
Fourth fiscal quarter of fiscal year 2001 through and including the third fiscal quarter of fiscal year 2002	3.00 to 1.0
Fourth fiscal quarter of fiscal year 2002 and thereafter	2.75 to 1.0

(c) FIXED CHARGE COVERAGE RATIO. The Fixed Charge Coverage Ratio, as of the last day of each fiscal quarter of the Borrower and its Subsidiaries occurring during the periods indicated below, shall be greater than or equal to the following:

Period	Ratio
Closing Date through and including the second fiscal quarter of fiscal year 2000	1.05 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the first fiscal quarter of fiscal year 2001	1.10 to 1.0
Second fiscal quarter of fiscal year 2001 and thereafter	1.15 to 1.0

(d) INTEREST COVERAGE RATIO. The Interest Coverage Ratio, as of the last day of each fiscal quarter of the Borrower and its Subsidiaries occurring during the periods indicated below, shall be greater than or equal to the following:

Period	Ratio
Closing Date through and including the second fiscal quarter of fiscal year 2000	2.00 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the fourth fiscal quarter of fiscal year 2000	2.15 to 1.0
First fiscal quarter of fiscal year 2001	2.25 to 1.0
Second fiscal quarter of fiscal year 2001	2.35 to 1.0
Third fiscal quarter of fiscal year 2001 through and including the fourth fiscal quarter of fiscal year 2001	2.50 to 1.0
First fiscal quarter of fiscal year 2002 and thereafter	3.00 to 1.0

(e) CONSOLIDATED EBITDA. Consolidated EBITDA with respect to the Borrower and its Subsidiaries, as of the last day of each fiscal quarter of the Borrower occurring during the period indicated below, shall be greater than or equal to the following:

Period	Amount
Closing Date through and including the first fiscal quarter of fiscal year 2000	$26,000,000
Second fiscal quarter of fiscal year 2000	$27,500,000
Third fiscal quarter of fiscal year 2000	$28,500,000
Fourth fiscal quarter of fiscal year 2000	$29,500,000
First fiscal quarter of fiscal year 2001	$30,000,000
Second fiscal quarter of fiscal year 2001	$31,000,000
Third fiscal quarter of fiscal year 2001	$32,000,000
Fourth fiscal quarter of fiscal year 2001	$33,000,000
First fiscal quarter of fiscal year 2002 through and including the second fiscal quarter of fiscal year 2002	$35,000,000

Third fiscal quarter of fiscal year 2002 through and including the fourth fiscal quarter of fiscal year 2002	$37,000,000
First fiscal quarter of fiscal year 2003 through and including the second fiscal quarter of fiscal year 2003	$39,000,000
Third fiscal quarter of fiscal year 2003 and thereafter	$41,000,000

(f) CONSOLIDATED CAPITAL EXPENDITURES. Consolidated Capital Expenditures (which shall not include the conversion of operating leases to Capital Leases or other Indebtedness as permitted by Section 6.17) as of the end of any fiscal year of the Borrower shall be less than or equal to the amount set forth below during the periods set forth below:

Period	Amount
Fiscal Year 1999	$8,800,000
Fiscal Year 2000	$8,500,000
Fiscal Year 2001	$7,500,000
Fiscal Year 2002	$7,500,000
Fiscal Year 2003	$7,500,000
Fiscal Year 2004	$7,500,000
Fiscal Year 2005	$7,500,000

SECTION 5.10 ADDITIONAL SUBSIDIARY GUARANTORS.

The Credit Parties will cause each of their Domestic Subsidiaries, whether newly formed, after acquired or otherwise existing, to promptly become a Guarantor hereunder by way of execution of a Joinder Agreement. The guaranty obligations of any such Additional Credit Party shall be secured by, among other things, the Collateral of the Additional Credit Party.

SECTION 5.11 COMPLIANCE WITH LAW.

Each Credit Party will, and will cause each of its Subsidiaries to, comply with all laws, rules, regulations and orders, and all applicable restrictions imposed by all Governmental Authorities, applicable to it and its Property if noncompliance with any such law, rule, regulation, order or restriction could reasonably be expected to have a Material Adverse Effect.

SECTION 5.12 PLEDGED ASSETS.

Each Credit Party will, and will cause each of its Subsidiaries to, be subject at all times to a first priority, perfected Lien with respect to all of such Subsidiary's Collateral (subject in each case to Permitted Liens) in favor of the Administrative Agent pursuant to the terms and conditions of the Security Documents or such other security documents as the Administrative Agent shall reasonably request. Each Credit Party shall, and shall cause each of its Subsidiaries

to, adhere to the covenants regarding the location of personal property as set forth in the Security Documents.

SECTION 5.13 YEAR 2000 COMPLIANCE.

The Credit Parties will promptly notify the Administrative Agent in the event any Credit Party discovers or determines that any computer application (including those of its suppliers, vendors and customers) that is material to its or any of its Subsidiaries' business and operations will not be Year 2000 Compliant, except to the extent that such failure could not reasonably be expected to have a Material Adverse Effect.

SECTION 5.14 INTEREST RATE PROTECTION.

The Borrower shall, within 90 days of the Funding Date, enter into interest rate protection agreements protecting against fluctuations in interest rates as to which the material terms are satisfactory to the Administrative Agent, which agreements shall provide for coverage in an amount not less than $50,000,000 and for a duration of not less than three years.

SECTION 5.15 SENIOR DEBT RATING.

The Borrower shall have obtained, within 30 days of the Funding

Date, a senior debt rating of at least "B" from S&P and "B2" from Moody's.

SECTION 5.16 FURTHER ASSURANCES.

As soon as practicable, but in any event within (a) 45 days of the Closing Date, the Borrower shall have delivered surveys for each of the Mortgaged Properties satisfactory to the Administrative Agent in its sole discretion, (b) 15 days of the Closing Date, the Administrative Agent shall have received information in connection with field audits of the assets of the Credit Parties the results of which shall be satisfactory to the Administrative Agent in its sole discretion, (c) 45 days of the Closing Date, the Administrative Agent shall have received a landlord waiver with respect to the leased property of the Borrower located at 1162 Westar Lane, Burlington, Washington on terms satisfactory to the Administrative Agent in its sole discretion, (d) within 5 days of the Closing Date, the Borrower shall have delivered evidence satisfactory to the Administrative Agent in its sole discretion that the Indebtedness of the Borrower owing to Great Northern Insured Annuity Corporation in the initial principal amount of $1,295,000 has been paid in full and all liens existing in connection therewith have been terminated and (e) within 15 days of the Closing Date, the Borrower shall have delivered evidence satisfactory to the Administrative Agent in its sole discretion that is has obtained flood insurance with respect to the real property located on Croddy Way in Santa Ana, California naming the Administrative Agent as sole loss payee on behalf of the Lenders.

ARTICLE VI

NEGATIVE COVENANTS

The Credit Parties hereby covenant and agree that on the Closing Date, and thereafter for so long as this Agreement is in effect and until the Commitments have terminated, no Note remains outstanding and unpaid and the Credit Party Obligations, together with interest, Commitment Fees and all other amounts owing to the Administrative Agent or any Lender hereunder, are paid in full that:

SECTION 6.1 INDEBTEDNESS.

The Borrower will not, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Indebtedness, except:

(a) Indebtedness arising or existing under this Agreement and the other Credit Documents;

(b) Indebtedness of the Borrower and its Subsidiaries existing as of the Closing Date as referenced in the financial statements referenced in Section 3.1 (and set out more specifically in SCHEDULE 6.1(b)) hereto and renewals, refinancings or extensions thereof in a principal amount not in excess of that outstanding as of the date of such renewal, refinancing or extension;

(c) Indebtedness of the Borrower and its Subsidiaries incurred after the Closing Date consisting of Capital Leases or Indebtedness incurred to provide all or a portion of the purchase price or cost of construction of an asset provided that (i) such Indebtedness when incurred shall not exceed the purchase price or cost of construction of such asset; (ii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing; and (iii) the total amount of all such Indebtedness shall not exceed $500,000 at any time outstanding; provided, however that notwithstanding the foregoing, the operating leases set forth on SCHEDULE 6.17 hereto may be converted into Capital Leases or purchased at such time as the Borrower may elect.

(d) Unsecured intercompany Indebtedness among the Borrower and its Subsidiaries, PROVIDED that any such Indebtedness shall be fully subordinated to the Credit Party Obligations hereunder on terms reasonably satisfactory to the Administrative Agent;

(e) Indebtedness and obligations owing under Hedging Agreements relating to the Loans hereunder and other Hedging Agreements entered into in order to manage existing or anticipated interest rate, exchange rate or commodity price risks and not for speculative purposes;

(f) Indebtedness and obligations of Credit Parties owing under documentary letters of credit for the purchase of goods or other merchandise (but not under standby, direct pay or other letters of credit except for the Letters of Credit hereunder) generally in an

aggregate amount not to exceed $250,000 in the aggregate;

(g) Indebtedness in respect of Guaranty Obligations (other than Guaranty Obligations permitted pursuant to Section 6.1(a)) in an aggregate amount not to exceed $500,000 at any time outstanding;

(h) Indebtedness and obligations owing under the Subordinated Notes; and

(i) other Indebtedness of the Borrower and its Subsidiaries which does not exceed $500,000 in the aggregate at any time outstanding.

SECTION 6.2 LIENS.

The Borrower will not, nor will it permit any Subsidiary to, contract, create, incur, assume or permit to exist any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or hereafter acquired, except for Permitted Liens.

SECTION 6.3 GUARANTY OBLIGATIONS.

The Borrower will not, nor will it permit any Subsidiary to, enter into or otherwise become or be liable in respect of any Guaranty Obligations (excluding specifically therefrom endorsements in the ordinary course of business of negotiable instruments for deposit or collection) other than (i) those in favor of the Lenders in connection herewith, (ii) those in favor of the holders of the TCW/Crescent Mezzanine Notes, and (iii) Guaranty Obligations by the Borrower or its Subsidiaries of Indebtedness permitted under Section 6.1(b) and Section 6.1(g) (except, as regards Indebtedness under Section 6.1(b) thereof, only if and to the extent such Indebtedness was guaranteed on the Closing Date).

SECTION 6.4 NATURE OF BUSINESS.

The Borrower will not, nor will it permit any Subsidiary to, alter the character of its business in any material respect from that conducted as of the Closing Date.

SECTION 6.5 CONSOLIDATION, MERGER, SALE OR PURCHASE OF ASSETS, ETC.

The Borrower will not, nor will it permit any Subsidiary to,

(a) dissolve, liquidate or wind up its affairs, sell, transfer, lease or otherwise dispose of its property or assets or agree to do so at a future time except the following, without duplication, shall be expressly permitted:

(i) Specified Sales;

(ii) the sale, transfer, lease or other disposition of property or assets (A) to an unrelated party not in the ordinary course of business (other than Specified Sales), where and to the extent that they are the result of a Recovery Event or (B) the sale, lease, transfer or other disposition of machinery, parts and equipment no longer used or useful in the conduct of the business of the Borrower or any of its Subsidiaries, as appropriate, in its reasonable discretion, so long as the net proceeds therefrom are used to repair or replace damaged property or to purchase or otherwise acquire new assets or property, PROVIDED that such purchase or acquisition is committed to within 180 days of receipt of the net proceeds and such purchase or acquisition is consummated within 270 days of receipt of such proceeds;

(iii) the sale, lease or transfer of property or assets (at fair value) between the Borrower and any Guarantor;

(iv) the sale, lease or transfer of property or assets not to exceed $500,000 in the aggregate in any fiscal year;

(v) the sale, lease or transfer of certain real property owned by Power Circuits, Inc. as described on SCHEDULE 3.19(a);

PROVIDED, that in the case of a sale, lease or transfer pursuant to Section 6.5(a)(ii)(A) and Section 6.5(a)(iv), at least 75% of the consideration received therefor by the Borrower or any such Subsidiary is in the form of cash or Cash Equivalents and in the case of a sale pursuant to Section 6.5(a)(v), 100% of the consideration received

therefor by the Borrower or any Subsidiary is in the form of cash or Cash Equivalents; PROVIDED, FURTHER, that with respect to sales of assets permitted hereunder only, the Administrative Agent shall be entitled, without the consent of the Required Lenders, to release its Liens relating to the particular assets sold; or

(b) (i) purchase, lease or otherwise acquire (in a single transaction or a series of related transactions) the property or assets of any Person (other than purchases or other acquisitions of inventory, leases, materials, property and equipment in the ordinary course of business, except as otherwise limited or prohibited herein) provided that so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may (A) acquire all or a majority of the Capital Stock or other ownership interest in any Person (in a similar or related line of business and which has earnings before interest, taxes, depreciation and amortization for the prior four fiscal quarters in an amount greater than $0) or all or a substantial portion of the assets, property and/or operations of a Person (in a similar or related line of business and which had earnings before interest, taxes, depreciation and amortization for the prior four fiscal quarters in an amount greater than $0) in an aggregate amount not to exceed $1,000,000

for any individual acquisition of $2,500,000 in the aggregate in any fiscal year; provided, however that after giving effect to any such acquisition otherwise permitted hereunder, there shall be not less than $3,000,000 of availability under Section 2.1 and (B) to the extent permitted under Section 5.9(f), purchase that certain real property located at 2630-2640 South Harbor Boulevard, Santa Ana, California in an aggregate amount not to exceed $3,500,000 or (ii) enter into any transaction of merger or consolidation, except for (A) investments or acquisitions permitted pursuant to Section 6.6, and (B) the merger or consolidation of a Credit Party with and into another Credit Party, PROVIDED that if the Borrower is a party thereto, the Borrower will be the surviving corporation.

SECTION 6.6 ADVANCES, INVESTMENTS AND LOANS.

The Borrower will not, nor will it permit any Subsidiary to, lend money or extend credit or make advances to any Person, or purchase or acquire any stock, obligations or securities of, or any other interest in, or make any capital contribution to, any Person except for Permitted Investments.

SECTION 6.7 TRANSACTIONS WITH AFFILIATES.

Except for those transactions contemplated by the agreements set forth on SCHEDULE 6.7 and except as permitted in subsection (iv) of the definition of Permitted Investments, the Borrower will not, nor will it permit any Subsidiary to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any officer, director, shareholder or Affiliate other than on fair and reasonable terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an officer, director, shareholder or Affiliate.

SECTION 6.8 OWNERSHIP OF SUBSIDIARIES; RESTRICTIONS.

The Borrower will not, nor will it permit any Subsidiary to, create, form or acquire any Subsidiaries, except for Domestic Subsidiaries which are joined as Additional Credit Parties in accordance with the terms hereof. The Borrower will not sell, transfer, pledge or otherwise dispose of any Capital Stock or other equity interests in any of its Subsidiaries, nor will it permit any of its Subsidiaries to issue, sell, transfer, pledge or otherwise dispose of any of their Capital Stock or other equity interests, except in a transaction permitted by Section 6.5.

SECTION 6.9 FISCAL YEAR; ORGANIZATIONAL DOCUMENTS; MATERIAL CONTRACTS.

The Borrower will not, nor will it permit any of its Subsidiaries to, change its fiscal year or to change any fiscal quarter end as set forth on SCHEDULE 6.9(e). The Borrower will not, nor will it permit any Subsidiary to, amend, modify or change its articles of incorporation (or corporate charter or other similar organizational document) or bylaws (or other similar document) without the prior written consent of the Required Lenders. The Borrower will not, nor will it permit any of its Subsidiaries to, without the prior written consent of the Administrative Agent, amend, modify, cancel or terminate or fail to renew or extend or permit

the amendment, modification, cancellation or termination of any of the Material Contracts, except in the event that such amendments, modifications, cancellations or terminations could not reasonably be expected to have a Material Adverse Effect.

SECTION 6.10 LIMITATION ON RESTRICTED ACTIONS.

The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any such Person to (a) pay dividends or make any other distributions to any Credit Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Credit Party, (c) make loans or advances to any Credit Party, (d) sell, lease or transfer any of its properties or assets to any Credit Party, or (e) act as a Guarantor and pledge its assets pursuant to the Credit Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (a)-(d) above) for such encumbrances or restrictions existing under or by reason of (i) this Agreement and the other Credit Documents, (ii) applicable law; (iii) any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c), PROVIDED that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith or (iv) any Permitted Lien or any document or instrument governing any Permitted Lien, PROVIDED that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien.

SECTION 6.11 RESTRICTED PAYMENTS.

The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, declare, order, make or set apart any sum for or pay any Restricted Payment, except (a) to make dividends payable solely in the same class of Capital Stock of such Person, (b) to make dividends or other distributions payable to any Credit Party (directly or indirectly through Subsidiaries), (c) as permitted by Section 6.16,(d) to make regularly scheduled payments of interest on the TCW/Crescent Notes to the extent permitted by and subject to the subordination provisions applicable thereto, and (e) provided that no Default or Event of Default has occurred and is continuing at such time or would be directly or indirectly caused as a result thereof, the Borrower may (i) pay cash distributions in respect of interest owing on the Subordinated Notes (other than the TCW/Crescent Notes) in an aggregate amount not to exceed $400,000 annually and (ii) repurchase stock and options of management in an aggregate amount not to exceed $2,000,000 during the term of this Agreement.

SECTION 6.12 PREPAYMENTS OF INDEBTEDNESS, ETC.

The Borrower will not, nor will it permit any Subsidiary to, after the issuance thereof, amend or modify (or permit the amendment or modification of) any of the terms of any Indebtedness if such amendment or modification would add or change any terms in a manner adverse to the issuer of such Indebtedness, or shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate applicable thereto or change any subordination provision thereof.

SECTION 6.13 SALE LEASEBACKS.

The Borrower will not, nor will it permit any Subsidiary to, directly or indirectly, become or remain liable as lessee or as guarantor or other surety with respect to any lease, whether an operating lease or a Capital Lease, of any property (whether real, personal or mixed), whether now owned or hereafter acquired in excess of $1,000,000 in the aggregate on an annual basis, (a) which the Borrower or any Subsidiary has sold or transferred or is to sell or transfer to a Person which is not the Borrower or any Subsidiary or (b) which the Borrower or any Subsidiary intends to use for substantially the same purpose as any other property which has been sold or is to be sold or transferred by the Borrower or any Subsidiary to another Person which is not the Borrower or any Subsidiary in connection with such lease.

SECTION 6.14 NO FURTHER NEGATIVE PLEDGES.

The Borrower will not, nor will it permit any Subsidiary to, enter into, assume or become subject to any agreement prohibiting or otherwise restricting the creation or assumption of any Lien upon its properties or assets, whether now owned or hereafter acquired, or requiring the grant of any security for such obligation if security is given for some other obligation, except (a) pursuant to this Agreement and the other Credit Documents, (b) pursuant to any document or instrument governing Indebtedness incurred pursuant to Section 6.1(c), PROVIDED that any such restriction contained therein relates only to the asset or assets constructed or acquired

in connection therewith and (c) in connection with any Permitted Lien or any document or instrument governing any Permitted Lien, PROVIDED that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien.

SECTION 6.15 PARENT HOLDING COMPANY.

The Parent shall not engage in any operations, business or activity other than holding not less than 51% of the capital stock of the Borrower.

SECTION 6.16 OTHER PAYMENTS.

The Borrower will not, nor will it permit any Subsidiary to, make payments in respect of management fees or the Retention Bonus Plan; provided, however, that so long as no Default or Event of Default shall have occurred or be continuing or would result therefrom, the Borrower may (i) pay management fees to the Sponsors or any of their Affiliates in an aggregate annual amount not to exceed $600,000 and (ii) pay amounts owing in respect of the Retention Bonus Plan in an aggregate annual amount not to exceed $1,200,000; notwithstanding the foregoing, if the Borrower shall have been prohibited from making payments owing in respect of the Retention Bonus Plan as a result of the foregoing provisions, then, so long as no Default or Event of Default shall have occurred or be continuing or would result therefrom, the Borrower may pay any amounts past due at such time.

SECTION 6.17 OPERATING LEASES.

The Borrower will not, nor will it permit any Subsidiary to incur or permit to exist any obligations in respect of operating leases which require rental payments in excess of $2,500,000 in the aggregate for all such Persons during any fiscal year; provided, however that the amount set forth above shall be permanently reduced on a dollar for dollar basis upon the conversion of each operating lease set forth on SCHEDULE 6.17 to a Capital Lease or other Indebtedness otherwise permitted under Section 6. 1.

ARTICLE VII

EVENTS OF DEFAULT

SECTION 7.1 EVENTS OF DEFAULT.

An Event of Default shall exist upon the occurrence of any of the following specified events (each an "EVENT OF DEFAULT"):

(a) The Borrower shall fail to pay any principal on any Note when due in accordance with the terms thereof or hereof; or the Borrower shall fail to reimburse the Issuing Lender for any LOC Obligations when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Note or any fee or other amount payable hereunder when due in accordance with the terms thereof or hereof and such failure shall continue unremedied for three (3) Business Days (or any Guarantor shall fail to pay on the Guaranty in respect of any of the foregoing or in respect of any other Guaranty Obligations thereunder); or

(b) Any representation or warranty made or deemed made herein, in the Security Documents or in any of the other Credit Documents or which is contained in any certificate, document or financial or other statement furnished at any time under or in connection with this Agreement shall prove to have been incorrect, false or misleading in any material respect on or as of the date made or deemed made; or

(c) (i) Any Credit Party shall fail to perform, comply with or observe any term, covenant or agreement applicable to it contained in Section 5.7(a), Section 5.9 or Article VI hereof; or (ii) any Credit Party shall fail to comply with any other covenant, contained in this Credit Agreement or the other Credit Documents or any other agreement, document or instrument among any Credit Party, the Administrative Agent and the Lenders or executed by any Credit Party in favor of the Administrative Agent or the Lenders (other than as described in Sections 7.1(a) or 7.1(c)(i) above), and in the event such breach or failure to comply is capable of cure, is not cured within thirty (30) days of its occurrence; or

(d) The Borrower or any of its Subsidiaries shall (i) default in any payment of principal of or interest on any Indebtedness (other than the Notes) in a principal amount outstanding of at least $500,000 in the aggregate for the Borrower and any of its Subsidiaries beyond the period of grace (not to exceed 30 days), if any, provided in

the instrument or agreement under which such Indebtedness was created; or (ii) default in the observance or performance of any other agreement or condition relating to any Indebtedness in a principal amount outstanding of at least $500,000 in the aggregate for the Borrower and its Subsidiaries or contained in any instrument or agreement evidencing, securing or relating thereto, 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 Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity; or

(e) (i) The Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or the Borrower or any Subsidiary shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against the Borrower or any Subsidiary any case, proceeding or other action of a nature referred to in clause (i) above which (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against the Borrower or any Subsidiary any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets which results in the entry of an order for any such relief which shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) the Borrower or any Subsidiary shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) the Borrower or any Subsidiary shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(f) One or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (to the extent not paid when due or covered by insurance) of $500,000 or more and all such judgments or decrees shall not have been paid and satisfied, vacated, discharged, stayed or bonded pending appeal within 10 days from the entry thereof; or

(g) (i) Any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan (other than a Permitted Lien) shall arise on the assets of the Borrower or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a Trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) the Borrower, any of its Subsidiaries or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, any Multiemployer Plan or (vi) any other similar event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could have a Material Adverse Effect; or

(h) There shall occur a Change of Control; or

(i) The Guaranty or any provision thereof shall cease to be in full force and effect or any Guarantor or any Person acting by or on behalf of any Guarantor shall deny or disaffirm any Guarantor's obligations under the Guaranty;

(j) Any other Credit Document shall fail to be in full force and effect or to give the Administrative Agent and/or the Lenders the security interests, liens, rights, powers and privileges purported

to be created thereby (except as such documents may be terminated or no longer in force and effect in accordance with the terms thereof, other than those indemnities and provisions which by their terms shall survive); or

(k) Any default shall occur under any of the Subordinated Notes.

SECTION 7.2 ACCELERATION; REMEDIES.

Upon the occurrence of an Event of Default, then, and in any such event, (a) if such event is an Event of Default specified in Section 7.1(e) above, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon), and all other amounts under the Credit Documents (including without limitation the maximum amount of all contingent liabilities under Letters of Credit) shall immediately become due and payable, and (b) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the written consent of the Required Lenders, the Administrative Agent may, or upon the written request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith, whereupon the Commitments shall immediately terminate; and (ii) the Administrative Agent may, or upon the written request of the

Required Lenders, the Administrative Agent shall, by notice of default to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the Notes to be due and payable forthwith and direct the Borrower to pay to the Administrative Agent cash collateral as security for the LOC Obligations for subsequent drawings under then outstanding Letters of Credit an amount equal to the maximum amount of which may be drawn under Letters of Credit then outstanding, whereupon the same shall immediately become due and payable.

ARTICLE VIII

THE AGENT

SECTION 8.1 APPOINTMENT.

Each Lender hereby irrevocably designates and appoints First Union National Bank as the Administrative Agent of such Lender under this Agreement, and each such Lender irrevocably authorizes First Union National Bank, as the Administrative Agent for such Lender, to take such action on its behalf under the provisions of this Agreement and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement, together with such other powers as are reasonably incidental thereto. 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 any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or otherwise exist against the Administrative Agent.

SECTION 8.2 DELEGATION OF DUTIES.

The Administrative Agent may execute any of its duties under this Agreement by or through 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 or attorneys-in-fact selected by it with reasonable care. Without limiting the foregoing, the Administrative Agent may appoint one of its affiliates as its agent to perform the functions of the Administrative Agent hereunder relating to the advancing of funds to the Borrower and distribution of funds to the Lenders and to perform such other related functions of the Administrative Agent hereunder as are reasonably incidental to such functions.

SECTION 8.3 EXCULPATORY PROVISIONS.

Neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement (except for its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of

the Lenders for any recitals, statements, representations or warranties made by the Borrower or any officer thereof contained in this Agreement 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 for the value, validity, effectiveness, genuineness, enforceability or sufficiency of any of the Credit Documents or for any failure of the Borrower 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 by the Borrower of any of the agreements contained in, or conditions of, this Agreement, or to inspect the properties, books or records of the Borrower.

SECTION 8.4 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, telecopy, 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), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless (a) a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent and (b) the Administrative Agent shall have received the written agreement of such assignee to be bound hereby as fully and to the same extent as if such assignee were an original Lender party hereto, in each case in form satisfactory to the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement 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 which 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 any of the Credit Documents in accordance with a request of the Required Lenders or all of the Lenders, as may be required under this Agreement, and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Notes.

SECTION 8.5 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". In the event that 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 except to the extent that this Credit Agreement expressly requires that such action be taken, or not taken, only with the consent or upon the authorization of the Required Lenders, or all of the Lenders, as the case may be.

SECTION 8.6 NON-RELIANCE ON ADMINISTRATIVE AGENT AND OTHER LENDERS.

Each Lender expressly acknowledges that neither the Administrative Agent nor any of its officers, directors, employees, agents, attorneys-in-fact or affiliates has made any representation or warranty to it and that no act by the Administrative Agent hereinafter taken, including any review of the affairs of the Borrower, 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, operations, property, financial and other condition and creditworthiness of the Borrower 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, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations,

property, condition (financial or otherwise), prospects or creditworthiness of the Borrower which may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

SECTION 8.7 INDEMNIFICATION.

The Lenders agree to indemnify the Administrative Agent in its capacity hereunder (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Commitment Percentages in effect on the date on which indemnification is sought under this Section, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever which may at any time (including, without limitation, at any time following the payment of the Notes) be imposed on, incurred by or asserted against the Administrative Agent in any way relating to or arising out of any Credit Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by the Administrative Agent under or in connection with any of the foregoing; PROVIDED, HOWEVER, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements to the extent resulting from the Agent's gross negligence or willful misconduct, as determined by a court of competent jurisdiction. The

agreements in this Section 8.7 shall survive the termination of this Agreement and payment of the Notes and all other amounts payable hereunder.

SECTION 8.8 ADMINISTRATIVE AGENT IN ITS 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 as though the Administrative Agent were not the Administrative Agent hereunder. With respect to its Loans made or renewed by it and any Note issued 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 8.9 SUCCESSOR ADMINISTRATIVE AGENT.

The Administrative Agent may resign as Administrative Agent upon 30 days' prior notice to the Borrower and the Lenders. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the Notes, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall be approved by the Borrower, whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Notes. After any retiring Agent's resignation as Administrative Agent, the provisions of this Section 8.9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement.

ARTICLE IX

MISCELLANEOUS

SECTION 9.1 AMENDMENTS, WAIVERS AND RELEASE OF COLLATERAL.

Neither this Agreement, nor any of the Notes, nor any of the other Credit Documents, nor any terms hereof or thereof may be amended, supplemented, waived or modified except in accordance with the provisions of this Section nor may be released except as specifically provided herein or in the Security Documents or in accordance with the provisions of this Section 9.1. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders may specify in such instrument, any of the

requirements of this Agreement or the other Credit Documents or any Default or Event of Default and its consequences; PROVIDED, HOWEVER, that no such waiver and no such amendment, waiver, supplement, modification or release

shall:

(i) reduce the amount or extend the scheduled date of maturity of any Loan or Note or any installment thereon, or reduce the stated rate of any interest or fee payable hereunder (other than interest at the increased post-default rate) or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Lender's Commitment, in each case without the written consent of each Lender directly affected thereby, or

(ii) amend, modify or waive any provision of this Section 9.1 or reduce the percentage specified in the definition of Required Lenders, without the written consent of all the Lenders, or

(iii) amend, modify or waive any provision of Article VIII without the written consent of the then Administrative Agent, or

(iv) release any of the Guarantors from their obligations under the Guaranty, except in accordance with the terms thereof, without the written consent of all of the Lenders, or

(v) release all or substantially all of the Collateral, without the written consent of all of the Lenders, or

(vi) without the consent of Lenders holding in the aggregate more than 50% of the outstanding Tranche A Term Loans and 50% of the outstanding Tranche B Term Loans, extend the time for or the amount or the manner of application of proceeds of any mandatory prepayment required by Section 2.8(b)(ii), (iii), (iv) or (v) hereof, or

(vii) without the consent of Lenders holding in the aggregate more than 50% of the outstanding Tranche B Term Loans, amend any provision that changes the allocation of any payments between the term loan facilities, or

(viii) amend, modify or waive any provision of the Credit Documents requiring consent, approval or request of the Required Lenders or all Lenders, without the written consent of all of the Required Lenders or Lenders as appropriate and, PROVIDED, FURTHER, that no amendment, waiver or consent affecting the rights or duties of the Administrative Agent or the Issuing Lender under any Credit Document shall in any event be effective, unless in writing and signed by the Administrative Agent and/or the Issuing Lender, as applicable, in addition to the Lenders required hereinabove to take such action.

Any such waiver, any such amendment, supplement or modification and any such release shall apply equally to each of the Lenders and shall be binding upon the Borrower, the other Credit Parties, the Lenders, the Administrative Agent and all future holders of the Notes. In the case of any waiver, the Borrower, the other Credit Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the outstanding Loans and Notes and other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding any of the foregoing to the contrary, the consent of the Borrower shall not be required for any amendment, modification or waiver of the provisions of Article VIII (other than the provisions of Section 8.9); PROVIDED, HOWEVER, that the Administrative Agent will provide written notice to the Borrower of any such amendment, modification or waiver. In addition, the Borrower and the Lenders hereby authorize the Administrative Agent to modify this Credit Agreement by unilaterally amending or supplementing SCHEDULE 2.1(a) from time to time in the manner requested by the Borrower, the Administrative Agent or any Lender in order to reflect any assignments or transfers of the Loans as provided for hereunder; PROVIDED, HOWEVER, that the Administrative Agent shall promptly deliver a copy of any such modification to the Borrower and each Lender.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent

provisions set forth herein and (y) the Required Lenders may consent to allow a Credit Party to use cash collateral in the context of a bankruptcy or insolvency proceeding.

SECTION 9.2 NOTICES.

Except as otherwise provided in Article II, all notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made (a) when delivered by hand, (b) when confirmation of transmittal via telecopy (or other facsimile device) to the number set out herein has been received by the sender, (c) the day following the day on which the same has been delivered prepaid to a reputable national overnight air courier service, or (d) the third Business Day following the day on which the same is sent by certified or registered mail, postage prepaid, in each case, addressed as follows in the case of the Borrower, the other Credit Parties and the Administrative Agent, and as set forth on SCHEDULE 9.2 in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto and any future holders of the Notes:

The Borrower and the other Credit Parties:	Pacific Circuits, Inc. 17550 N.E. 67th Court Redmond, Washington 98052 Attention: Mr. Lindsay Burton Telecopier: (425) 869-1465 Telephone: (425) 883-7575 ext. 272 With a copy to: Shearman & Sterling 555 California Street Suite 2000 San Francisco, CA Attention: Christopher Dillon Telecopier: (415) 616-1199 Telephone: (415) 616-1122 Shearman & Sterling 599 Lexington Avenue New York, NY 10022 Attention: Doug Bartner Telecopier: (212) 848-7179 Telephone: (212) 848-8190
The Administrative Agent:	First Union National Bank One First Union Center, DC-04 Charlotte, North Carolina 28288-0680 Attention: Syndication Agency Services Telecopier: (704) 383-0288 Telephone: (704) 383-3721 with a copy to: First Union National Bank One First Union Center, DC-05 Charlotte, North Carolina 28288-0737 Attention: Mr. Jorge Gonzalez Telecopier: (704) 374-4793 Telephone: (704) 383-8461

SECTION 9.3 NO WAIVER; CUMULATIVE REMEDIES.

No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder shall operate as a waiver thereof;

nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

SECTION 9.4 SURVIVAL OF REPRESENTATIONS AND WARRANTIES.

All representations and warranties made hereunder and in any document, certificate or statement delivered pursuant hereto or in connection herewith

shall survive the execution and delivery of this Agreement and the Notes and the making of the Loans, PROVIDED that all such representations and warranties shall terminate on the date upon which the Commitments have been terminated and all amounts owing hereunder and under any Notes have been paid in full.

SECTION 9.5 PAYMENT OF EXPENSES AND TAXES.

The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation, negotiation, printing and execution of, and any amendment, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, together with the reasonable fees and disbursements of counsel to the Administrative Agent or (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the Notes and any such other documents, including, without limitation, the reasonable fees and disbursements of counsel to the Administrative Agent and to the Lenders (including reasonable allocated costs of in-house legal counsel), and (c) on demand, to pay, indemnify, and hold each Lender and the Administrative Agent harmless from, any and all recording and filing fees and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise and other similar taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of, or consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, the Credit Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and the Administrative Agent and their Affiliates harmless from and against, any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of the Credit Documents and any such other documents and the use, or proposed use, of proceeds of the Loans (all of the foregoing, collectively, the "INDEMNIFIED LIABILITIES"); PROVIDED, HOWEVER, that the Borrower shall not have any obligation hereunder to the Administrative Agent or any Lender with respect to indemnified liabilities arising from the gross negligence or willful misconduct of the Administrative Agent or any such Lender, as determined by a court of competent jurisdiction. The agreements in this Section 9.5 shall survive repayment of the Loans, Notes and all other amounts payable hereunder.

SECTION 9.6 SUCCESSORS AND ASSIGNS; PARTICIPATIONS; PURCHASING LENDERS.

(a) This Agreement shall be binding upon and inure to the benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Notes and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement or the other Credit Documents without the prior written consent of each Lender.

(b) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time sell to one or more banks or other entities ("PARTICIPANTS") participating interests in any Loan owing to such Lender, any Note held by such Lender, any Commitment of such Lender, or any other interest of such Lender hereunder. In the event of any such sale by a Lender of participating interests to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Note for all purposes under this Agreement, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. No Lender shall transfer or grant any participation under which the Participant shall have rights to approve any amendment to or waiver of this Agreement or any other Credit Document except to the extent such amendment or waiver would (i) extend the scheduled maturity of any Loan or Note or any installment thereon in which such Participant is participating, or reduce the stated rate or extend the time of payment of interest or fees thereon (except in connection with a waiver of interest at the increased post-default rate) or reduce the principal amount thereof, or increase the amount of the Participant's participation 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 such participation, and that an increase in any Commitment or Loan shall be permitted without consent of any participant if the Participant's participation is not increased as a result thereof), (ii) release any of the Guarantors from their obligations under the Guaranty, (iii) release all or substantially all of the collateral, or (iv) consent to the assignment or transfer by the Borrower of any of its rights and obligations under

this Agreement. In the case of any such participation, the Participant shall not have any rights under this Agreement or any of the other Credit Documents (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) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation, PROVIDED that each Participant shall be entitled to the benefits of Sections 2.16, 2.17, 2.18 and 9.5 with respect to its participation in the Commitments and the Loans outstanding from time to time; PROVIDED, that no Participant shall be entitled to receive any greater amount pursuant to such Sections than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender may, in the ordinary course of its commercial banking business and in accordance with applicable law, at any time, sell or assign to any Lender or any affiliate thereof and with the consent of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower (in each case, which consent shall not be unreasonably withheld), to one or more additional banks or financial institutions ("PURCHASING LENDERS"), all or any part of its rights and obligations under this Agreement and the Notes in minimum amounts of $3,000,000 with respect to its Revolving Commitment, its Revolving Loans, its Tranche A Term Loans or its Tranche B Term Loans (or, if less, the entire amount of such Lender's obligations), pursuant to a Commitment Transfer Supplement, executed by such Purchasing Lender and such transferor Lender (and, in the case of a Purchasing Lender that is not then a Lender or an affiliate thereof, the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower), and delivered to the Administrative Agent for its acceptance and recording in the Register; PROVIDED, HOWEVER, that any sale or assignment to an existing Lender shall not require the consent of the Administrative Agent or the Borrower nor shall any such sale or assignment be subject to the minimum assignment amounts specified herein. Upon such execution, delivery, acceptance and recording, from and after the Transfer Effective Date specified in such Commitment Transfer Supplement, (x) the Purchasing Lender thereunder shall be a party hereto and, to the extent provided in such Commitment Transfer Supplement, have the rights and obligations of a Lender hereunder with a Commitment as set forth therein, and (y) the transferor Lender thereunder shall, to the extent provided in such Commitment Transfer Supplement, be released from its obligations under this Agreement (and, in the case of a Commitment Transfer Supplement covering all or the remaining portion of a transferor Lender's rights and obligations under this Agreement, such transferor Lender shall cease to be a party hereto). Such Commitment Transfer Supplement shall be deemed to amend this Agreement to the extent, and only to the extent, necessary to reflect the addition of such Purchasing Lender and the resulting adjustment of Commitment Percentages arising from the purchase by such Purchasing Lender of all or a portion of the rights and obligations of such transferor Lender under this Agreement and the Notes. On or prior to the Transfer Effective Date specified in such Commitment Transfer Supplement, the Borrower, at its own expense, shall execute and deliver to the Administrative Agent in exchange for the Notes delivered to the Administrative Agent pursuant to such Commitment Transfer Supplement new Notes to the order of such Purchasing Lender in an amount equal to the Commitment assumed by it pursuant to such Commitment Transfer Supplement and, unless the transferor Lender has not retained a Commitment hereunder, new Notes to the order of the transferor Lender in an amount equal to the Commitment retained by it hereunder. Such new Notes shall be dated the Closing Date and shall otherwise be in the form of the Notes replaced thereby. The Notes surrendered by the transferor Lender shall be returned by the Administrative Agent to the Borrower marked "canceled".

(d) The Administrative Agent shall maintain at its address referred to in Section 9.2 a copy of each Commitment Transfer Supplement delivered to it and a register (the "REGISTER") for the recordation of the names and addresses of the Lenders

and the Commitment of, and principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register as the owner of the Loan recorded therein for all purposes of this Agreement. The Register shall be available for inspection by the Borrower or any Lender at any reasonable time

and from time to time upon reasonable prior notice.

(e) Upon its receipt of a duly executed Commitment Transfer Supplement, together with payment to the Administrative Agent by the transferor Lender or the Purchasing Lender, as agreed between them, of a registration and processing fee of $3,500.00 for each Purchasing Lender listed in such Commitment Transfer Supplement and the Notes subject to such Commitment Transfer Supplement, the Administrative Agent shall (i) accept such Commitment Transfer Supplement, (ii) record the information contained therein in the Register and (iii) give prompt notice of such acceptance and recordation to the Lenders and the Borrower.

(f) The Borrower authorizes each Lender to disclose to any Participant or Purchasing Lender (each, a "TRANSFEREE") and any prospective Transferee any and all financial information in such Lender's possession concerning the Borrower and its Affiliates which has been delivered to such Lender by or on behalf of the Borrower pursuant to this Agreement or which has been delivered to such Lender by or on behalf of the Borrower in connection with such Lender's credit evaluation of the Borrower and its Affiliates prior to becoming a party to this Agreement, in each case subject to Section 9.15.

(g) At the time of each assignment pursuant to this Section 9.6 to a Person which is not already a Lender hereunder and which is not a United States person (as such term is defined in Section 7701 (a)(30) of the Code) for Federal income tax purposes, the respective assignee Lender shall provide to the Borrower and the Administrative Agent the appropriate Internal Revenue Service Forms (and, if applicable, a 2.18 Certificate) described in Section 2.19.

(h) Nothing herein shall prohibit any Lender from pledging or assigning any of its rights under this Agreement (including, without limitation, any right to payment of principal and interest under any Note) to any Federal Reserve Bank in accordance with applicable laws.

SECTION 9.7 ADJUSTMENTS; SET-OFF.

(a) Each Lender agrees that if any Lender (a "BENEFITED LENDER") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 7.1(e), or otherwise) in a greater proportion than any such payment to or collateral received by any other Lender, if any, in

respect of such other Lender's Loans, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; PROVIDED, HOWEVER, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest. The Borrower agrees that each Lender so purchasing a portion of another Lender's Loans may exercise all rights of payment (including, without limitation, rights of set-off) with respect to such portion as fully as if such Lender were the direct holder of such portion.

(b) In addition to any rights and remedies of the Lenders provided by law (including, without limitation, other rights of set-off), each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon the occurrence of any Event of Default, to setoff and appropriate and apply any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower, or any part thereof in such amounts as such Lender may elect, against and on account of the obligations and liabilities of the Borrower to such Lender hereunder and claims of every nature and description of such Lender against the Borrower, in any currency, whether arising hereunder, under the Notes or under any documents contemplated by or referred to herein or therein, as such Lender may elect, whether or not such Lender has made any demand for payment and although such obligations, liabilities and claims may be contingent or unmatured. The aforesaid right of set-off may be

exercised by such Lender against the Borrower or against any trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of the Borrower, or against anyone else claiming through or against the Borrower or any such trustee in bankruptcy, debtor in possession, assignee for the benefit of creditors, receiver, or execution, judgment or attachment creditor, to the extent permitted by law, notwithstanding the fact that such right of set-off shall not have been exercised by such Lender prior to the occurrence of any Event of Default. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; PROVIDED, HOWEVER, that the failure to give such notice shall not affect the validity of such set-off and application.

SECTION 9.8 TABLE OF CONTENTS AND SECTION HEADINGS.

The table of contents and the Section and subsection headings herein are intended for convenience only and shall be ignored in construing this Agreement.

SECTION 9.9 COUNTERPARTS.

This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 9.10 EFFECTIVENESS.

This Credit Agreement shall become effective on the date on which all of the parties have signed a copy hereof (whether the same or different copies) and shall have delivered the same to the Administrative Agent pursuant to SECTION 9.2 or, in the case of the Lenders, shall have given to the Administrative Agent written, telecopied or telex notice (actually received) at such office that the same has been signed and mailed to it.

SECTION 9.11 SEVERABILITY.

Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.12 INTEGRATION.

This Agreement and the Notes represent the agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent, the Borrower or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the Notes.

SECTION 9.13 GOVERNING LAW.

This Agreement and the Notes and the rights and obligations of the parties under this Agreement and the Notes shall be governed by, and construed and interpreted in accordance with, the law of the State of North Carolina.

SECTION 9.14 CONSENT TO JURISDICTION AND SERVICE OF PROCESS.

All judicial proceedings brought against the Borrower and/or any other Credit Party with respect to this Agreement, any Note or any of the other Credit Documents may be brought in any state or federal court of competent jurisdiction in the State of North Carolina, and, by execution and delivery of this Agreement, each of the Borrower and the other Credit Parties accepts, for itself and in connection with its properties, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and irrevocably agrees to be bound by any final judgment

rendered thereby in connection with this Agreement from which no appeal has been taken or is available. Each of the Borrower and the other Credit Parties irrevocably agrees that all service of process in any such proceedings in any such court may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to it at its address set forth in Section 9.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto, such service being hereby acknowledged by the each of the Borrower and the

other Credit Parties to be effective and binding service in every respect. Each of the Borrower, the other Credit Parties, the Administrative Agent and the Lenders irrevocably waives any objection, including, without limitation, any objection to the laying of venue or based on the grounds of forum non conveniens which it may now or hereafter have to the bringing of any such action or proceeding in any such jurisdiction. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of any Lender to bring proceedings against the Borrower or the other Credit Parties in the court of any other jurisdiction.

SECTION 9.15 CONFIDENTIALITY.

The Administrative Agent and each of the Lenders agrees that it will use its best efforts not to disclose without the prior consent of the Borrower (other than to its employees, affiliates, auditors or counsel or to another Lender) any information with respect to the Borrower and its Subsidiaries which is furnished pursuant to this Agreement, any other Credit Document or any documents contemplated by or referred to herein or therein and which is designated by the Borrower to the Lenders in writing as confidential or as to which it is otherwise reasonably clear such information is not public, except that any Lender may disclose any such information (a) as has become generally available to the public other than by a breach of this Section 9.16, (b) as may be required or appropriate in any report, statement or testimony submitted to any municipal, state or federal regulatory body having or claiming to have jurisdiction over such Lender or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or the OCC or the NAIC or similar organizations (whether in the United States or elsewhere) or their successors, (c) as may be required or appropriate in response to any summons or subpoena or any law, order, regulation or ruling applicable to such Lender, (d) to any prospective Participant or assignee in connection with any contemplated transfer pursuant to Section 9.6, PROVIDED that such prospective transferee shall have been made aware of this Section 9.16 and shall have agreed to be bound by its provisions as if it were a party to this Agreement or (e) with the consent of the Borrower (which consent shall not be unreasonably withheld) to GOLD SHEETS and other similar bank trade publications; such information to consist of deal terms and other information regarding the credit facilities evidenced by this Credit Agreement customarily found in such publications.

SECTION 9.16 ACKNOWLEDGMENTS.

The Borrower and the other Credit Parties each hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of each Credit Document;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower or any other Credit Party arising out of or in connection with this Agreement and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower and the other Credit Parties, on the other hand, in connection herewith is solely that of debtor and creditor; and

(c) no joint venture exists among the Lenders or among the Borrower or the other Credit Parties and the Lenders.

SECTION 9.17 WAIVER AGREEMENT.

Each of the Lenders has reviewed that certain waiver agreement attached as SCHEDULE 9.17 hereto and by its signature below agrees to be bound to the terms contained therein and authorizes the Administrative Agent to execute such waiver agreement on its behalf.

SECTION 9.18 WAIVERS OF JURY TRIAL.

THE BORROWER, THE OTHER CREDIT PARTIES, THE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE, TO THE EXTENT PERMITTED BY APPLICABLE LAW, TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

ARTICLE X

GUARANTY

SECTION 10.1 THE GUARANTY.

In order to induce the Lenders to enter into this Agreement and to extend credit hereunder and in recognition of the direct benefits to be received by the Guarantors from the Extensions of Credit hereunder, each of the Guarantors hereby agrees with the Administrative Agent and the Lenders as

follows: the Guarantor hereby unconditionally and irrevocably jointly and severally guarantees as primary obligor and not merely as surety the full and prompt payment when due, whether upon maturity, by acceleration or otherwise, of any and all Credit Party Obligations to the Administrative Agent and the Lenders. If any or all of the Credit Party Obligations of the Borrower to the Administrative Agent and the Lenders becomes due and payable hereunder, each Guarantor unconditionally promises to pay such indebtedness to the Administrative Agent and the Lenders, on order, or demand, together with any and all reasonable expenses which may be incurred by the Administrative Agent or the Lenders in collecting any of the Credit Party Obligations.

Notwithstanding any provision to the contrary contained herein or in any other of the Credit Documents, to the extent the obligations of a Guarantor shall be adjudicated to be invalid

or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers) then the obligations of each such Guarantor hereunder shall be limited to the maximum amount that is permissible under applicable law (whether federal or state and including, without limitation, the Bankruptcy Code).

SECTION 10.2 BANKRUPTCY.

Additionally, each of the Guarantors unconditionally and irrevocably guarantees jointly and severally the payment of any and all indebtedness of the Borrower to the Lenders whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Section 7.1 (e), and unconditionally promises to pay such Credit Party Obligations to the Administrative Agent for the account of the Lenders, or order, on demand, in lawful money of the United States. Each of the Guarantors further agrees that to the extent that the Borrower or a Guarantor shall make a payment or a transfer of an interest in any property to the Administrative Agent or any Lender, which payment or transfer or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, or otherwise is avoided, and/or required to be repaid to the Borrower or a Guarantor, the estate of the Borrower or a Guarantor, a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then to the extent of such avoidance or repayment, the obligation or part thereof intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made.

SECTION 10.3 NATURE OF LIABILITY.

The liability of each Guarantor hereunder is exclusive and independent of any security for or other guaranty of the indebtedness of the Borrower whether executed by any such Guarantor, any other guarantor or by any other party, and no Guarantor's liability hereunder shall be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a guarantor or of any other party as to the indebtedness of the Borrower, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, or (e) any payment made to the Administrative Agent or the Lenders on the indebtedness which the Administrative Agent or such Lenders repay the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding.

SECTION 10.4 INDEPENDENT OBLIGATION.

The obligations of each Guarantor hereunder are independent of the obligations of any other guarantor or the Borrower, and a separate action or actions may be brought and prosecuted against each Guarantor whether or not action is brought against any other guarantor or the Borrower and whether or not any other Guarantor or the Borrower is joined in any such action or actions.

SECTION 10.5 AUTHORIZATION.

Each of the Guarantors authorizes the Administrative Agent and each Lender without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, from time to time to (a) renew, compromise, extend, increase, accelerate or otherwise change the time for payment of, or otherwise change the terms of the indebtedness or any part thereof in accordance with this Agreement, including any increase or decrease of the rate of interest thereon, (b) take and hold security from any guarantor or any other party for the payment of this Guaranty or the indebtedness and exchange, enforce waive and release any such security, (c) apply such security and direct the order or manner of sale thereof as the Administrative Agent and the Lenders in their discretion may determine

and (d) release or substitute any one or more endorsers, guarantors, the Borrower or other obligors.

SECTION 10.6 RELIANCE.

It is not necessary for the Administrative Agent or the Lenders to inquire into the capacity or powers of the Borrower or the officers, directors, members, 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 10.7 WAIVER.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require the Administrative Agent or any Lender to (i) proceed against the Borrower, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other guarantor or any other party, or (iii) pursue any other remedy in the Administrative Agent's or any Lender's power whatsoever. Each of the Guarantors waives any defense based on or arising out of any defense of the Borrower, any other guarantor or any other party other than payment in full of the indebtedness, including without limitation any defense based on or arising out of the disability of the Borrower, any other guarantor or any other party, or the unenforceability of the indebtedness or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower other than payment in full of the indebtedness. Without limiting the generality of the provisions of this Article X, each of the Guarantors hereby specifically waives the benefits of N.C. Gen. Stat. Section 26-7 through 26-9, inclusive. The Administrative Agent or any of the Lenders may, at their election, foreclose on any security held by the Administrative Agent or a Lender by one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Administrative Agent and any Lender may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of any Guarantor hereunder except to the extent the indebtedness has been paid. Each of the Guarantors waives any defense arising out of any such election by the Administrative

Agent and each of the Lenders, even though such election operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of the Guarantors against the Borrower or any other party or any security.

(b) Each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notice of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional indebtedness. Each Guarantor assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the indebtedness and the nature, scope and extent of the risks which such Guarantor assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any Lender shall have any duty to advise such Guarantor of information known to it regarding such circumstances or risks.

(c) Each of the Guarantors hereby agrees it will not exercise any rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under Section 509 of the U.S. Bankruptcy Code, or otherwise) to the claims of the Lenders against the Borrower or any other guarantor of the indebtedness of the Borrower owing to the Lenders (collectively, the "OTHER PARTIES") and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from any Other Party which it may at any time otherwise have as a result of this Guaranty until such time as the Loans hereunder shall have been paid and the Commitments have been terminated. Each of the Guarantors hereby further agrees not to exercise any right to enforce any other remedy which the Administrative Agent and the Lenders now have or may hereafter have against any Other Party, any endorser or any other guarantor of all or any part of the indebtedness of the Borrower and any benefit of, and any right to participate in, any security or collateral given to or for the benefit of the Lenders to secure payment of the indebtedness of the Borrower until such time as the Loans hereunder shall have been paid and the Commitments have been terminated.

SECTION 10.8 LIMITATION ON ENFORCEMENT.

The Lenders agree that this Guaranty may be enforced only by the action of the Administrative Agent acting upon the instructions of the Required Lenders and that no Lender shall have any right individually to seek to enforce or to enforce this Guaranty, it being understood and agreed that such rights and remedies may be exercised by the Administrative Agent for the benefit of the Lenders under the terms of this Agreement. The Lenders further agree that this Guaranty may not be enforced against any director, officer, employee or stockholder of the Guarantors.

SECTION 10.9 CONFIRMATION OF PAYMENT.

The Administrative Agent and the Lenders will, upon request after payment of the indebtedness and obligations which are the subject of this Guaranty and termination of the

Commitments relating thereto, confirm to the Borrower, the Guarantors or any other Person that the such indebtedness and obligations have been paid and the Commitments relating thereto terminated, subject to the provisions of Section 10.2.

SECTION 10.10 CALIFORNIA WAIVERS.

Without limiting the generality of the foregoing, each Guarantor waives all rights and defenses that such Guarantor may have because the Credit Party obligations are secured by real property. This means, among other things: (1) the administrative agent or the lenders may collect from such Guarantor without first foreclosing on any real or personal property collateral pledged by the Borrower or any other Credit Party; (2) if the administrative agent or the lenders foreclose on any real property collateral pledged by the Borrower or any other Credit Party: (A) the amount of the obligations may be reduced only by the price for which that collateral is sold at the foreclosure sale, even if the collateral is worth more than the sale price; (B) the administrative agent or the lenders may collect from such Guarantor even if the administrative agent or the Lenders, by foreclosing on the real property collateral, have destroyed any right such Guarantor may have to collect from the Borrower or any other Credit Party. This is an unconditional and irrevocable waiver of any rights and defenses such Guarantor may have because the Credit Party obligations are secured by real property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d, or 726 of the California Code of Civil Procedure (the "CCP").

In addition, each Guarantor waives all rights and defenses arising out of an election of remedies by the Administrative Agent or the Lenders, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed such Guarantor's rights by the operation of Section 580d of the CPC or otherwise.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered in Charlotte, North Carolina by its proper and duly authorized officers as of the day and year first above written.

BORROWER: PACIFIC CIRCUITS, INC.,
a Washington corporation

By: /s/ Michael E. Moran

Title: Vice President

GUARANTORS: CIRCUIT HOLDINGS, LLC,
a Delaware limited liability company

By: /s/ Jeffrey W. Goettman

Title: President

POWER CIRCUITS, INC.,
a California corporation

By: /s/ James Eisenberg

Title: President

AGENT AND LENDERS:

FIRST UNION NATIONAL BANK,
as Administrative Agent and as a Lender

By: /s/ Jorge A. Gonzales

Title: Senior Vice President

DRESDNER BANK, AG, NEW YORK AND GRAND CAYMAN BRANCHES,
as a Lender

By: /s/ Peter M. Kay

Title: Vice President

By: /s/ Christopher G. Todaro

Title: Assistant Treasurer

SUNTRUST BANK, ATLANTA,
as a Lender

By: /s/ [ILLEGIBLE]

Title: Vice President

By: /s/ [ILLEGIBLE]

Title: Managing Director

Exhibit 10.2

PACIFIC CIRCUITS, INC.

and the

SUBSIDIARY GUARANTORS NAMED HEREIN

$12,500,000 Principal Amount

of

12% Senior Subordinated Notes of Pacific Circuits, Inc.

and

Warrants to Purchase 2,019 Shares of Common Stock

of Pacific Circuits, Inc.

SECURITIES PURCHASE AGREEMENT

Dated as of July 13, 1999

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ANNEXES

SCHEDULES

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT is dated as of July 13, 1999, (this "AGREEMENT"), and entered into by and among Pacific Circuits, Inc., a Washington corporation (the "COMPANY"), the Subsidiary Guarantor listed on the signature pages hereto and the purchasers listed on the signature pages hereto (each a "PURCHASER" and collectively, the "PURCHASERS").

Capitalized terms not otherwise defined herein shall have the meanings

ascribed to such terms in SECTION 10.1 hereof.

In consideration of the premises, mutual covenants and agreements hereinafter contained and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and each Subsidiary Guarantor agrees, jointly and severally, and each of the Purchasers agrees, severally but not jointly, as follows:

SECTION 1. PURCHASE AND SALE OF SECURITIES

1.1 ISSUE OF SECURITIES

(a) On or before the Closing,

(1) The Company will have authorized the issue and sale to the Purchasers, in the respective amounts set forth opposite such Purchaser's name on SCHEDULE 1.1, of $12,500,000 aggregate principal amount of its 12% Senior Subordinated Notes (the "NOTES"), to be substantially in the form attached hereto as ANNEX A.

(2) The Company will have authorized the issue and sale to the Purchasers, in the respective amounts set forth opposite such Purchaser's name on SCHEDULE 1.1, its detachable warrants (the "WARRANTS") to purchase an aggregate of 2,019 shares of its Common Stock pursuant to a Warrant Agreement in the form attached hereto as ANNEX B (the "WARRANT AGREEMENT").

The Notes and the Warrants shall individually be referred to herein as a "SECURITY" and collectively referred to herein as the "SECURITIES."

(b) The Notes shall include such notations, legends or endorsements set forth thereon or required by law. The Notes will be issued to the Purchasers in the initial principal amounts set forth on SCHEDULE 1.1. Each Note shall be dated the date of its issuance. Subject to SECTION 1.7. The aggregate principal amount of the Notes outstanding at any one time may not exceed $12,500,000; except to the extent interest is added to the principal of any Note in accordance with the provisions thereof. The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Agreement and, to the extent applicable, the Company, by its execution and delivery of this Agreement, expressly agrees to such terms and provisions and to be bound thereby.

(c) Each Warrant shall be substantially in the form attached as EXHIBIT A to the Warrant Agreement. Each Warrant shall be dated the date of its issuance. The Warrants will be exercisable, in the manner provided in the Warrant Agreement and the Warrants, for a number of shares of Common Stock as provided in the Warrant Agreement (the "WARRANT SHARES"). Each Holder of Warrant Shares will have certain registration rights and other rights and obligations with respect to the Warrant Shares as set forth in the Registration Rights Agreement in the form attached hereto as ANNEX C(the "REGISTRATION RIGHTS AGREEMENT") and other rights and obligations with respect to the Warrants and Warrant Shares, as provided in the Warrant Agreement. The terms and provisions contained in the Warrants shall constitute, and are hereby expressly made, a part of this Agreement and, to the extent applicable, the Company and the Holders, by their execution and delivery of this Agreement, expressly agree to such terms and provisions and to be bound thereby.

1.2 PURCHASE AND SALE OF SECURITIES

(a) PURCHASE AND SALE. The Company agrees to sell and, subject to the terms and conditions set forth herein and in reliance on the representations and warranties of the Company and the Subsidiary Guarantors contained or incorporated herein, each of the Purchasers agrees, severally but not jointly, to purchase the securities set forth opposite such Purchaser's name in SCHEDULE 1.1 at the purchase price indicated therein. The Company and the Purchasers hereby agree that all Tax Returns filed by the Company and the Purchasers shall be consistent in all material respects with such allocation (including for purposes of section 1271 et al. of the Code).

(b) CLOSING. The purchase and sale of the Securities shall take place at a closing (the "CLOSING") at the offices of Gibson, Dunn & Crutcher, LLP, located at 333 South Grand Avenue, Los Angeles, California 90071, at 10:00 a.m., local time, on July 13, 1999, or such other Business Day as may be agreed upon by the Purchasers and the Company (the "CLOSING DATE"). At the Closing, the Company will deliver to each of the Purchasers the Securities to be purchased by such Purchaser (in such permitted denomination or denomination or denominations and registered in such Purchaser's name or the name of such nominee or nominees as such Purchaser may request), dated the Closing Date, against payment of the purchase price therefor by intra-bank or Federal funds bank wire transfer of same day funds to such bank account which is identified on SCHEDULE 1.2 or such other account as the Company shall designate at least two Business Days prior to the Closing.

(c) FEES AND EXPENSES. Whether or not the Securities are sold, the Company agrees to pay or reimburse all reasonable out-of-pocket expenses of each Purchaser relating to this Agreement, including but not limited to:

(1) each Purchaser's reasonable out-of-pocket expenses incurred in connection with the transactions contemplated by this Agreement, the Warrant Agreement, the Registration Rights Agreement and the other Documents including, without limitation, travel and lodging expenses and all reasonable costs incurred in connection with such Purchaser's review of the Company's and each of its Subsidiaries' business and operations;

(2) the reasonable fees and expenses of the Purchasers' counsel, Gardere & Wynne, L.L.P., in connection herewith and with the other Documents;

(3) the cost of printing, reproducing and delivering to each Purchaser's home office or the office of such Purchaser's designee, this Agreement, the Warrant Agreement, the Registration Rights Agreement, the Securities and the other Documents;

(4) any reasonable fees and expenses (including the reasonable fees and expenses of counsel) in connection with any registration or qualification of the Securities required in connection with the offer and sale of the Securities pursuant to this Agreement under the securities or "blue sky" laws of any jurisdiction requiring such registration or qualification or in connection with obtaining any exemptions from such requirements;

(5) the reasonable out-of-pocket expenses (including the fees and expenses of one counsel for each Purchaser together with such Purchaser's Affiliates) relating to any amendment to, or modification of, or any waiver or consent or preservation of rights under, this Agreement or any of the other Documents; and

(6) all other expenses, including without limitation counsel's fees, accountant's fees and any rating agency fees incurred by the Company in connection with the transactions contemplated by this Agreement and the other Documents.

The Company shall deliver to each of the Purchasers or to such other persons as such Purchaser shall direct, concurrently with the Closing, by intra-bank or Federal funds bank wire transfer of same day funds, the fee set forth opposite such Purchaser's name on SCHEDULE 1.1 and payment for any reasonable and documented out-of-pocket expenses which must be paid by Company pursuant to this SECTION 1.2(c) or for which such Purchaser is entitled to reimbursement pursuant to this SECTION 1.2(c).

(d) OTHER PURCHASERS. Each Purchaser's obligations hereunder are subject to the execution and delivery of this Agreement by the other Purchasers listed on the signature pages hereof. The obligations of each Purchaser shall be several and not joint, and no Purchaser shall be liable or responsible for the acts of any other Purchaser under this Agreement.

1.3 REGISTRATION OF SECURITIES

The Company shall cause to be kept at its principal office a register for the registration and transfer of the Notes (the "NOTE REGISTER") and a register for the registration and transfer of the Warrants (the "WARRANT REGISTER") and the Warrant Shares (the "WARRANT SHARES REGISTER"). The names and addresses of the Holders of Notes, the transfer of Notes, and the names and addresses of the transferees of the Notes shall be registered in the Note Register. The names and addresses of the Holders of Warrants, the transfer of Warrants and the names and addresses of the transferees of Warrants shall be registered in the Warrant Register. The names and addresses of the Holders of Warrant Shares, the transfer of Warrant Shares and the names and addresses of the transferees of Warrant Shares shall be registered in the Warrant Shares Register.

The Person in whose name any registered Security shall be registered shall be deemed and treated as the owner and holder thereof for all purposes of this Agreement, and the Company shall

not be affected or bound by any notice to the contrary, until due presentment of such Security for registration of transfer so provided in this SECTION 1.3. Payment of or on account of the principal, premium, if any, and interest on any registered Securities shall be made to or upon the written order of such

registered holder.

When Securities are presented to the Company with a request to register the transfer of such Securities or to exchange such Securities for an equal principal amount of Securities of other authorized denominations, the Company shall register the transfer or make the exchange as requested if its reasonable requirements for such transaction are met.

1.4 DELIVERY EXPENSES

If a Holder surrenders any Note or Warrant to the Company for any reason, the Company agrees to pay the cost of delivering to such Holder's home office or to the office of such Holder's designee from the Company, the surrendered Security and each Security issued in substitution, replacement or exchange for, or upon conversion of, the surrendered Security.

1.5 ISSUE TAXES

The Company agrees to pay all taxes (other than taxes in the nature of income, franchise or gift taxes) and governmental fees in connection with the issuance, sale, delivery or transfer by the Company to each Holder of the Notes and the Warrants, as the case may be, and the execution and delivery of the other Documents and any modification of any of such Securities and Documents and will save such Holder harmless without limitation as to time against any and all liabilities with respect to all such taxes and fees. The obligations of the Company under this SECTION 1.5 shall survive the payment or prepayment of the Notes, at maturity, upon redemption or otherwise, the exercise of the Warrants and the termination of this Agreement and the other Documents.

1.6 DIRECT PAYMENT

(a) The Company will pay or cause to be paid all amounts payable with respect to any Note (without any presentment of such Note and without any notation of such payment being made thereon) by crediting (before 2:00 p.m. (New York City time) on the due date thereof), by Federal funds bank wire transfer in same day funds to each Holder's account in any bank in the United States as may be designated and specified in writing by such Holder at least two Business Days prior thereto. Each Purchaser's initial bank account for this purpose is set forth on SCHEDULE 1.1.

(b) Notwithstanding anything to the contrary contained in the Notes, if any principal amount payable with respect to a Note is payable, at maturity, upon redemption or otherwise, on a Legal Holiday, then the Company shall pay such amount on the next succeeding Business Day, and interest shall accrue on such amount until the date on which such amount is paid and payment of such accrued interest shall be made concurrently with the payment of such amount, provided that the Company may elect to pay in full (but not in part) any such amount on the last Business Day prior to the date such payment otherwise would be due, and no such additional interest shall accrue on such amount. Notwithstanding anything to the contrary contained in the Notes, if any interest payable with

respect to a Note is payable on a Legal Holiday, then the Company shall pay such interest on the next succeeding Business Day, and such extension of time shall be included in the computation of the interest payment, provided that the Company may elect to pay in full (but not in part) any such interest on the last Business Day prior to the date such payment otherwise would be due, and such diminution in time shall be included in the computation of the interest payment.

1.7 LOST, ETC. SECURITIES

If a mutilated Security is surrendered to the Company or if the Holder of a Security claims and submits an affidavit or other evidence, satisfactory to the Company, to the effect that the Security has been lost, destroyed or wrongfully taken, the Company shall issue a replacement Security if the customary requirements relating to replacement securities are reasonably satisfied. If required by the Company, such Holder must provide an indemnity bond, or other form of indemnity, sufficient in the judgment of the Company to protect the Company from any loss which it may suffer if a Security is replaced. If any Purchaser or any other institutional Holder (or nominee thereof) is the owner of any such lost, stolen or destroyed Security, then the affidavit of an authorized officer of such owner, setting forth the fact of loss, theft or destruction and of its ownership of the Security at the time of such loss, theft or destruction shall be accepted as satisfactory evidence thereof, and no further indemnity shall be required as a condition to the execution and delivery of a new Security other than the unsecured written agreement of such owner reasonably satisfactory to the Company to indemnify the Company, or at the option of the Purchaser, an indemnity bond in the amount of the Security remaining outstanding.

Every replacement Security is an obligation of the Company.

1.8 INDEMNIFICATION

In addition to all other sums due hereunder or provided for in this Agreement or any of the other Documents and any and all obligations of the Company to indemnify any Purchaser hereunder or under any of the other Documents, the Company hereby agrees, without limitations as to time, to indemnify each Purchaser, each Affiliate of a Purchaser and each director, officer, employee, counsel, agent or representative of such Purchaser and its Affiliates (collectively, the "INDEMNIFIED PARTIES") against, and hold it and them harmless from, to the fullest extent lawful, all losses, claims, damages, liabilities, costs (including, without limitation, costs of preparation and reasonable attorneys' fees and disbursements) and expenses, including expenses of investigation (collectively, "LOSSES"), incurred by it or them and arising out of or in connection with this Agreement, the Acquisition Agreements, the Senior Credit Agreement, the other Documents or the transactions contemplated hereby or thereby (or any other document or instrument executed herewith or pursuant hereto or thereto), whether or not the transactions contemplated by this Agreement are consummated and whether or not any Indemnified Party is a formal party to any proceeding; provided, however, that the Company shall not be liable to any Indemnified Party for any Losses (a) to the extent that it shall be finally determined by a court of competent jurisdiction (which determination is not subject to appeal or review) that such Losses arose from the gross negligence or willful misconduct of such Indemnified Party or (b) relating to a loss in value of the Securities as a result of market conditions, including changes in interest rates). The Company and each Subsidiary Guarantor agrees, jointly and severally,

to reimburse any Indemnified Party promptly for all such Losses as they are incurred by such Indemnified Party. The obligations of the Company to each Indemnified Party hereunder shall be separate obligations, and the Company's liability to any such Indemnified Party hereunder shall not be extinguished solely because any other Indemnified Party is not entitled to indemnity hereunder. The obligations of the Company under this SECTION 1.8 shall survive the payment or prepayment of the Notes, at maturity, upon acceleration, redemption or otherwise, the exercise of the Warrants purchased by any Purchaser, the redemption or repurchase of the Warrants purchased by any Purchaser, the redemption or repurchase of any Warrant Shares, any transfer of the Securities by any Purchaser and the termination of this Agreement, the Securities, the Acquisition Agreements, the Senior Credit Agreement, the Warrant Agreement, the Registration Rights Agreement and any of the other Documents.

In addition, the Company shall, without limitation as to time, indemnify, reimburse, defend, and hold harmless the Indemnified Parties for, from, and against all Losses asserted against, resulting to, imposed on, or incurred by any of the Indemnified Parties, directly or indirectly, in connection with any of the following: (i) the events, circumstances and conditions relating to environmental matters described in the Acquisition Agreements; (ii) any pollution or threat to human health or the environment that is related in any way to the management, use, control, ownership or operation of the business or property in connection with the business of the Companies, by the Companies' employees, or any Person for whom any Company is or may be responsible by law or contract including, without limitation, all on-site and off-site activities involving Materials of Environmental Concern, and that occurred, existed, arises out of conditions or circumstances that occurred or existed, or was caused, in whole or in part, on or before the Closing Date, whether or not the pollution or threat to human health or the environment is described in the Acquisition Agreements; (iii) any Environmental Claim against any Person whose liability for such Environmental Claim any Company has assumed or retained either contractually or by operation of law, including but not limited to any pollution or threat to human health or the environment, or any Federal, state, local or foreign approvals; or (iv) the breach of any environmental representation or warranty set forth or incorporated by reference herein.

In case any action, claim or proceeding shall be brought against any Indemnified Party with respect to which indemnity may be sought against the Company hereunder, such Indemnified Party shall promptly notify the Company in writing and the Company shall assume the defense thereof, including the employment of counsel reasonably satisfactory to such Indemnified Party and payment of all fees and expenses incurred in connection with the defense thereof. The failure to so notify the Company shall not affect any obligation it may have to any Indemnified Party under this Agreement or otherwise except to the extent that (as finally determined by a court of competent jurisdiction (which determination is not subject to any further review or appeal)) such failure materially and adversely prejudiced the Company. Each Indemnified Party shall have the right to employ separate counsel in such action, claim or proceeding and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of each Indemnified Party unless; (i) the Company has agreed to pay such expenses; or (ii) the Company has failed promptly to assume the defense and employ counsel reasonably satisfactory to such Indemnified Party; or (iii) the named parties to any such action, claim or

proceeding (including any impleaded parties) include any Indemnified Party and such Indemnifying Party or an Affiliate of such Indemnifying Party, and such Indemnified Party shall

have been advised by counsel that either (x) there may be one or more legal defenses available to it which are different from or in addition to those available to the Company or such Affiliate or (y) a conflict of interest may exist if such counsel represents such Indemnified Party and the Company or its Affiliate; PROVIDED that, if such Indemnified Party notifies the Company in writing that it elects to employ separate counsel in the circumstances described in clause (i), (ii) or (iii) above, the Company shall not have the right to assume the defense thereof and such counsel shall be at the expense of the Company; PROVIDED, HOWEVER, that the Company shall not, in connection with any one such action or proceeding or separate but substantially similar or related actions or proceedings in the same jurisdiction arising out of the same general allegations or circumstances, be responsible hereunder for the fees and expenses of more than one such firm of separate counsel (in addition to any local counsel), which counsel shall be designated by such Indemnified Party. The Company shall not be liable for any settlement of any such action effected without its written consent (which shall not be unreasonably withheld). The Company agrees that it will not and that it will not permit any Subsidiary Guarantor to, without the Indemnified Party's prior written consent, consent to entry of any judgment or settle or compromise any pending or threatened claim, action or proceeding in respect of which indemnification or contribution may be sought hereunder unless the foregoing contains an unconditional release, in form and substance reasonably satisfactory to such Indemnified Party, of such Indemnified Party from all liability and obligation arising therefrom.

If the indemnification provided for in this SECTION 1.8 is unavailable to, or insufficient to hold harmless, any Indemnified Party in respect of any Losses referred to therein (for reasons other than such Indemnified Party's gross negligence or willful misconduct as herein provided), then the Company shall have an obligation to contribute to the amount paid or payable by such Persons as a result of such Losses in such proportion as is appropriate to reflect the relative fault of the Company, its subsidiaries and Affiliates, on the one hand, and such Indemnified Party, on the other hand, in connection with the actions which resulted in such Losses as well as any other relevant equitable considerations. The amount paid or payable by any such Person as a result of the Losses referred to above shall be deemed to include, subject to the limitations set forth in this SECTION 1.8, any reasonable legal or other fees or expenses reasonably incurred by such Person in connection with any investigation, lawsuit or legal or administrative action or proceeding.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this SECTION 1.8 were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11 (f) of the Securities Act) shall be entitled to contribution from any Person who is not guilty of such fraudulent misrepresentation.

The Indemnified Parties shall have and be entitled to all rights of subrogation, in respect of any Losses or other amounts as to which the foregoing indemnity provisions apply, with respect to the claims of the Company against any of the other parties to the Acquisition Agreements.

The obligations of the Company under this SECTION 1.8 are subject to the subordination provisions of SECTION 8 hereof, but any failure to perform such obligations as a result of such subordination provisions shall in any event constitute an Event of Default hereunder.

1.9 FURTHER ACTIONS

The Company shall (i) take all actions necessary or appropriate to cause its representations and warranties contained in SECTION 3 hereof to be true and correct as of the Closing Date (unless stated to refer to another date), both before and after giving effect to the transactions contemplated by this Agreement, the Acquisition Agreements and the other Documents, as if made on and as of such date, and (ii) take, or cause to be taken, all action, and do, or cause to be done, all things necessary, proper or advisable under applicable law and regulations to consummate and make effective the transactions contemplated by this Agreement, including, without limitation, obtaining all consents and approvals of all Persons and removing all injunctive or other impediments or delays, legal or otherwise, which are necessary to the consummation of the transactions contemplated by this Agreement, the Acquisition Agreements and the other Documents.

1.10 OTHER COVENANTS

The Company further covenants and agrees not to, and will use its best efforts to ensure that no affiliate (as defined in Rule 501(b) of the Securities Act) of the Company will sell, offer for sale or solicit offers to buy or otherwise negotiate in respect of any security (as defined in the Securities Act) that would be integrated with the sale of the Securities in a manner that would require the registration under the Securities Act of the sale to the Purchasers of the Securities.

SECTION 2. CLOSING CONDITIONS

The obligations of each Purchaser to purchase and pay for the Securities to be delivered to such Purchaser at the Closing shall be subject to the satisfaction of each of the following conditions on or before the Closing Date:

2.1 DELIVERY OF DOCUMENTS

The Company shall have delivered to each Purchaser, in form and substance reasonably satisfactory to such Purchaser, the following:

(a) The Notes being purchased by such Purchaser, duly executed by the Company, in the aggregate principal amount set forth opposite such Purchaser's name on SCHEDULE 1.1; and Warrants being purchased by such Purchaser, duly executed by the Company, representing the number of Warrants set forth opposite such Purchaser's name on SCHEDULE 1.1.

(b) (1) An opinion, dated the Closing Date and addressed to such Purchaser, from Shearman & Sterling, counsel for the Company, or such other counsel of the Company reasonably acceptable to the Purchasers, as to the matters set forth on ANNEX D.

(2) All opinions of all counsel to the Company delivered pursuant to the PCI Acquisition Agreement, dated the Closing Date and addressed to the Purchasers or accompanied by a written authorization from the Person delivering such legal opinion stating that the Purchasers may rely on such opinion as though it were addressed to them and a copy

of all opinions of all counsel to the Company delivered pursuant to the Senior Credit Agreement.

(3) An opinion, dated the Closing Date and addressed to such Purchaser, from Gardere & Wynne, L.L.P., counsel for the Purchasers, as to the matters set forth on ANNEX E.

In rendering such opinions, each counsel may rely as to factual matters upon certificates or other documents furnished by officers and directors of the Company (copies of which shall be delivered to such Purchaser) and by government officials, and upon such other documents as such counsel deem appropriate as a basis for their opinion. Such counsel shall opine, as applicable, as to the Federal laws of the United States, the laws of the States of New York and Washington, the laws of the state or states of incorporation of the Company and each Subsidiary Guarantor, if other than New York or Washington, and the laws of the state or states governing the PCI Acquisition Agreement and the Senior Credit Agreement, as the case may be, if other than New York or Washington.

(c) Resolutions of the Board of Directors of the Company, certified by the Secretary or Assistant Secretary of the Company, to be duly adopted and in full force and effect on such date, authorizing (i) the execution, delivery and performance of this Agreement, the Notes, the Registration Rights Agreement, the Warrant Agreement, the PCI Acquisition Agreement, the Senior Credit Agreement, the other Documents to which the Company is a party and the consummation of the transactions contemplated hereby and thereby, (ii) the issuance of the Notes and the Warrants and (iii) specific officers of the Company to execute and deliver this Agreement, the Notes, the Registration Rights Agreement, the Warrant Agreement, the PCI Acquisition Agreement, the Senior Credit Agreement and any other Documents to which the Company is a party.

(d) Certificates of the Chief Executive Officer and Chief Financial Officer of the Company, dated the Closing Date, certifying that (i) all of the conditions set forth in SECTIONS 2.3. 2.4, 2.5. 2.6, 2.7, 2.8, 2.10, 2.11 AND 2.12 are satisfied on and as of such date and specifying as to each such condition the satisfaction thereof, (ii) all of the representations and warranties of the Company contained or incorporated by reference herein are true and correct on and as of such date as though made on and as of such date (unless stated to relate to another date), both immediately prior to and after the consummation of the PCI Acquisition (and after giving effect to the transactions contemplated by this Agreement and the other Documents) and no event has occurred and is continuing, or would result from the issuance of the Securities or the incurrence of indebtedness under the Senior Credit Agreement, which constitutes or would constitute a Default or an Event of Default, (iii)

concurrently with the purchase of the Securities, the Company (a) has outstanding not more than $112,500,000 of Senior Term Debt and (b) has outstanding not more than $3,000,000 of Senior Revolver Debt and (iv) the Company has performed its obligations which are required to be performed on or before the closing under the Acquisition Agreements and the Senior Credit Agreement in accordance therewith and with all applicable law.

(e) Audited Financial Statements, with respect to Company, together with a certificate of the Chief Financial Officer of the Company to the effect that they were prepared in accordance

with GAAP and fairly present in all material respects the consolidated financial position, shareholders' equity and income of such Persons.

(f) Governmental certificates, dated the most recent practicable date prior to the Closing Date, showing that each of the Companies is organized and in good standing in the jurisdiction of its incorporation and is qualified as a foreign corporation and in good standing in all other jurisdictions in which it has executive offices or transacts business, except where the failure to be so qualified could not reasonably be expected to have a Material Adverse Effect.

(g) Copies of each consent, license and approval required in connection with the execution, delivery and performance by the Company of this Agreement, the Securities, the Acquisition Agreements, the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement and the other Documents and the consummation of the transactions contemplated hereby and thereby (including without limitation consents, if any, required pursuant to the HSR Act).

(h) Copies of the Charter Documents of each of the Companies, certified as of a recent date by the Secretaries of State of their respective states of incorporation, and certified by the Secretary or Assistant Secretary of each of the Companies, as true and correct as of the Closing Date.

(i) Certificates of the Secretary or an Assistant Secretary of each of the Companies as to the incumbency and signatures of the officers or representatives of such entity executing this Agreement, the Securities, the PCI Acquisition Agreement, the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement, the other Documents and any other certificate or other document to be delivered pursuant hereto or thereto, together with evidence of the incumbency of such Secretary or Assistant Secretary.

(j) True and correct copies of the Acquisition Agreements and all amendments thereto relating to the Pacific Acquisition and the PCI Acquisition;

(k) The Pro Forma and the Projections, each in form and substance acceptable to Purchasers; and

(l) Such additional information and materials as any Purchaser may reasonably request and specifically identify prior to the Closing Date, including, without limitation, copies of any debt agreements, security agreements and other contracts to which any of the Companies is a party.

2.2 LEGAL INVESTMENT, PURCHASE PERMITTED BY APPLICABLE LAWS

Each Purchaser's acquisition of the Securities (a) shall not be prohibited by any applicable law or governmental regulation, release, interpretation or opinion (including, without limitation, Regulations U and X of the Board of Governors of the Federal Reserve System), (b) shall constitute a legal investment as of the Closing Date under the laws and regulations and orders of each jurisdiction to which such Purchaser may be subject (without resort to any "basket" or "leeway" provision), and (c) shall not subject such Purchaser to any material penalty.

2.3 PAYMENT OF FEES.

The Company shall have delivered to each of the Purchasers or to such other Persons as such Purchaser shall direct on SCHEDULE 1.1, at the Closing, by intra-bank or federal funds bank wire transfer of same day funds, payment for such Purchaser's fee as set forth opposite such Purchaser's name on SCHEDULE 1.1.

2.4 COMPLIANCE WITH AGREEMENTS

The Company shall have performed and complied in all material respects with all agreements, covenants and conditions contained herein, in each of the other Documents and in any other document contemplated hereby or thereby which are required to be performed or complied with by the Company on or before the

Closing Date.

2.5 COMPLETION OF OTHER TRANSACTIONS

Simultaneously with or prior to the sale to each Purchaser of the Securities to be purchased by such Purchaser:

(a) The Company shall have executed and delivered the Acquisition Agreements and shall have consummated the transactions contemplated thereby to be consummated on or prior to the Closing Date (including, without limitation, the Pacific Acquisition and the PCI Acquisition), without amendment, modification or waiver of any material condition.

(b) The Company and each Person a party thereto shall have executed and delivered the Registration Rights Agreement and the Warrant Agreement and shall have consummated the transactions contemplated thereby to be consummated on or prior to the Closing Date in accordance with all applicable laws (including without limitation, the Securities Act, all applicable state securities laws and all related rules and regulations under such statutes and other laws).

(c) All of the other Purchasers listed in the signature pages hereof shall have consummated their purchase of Securities pursuant to this Agreement.

(d) The Company and the lenders party thereto shall have executed and delivered the Senior Credit Agreement; none of the parties to the Senior Credit Agreement shall be in breach of any of their respective material obligations thereunder and all of the conditions precedent to the transactions contemplated thereby shall have been duly satisfied without amendment, modification or waiver of any material condition; and the Company shall have not more than (a) $112,500,000 of Senior Term Debt and (b) $3,000,000 of Senior Revolver Debt.

(e) The Company shall have issued 1,000 shares of Common Stock to the Purchasers in the respective amounts set forth opposite each Purchaser's name on SCHEDULE 1.1 hereto.

2.6 REPRESENTATIONS AND WARRANTIES

Unless stated to relate to another date, all of the representations and warranties of each of the Companies contained or incorporated by reference herein or in any of the other Documents shall be true and correct, in all material respects, on and as of the Closing Date, both before and after giving effect to the PCI Acquisition and the other transactions contemplated hereby and by the other Documents.

2.7 NO EVENT OF DEFAULT

No event shall have occurred and be continuing, or would result from the consummation of the transactions contemplated to be consummated on or prior to the Closing Date by this Agreement, the Acquisition Agreements, the Senior Credit Agreement or any of the other Documents (including without limitation the purchase of the Securities or the incurrence of indebtedness pursuant to the Senior Credit Agreement), which constitutes or would constitute a Default or an Event of Default.

2.8 EQUITY CONTRIBUTION

On or prior to the Closing Date, separate from payment of the purchase price of the Warrants hereunder, the Company shall have received equity contributions of at least $41,250,000 in cash (or other consideration reasonably acceptable to Purchasers) from the issuance of Common Stock of the Company in connection with the Pacific Acquisition and $37,500,000 in cash (or other consideration reasonably acceptable to Purchasers) from the issuance of Common Stock of the Company in connection with the PCI Acquisition.

2.9 PROCEEDINGS SATISFACTORY

All proceedings taken in connection with the sale of the Securities, the transactions contemplated hereby (including, without limitation, the PCI Acquisition), and all documents and papers relating thereto, shall be reasonably satisfactory to such Purchaser. Such Purchaser and its counsel shall have received copies of such documents and papers as they may reasonably request in connection therewith, or as a basis for the Closing opinions, all in form and substance satisfactory to such Purchaser.

2.10 CONSENTS AND PERMITS

The Company shall have received all consents, permits, approvals and authorizations and sent or made all notices, filings, registrations and qualifications as may be required pursuant to any law, statute, regulation or rule (Federal, state, local or foreign) or pursuant to any other agreement, order or decree to which the Company or any of its Subsidiaries is a party or to

which any of them is subject, in connection with the transactions to be consummated on or prior to the Closing Date as contemplated by this Agreement or any of the other Documents.

2.11 NO MATERIAL ADVERSE EFFECT

Since the date of the most recent of the Audited Financial Statements (A) none of the Companies shall have suffered any adverse change in their properties, business, operations, assets or condition (financial or otherwise) which could reasonably be expected to result in a Material Adverse Effect; and (B) except as set forth in SCHEDULE 2.11 hereto, (i) there shall not have been any material change in the capital stock or long-term debt, or material increase in short-term debt, of any of the Companies and (ii) none of the Companies shall have incurred any liability or obligation, direct or contingent, that is material to such Company that is required to be disclosed on a balance sheet in accordance with GAAP and is not disclosed on the latest balance sheet previously provided to the Purchasers.

2.12 NO MATERIAL JUDGEMENT OR ORDER

There shall not be on the Closing Date any judgment or order of a court of competent jurisdiction or any ruling of any agency of the Federal, state or local government that, in the reasonable judgment of any Purchaser or its counsel, would prohibit the sale or issuance of the Securities hereunder or subject the Company to any material penalty if the Securities were to be issued and sold hereunder.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants on the date hereof and as of the Closing, as follows:

3.1 AUTHORIZATION, CAPITALIZATION

(a) The Company has taken all actions necessary to authorize it (i) to execute, deliver and perform all of its obligations under this Agreement, the Acquisition Agreements, the Warrant Agreement, the Registration Rights Agreement, the Senior Credit Agreement and the other Documents to which it is a party, (ii) to issue and perform all of its obligations under the Notes and Warrants, and (iii) to consummate the transactions contemplated hereby and thereby. Each of this Agreement, the Notes, the Acquisition Agreements, the Warrant Agreement, the Registration Rights Agreement, the Senior Credit Agreement and the other Documents to which the Company is a party is a legally valid and binding obligation of the Company, enforceable against it in accordance with their respective terms, except for (a) the effect thereon of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally and (b) limitations imposed by equitable principles upon the specific enforceability of any of the remedies, covenants or other provisions thereof and upon the availability of injunctive relief or other equitable remedies.

(b) The Subsidiaries listed on SCHEDULE 3.1 are the only Subsidiaries of the Company (the "COMPANY'S SUBSIDIARIES"). The total authorized Equity Interests of the Company consist of 10,000,000 shares of Common Stock, of which 41,250 shares of Common Stock were issued and outstanding on the date hereof and 78,750 shares of Common Stock will be issued and outstanding upon consummation of the transactions contemplated hereby, in each case free and clear of any Lien,

limitation on voting rights, encumbrance, equity or adverse interest of any nature, other than Permitted Liens and the restrictions, if any, set forth in the Shareholders Agreement. On the Closing Date and after giving effect to the consummation of the transactions contemplated by the Documents, the Equity Interests of the Company and its Subsidiaries are owned by the Persons listed on SCHEDULE 3.1 in the amounts set forth thereon. The outstanding Equity Interests or other securities evidencing equity ownership of the Company in each of its Subsidiaries is owned, in each case, free and clear of any Lien (other than Permitted Liens), limitation on voting rights, encumbrance, equity or adverse interest of any nature. All of the outstanding Equity Interests of the Company and each of its Subsidiaries have been duly authorized and validly issued, are fully paid and nonassessable and were not issued in violation of, and are not subject to, any preemptive or similar rights. Except for the shares of capital stock of each of the Company's Subsidiaries or as set forth on SCHEDULE 3.1, the Company does not own any capital stock or any other securities of any corporation, nor does it have any Equity Interest in any firm, partnership, association or other entity.

(c) On the Closing Date, the Securities will be duly authorized and validly issued, will be fully paid and nonassessable and will not have been issued in violation of, and, except as set forth on SCHEDULE 3.1 will not be subject to, any preemptive or similar rights. Except as set forth on SCHEDULE 3.1, there are no outstanding (i) securities convertible into or exchangeable for any Equity Interests of any of the Companies, (ii) options, warrants or other rights to purchase or subscribe to Equity Interests of any of the Companies or securities convertible into or exchangeable for Equity Interests of any of the Companies, (iii) contracts, commitments, agreements, understandings, arrangements, calls or claims of any kind relating to the issuance of any Equity Interests of any of the Companies, any such convertible or exchangeable securities or any such options, warrants or rights or (iv) voting trusts, agreements, contracts, commitments, understandings or arrangements with respect to the voting of any of the Equity Interests of any of the Companies.

(d) Except for the Registration Rights Agreement and as set forth on SCHEDULE 3.1, none of the Companies has entered into an agreement to register its securities under the Securities Act. Except for this Agreement and as set forth on SCHEDULE 3.1 hereto, none of the Companies has entered into any agreement to issue, purchase or sell any of its securities.

(e) There are no securities of the Company registered under the Exchange Act or listed on a national securities exchange registered under Section 6 of the Exchange Act or quoted in a United States automated inter-dealer quotation system.

3.2 NO VIOLATION OR CONFLICT, NO DEFAULT

(a) Neither the execution, delivery or performance of this Agreement, the Securities, the Acquisition Agreements, the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement or any of the other Documents by the Company nor the compliance with its obligations hereunder or thereunder, nor the consummation of the transactions contemplated hereby and thereby, nor the issuance, sale or delivery of the Securities will:

(1) violate any provision of the Charter Documents of any of the Companies;

(2) violate any statute, law, rule or regulation or any judgment, decree, order, regulation or rule of any court or governmental authority or body to which any of the Companies or any of their respective properties may be subject except where such violation would not have a Material Adverse Effect;

(3) permit or cause the acceleration of the maturity of any debt or obligation of any of the Companies; or

(4) violate, or be in conflict with, or constitute a default under, or permit the termination of, or require the consent of any Person under, or result in the creation or imposition of any Lien (other than Permitted Liens) upon any property of any of the Companies under, any mortgage, indenture, loan agreement, note, debenture, agreement for borrowed money or any other agreement to which any of the Companies is a party or by which any of the Companies (or their respective properties) may be bound, other than such violations, conflicts, defaults, terminations and Liens, or such failures to obtain consents, which could not reasonably be expected to result in a Material Adverse Effect.

(b) None of the Companies is in default (without giving effect to any grace or cure period or notice requirement) under any agreement for borrowed money or under any agreement pursuant to which any of its securities were sold.

3.3 USE OF PROCEEDS

The net proceeds from the sale of the Securities hereunder will be used solely to pay the purchase price for the PCI Acquisition, to pay the fees and expenses associated with the PCI Acquisition and to refinance certain existing Indebtedness of the Companies.

3.4 NO MATERIAL ADVERSE CHANGE; FINANCIAL STATEMENTS

(a) The balance sheets and the related statements of income and of cash flows of PCI for fiscal year 1997 and fiscal year 1998 audited by Ernst & Young, LLP are complete and correct and present fairly the financial condition of PCI and its Subsidiaries as of such dates and the balance sheets and the related statements of income and of cash flows of the Company, for fiscal year 1997 and fiscal year 1998 audited by Arthur Andersen, L.L.P. are complete and correct and present fairly the financial condition of the Company and its Subsidiaries as of such dates (collectively, the "AUDITED FINANCIAL STATEMENTS"). Additionally,

monthly working capital detail for the trailing twelve months, the Company-prepared pro forma (the "PRO FORMA") balance sheets of the Company and the six-year projections (the "PROJECTIONS") have been prepared in good faith based upon reasonable assumptions and represent the Company's best estimate of future results. All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as disclosed therein).

(b) Except as set forth in SCHEDULE 2.11, since December 31, 1998, there has been no development or event which has had or could reasonably be expected to have a Material Adverse Effect.

3.5 FULL DISCLOSURE

All factual information heretofore, contemporaneously or hereafter furnished by or on behalf of the Company or any of its Subsidiaries to the Purchasers or any Holder for purposes of or in connection with this Agreement or any other Document, or any transaction contemplated hereby or thereby, is or will be true and accurate in all material respects and not incomplete by omitting to state any material fact necessary to make such information not misleading. There is no material fact known to the Company that has had or could reasonably be expected to have a Material Adverse Effect and that has not been disclosed herein or in such other documents, certificates and written statements furnished to the Purchasers for use in connection with the transactions contemplated hereby (including information disclosed in all financial statements and all footnotes attached thereto).

3.6 THIRD PARTY CONSENTS

Neither the nature of the Company nor of any of their businesses or properties, nor any relationship between the Company and any other Person, nor any circumstance in connection with the offer, issuance, sale or delivery of the Securities at the Closing nor the performance by the Company of their other obligations hereunder or under, or the consummation of the transactions contemplated by, the Securities, the Acquisition Agreements, the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement or any other Document, as the case may be, is such as to require a consent, approval or authorization of, or notice to, or filing, registration or qualification with, any governmental authority or other Person on the part of the Company as a condition to the execution and delivery of this Agreement, the Acquisition Agreements, the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement or any of the other Documents or the offer, issuance, sale or delivery of the Securities at the Closing other than such consents, approvals, authorizations, notices, filings, registrations or qualifications which shall have been made or obtained on or prior to the Closing Date (and copies of which will be delivered to the Purchasers) and such filings under Federal and state securities laws which are permitted to be made after the Closing Date and which the Company hereby agrees to file within the time period prescribed by applicable law.

3.7 NO VIOLATION OF REGULATIONS OF BOARD OF GOVERNORS OF FEDERAL RESERVE SYSTEM

None of the transactions contemplated by this Agreement (including, without limitation, the use of the proceeds from the sale of the Securities) will violate or result in a violation of Section 7 of the Exchange Act or any regulation issued pursuant thereto, including, without limitation, Regulations U and X of the Board of Governors of the Federal Reserve System.

3.8 PRIVATE OFFERING

Assuming the truth and correctness of the representations and warranties set forth in SECTION 4 hereof, the sale of the Securities hereunder is exempt from the registration and prospectus delivery requirements of the Securities Act. In the case of each offer or sale of the Securities, no form of general solicitation or general advertising was used by any of the Companies or their respective representatives, including, but not limited to, advertisements, articles, notices or other communications published in any newspaper, magazine or similar medium or broadcast over television or radio, or any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.

The Purchasers are the sole purchasers of the Securities. Except as set forth on SCHEDULE 3.8, no securities have been issued and sold by the Company within the six-month period immediately prior to the date hereof. None of the securities issued within such six-month period could be integrated with the issuance of the Securities as a single offering for purposes of the Securities Act, and the Company agrees that neither it, nor anyone acting on its behalf, will offer or sell the Securities, or any portion of them, if such offer or sale

might bring the issuance and sale of the Securities to any Purchaser hereunder within the provisions of Section 5 of the Securities Act nor offer any similar securities for issuance or sale to, or solicit any offer to acquire any of the same from, or otherwise approach or negotiate with respect thereto, with anyone if the sale of the Securities and any such securities could be integrated as a single offering for the purposes of the Securities Act, including without limitation Regulation D thereunder. It is not necessary, in connection with the transactions contemplated hereby, to qualify an indenture under the Trust Indenture Act of 1939, as amended.

3.9 GOVERNMENTAL REGULATIONS

None of the Companies is subject to regulation under the Investment Company Act of 1940, as amended, the Public Utility Holding Company Act of 1935, as amended, the Federal Power Act, the Interstate Commerce Act, the Commodity Exchange Act or to any Federal or state statute or regulation limiting its ability to incur indebtedness for borrowed money or consummate the transactions contemplated hereby and by the other Documents.

3.10 BROKERS

Except as disclosed to the Purchasers, none of the Companies has dealt with any broker, finder, commission agent or other such intermediary in connection with the sale of the Securities and the transactions contemplated by this Agreement and the other Documents, and none of the Companies is under any obligation to pay any broker's or finder's fee or commission or similar payment in connection with such transactions.

The Company agrees to indemnify and hold the Holders harmless from and against any and all actions, suits, claims, costs, expenses, losses, liabilities and/or obligations in connection with or relating to any broker's or finder's fees or commission or similar payment in connection with such transactions, except with respect to such fees or commissions incurred by any Purchaser for its

account, so long as the Company receives notice of any such action, suit, claim, etc., reasonably promptly after the Holders become aware thereof; provided that the failure to give such notice as provided in this sentence shall not relieve the Company of its obligations under this sentence except to the extent, and only to the extent, that the Company is materially prejudiced by such failure to give notice (as determined by a court of competent jurisdiction in a final nonappealable judgment).

3.11 SOLVENCY

The fair saleable value of the Company's and each of its Subsidiaries' assets, measured on a going concern basis, exceeds all probable liabilities, including those to be incurred pursuant to this Agreement. Neither the Company nor any of its Subsidiaries (a) has unreasonably small capital in relation to the business in which it is or proposes to be engaged or (b) has incurred, or believes that it will incur after giving effect to the transactions contemplated by this Agreement, debts beyond its ability to pay such debts as they become due.

3.12 REPRESENTATIONS AND WARRANTIES

(a) To the best knowledge of the Company after due inquiry, all representations and warranties (and the related schedules) of the Company contained in the PCI Acquisition Agreement, the Registration Rights Agreement, the Warrant Agreement, the Senior Credit Agreement and the other Documents, each in the form as in effect on the date hereof without amendment or waiver, shall be deemed to constitute representations and warranties of the Company under this Agreement with the same force and effect as the representations and warranties expressly set forth herein. Such representations and warranties are true and correct on the date hereof, in all material respects, and will be true and correct as of the Closing Date, in all material respects, as if made at and as of such date, both before and after the consummation of the PCI Acquisition, and are hereby incorporated by reference herein as if made hereby by the Company to the Purchasers. Unless otherwise defined herein, for purposes of this SECTION 3.12, the definitions contained in the Senior Credit Agreement, the Registration Rights Agreement, the Warrant Agreement, the Acquisition Agreements and any other Documents (insofar as they relate to the representations and warranties incorporated herein) are hereby incorporated by reference herein and made a part hereof.

(b) There exist no material defaults with respect to the Acquisition Agreements nor any basis for the exercise by any party thereto of any rights of cancellation or rescission or any material rights of offset.

3.13 LITIGATION

Except as set forth in SCHEDULE 3.13, no litigation, investigation or

proceeding of or before any arbitrator or Governmental Authority is pending or, to the best knowledge of the Company, threatened by or against the Company or any of its Subsidiaries or against any of its or their respective properties or revenues (a) with respect to the Documents or any Note or any of the transactions contemplated hereby, or (b) which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(d) To the best knowledge of the Company and its Subsidiaries, Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location which could reasonably be expected to give rise to liability under any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could reasonably be expected to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Company or any of its Subsidiaries, threatened, under any Environmental Law to which the Company or any of its Subsidiaries is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business.

(f) To the best knowledge of the Company and its Subsidiaries, there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of the Company and its Subsidiaries in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could reasonably be expected to give rise to liability under Environmental Laws.

3.17 ERISA

Except as set forth in SCHEDULE 3.17, neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code, except to the extent that any such occurrence or failure to comply would not reasonably be expected to have a Material Adverse Effect. No termination of a Single Employer Plan has occurred resulting in any liability that has remained underfunded, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period which could reasonably be expected to have a Material Adverse Effect. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by an amount which, as determined in accordance with GAAP, could reasonably be expected to have a Material Adverse Effect. Neither the Company nor any Commonly Controlled Entity is currently subject to any liability for a complete or partial withdrawal from a Multiemployer Plan which could reasonably be expected to have a Material Adverse Effect.

3.18 INTELLECTUAL PROPERTY

SCHEDULE 3.18 hereto contains a complete and accurate list of (i) all of the Company's and its Subsidiaries' intellectual property which is the subject of a registration or application or constitutes material unregistered copyrights or trademarks and (ii) all license agreements to which the Company or its Subsidiaries is a party or by which they are bound relating to intellectual property, whether as

the licensee or licensor thereunder. The Companies own or possess adequate licenses or other rights to use all trademarks, service marks, trade names, copyrights, and know-how necessary to conduct the business now conducted by the Companies and, none of the Companies has received any notice of infringement of or conflict with (or knows of such infringement of or conflict with) asserted rights of others with respect to trademarks, service marks, trade names, copyrights, or know-how which, individually or in the aggregate, could reasonably be expected to result in any Material Adverse Effect. The Company does not in the conduct of its business as now conducted, infringe or conflict with any right of any third party, known to the Company, where such infringement or conflict could reasonably be expected to result in any Material Adverse Effect.

3.19 COMPLIANCE WITH LAWS

The Company and each of its Subsidiaries has obtained and has maintained in good standing any licenses, permits, consents and authorizations required to be obtained by it under all laws or regulations relating to its business (collectively, the "Laws"), except as to any of the foregoing the absence of which (individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect, and any such licenses, permits, consents and authorizations remain in full force and effect, except as to any of the foregoing the absence of which (individually or in the aggregate) could not reasonably be expected to have a Material Adverse Effect. The Company and each of its Subsidiaries are in compliance with the Laws in all material respects, and there is no pending or, to the Company's or any of its Subsidiaries' knowledge, threatened, action or proceeding against the Company or any of its Subsidiaries under any of the Laws, other than any such actions or proceedings which, individually or in the aggregate, if adversely determined, could not reasonably be expected to have a Material Adverse Effect.

3.20 CONSUMMATION OF ACQUISITIONS

The Acquisitions have been duly consummated in accordance with the terms of the Acquisition Agreements without amendment or waiver of any material term or provision thereof. True and correct copies of the Acquisition Agreements have been delivered to each Purchaser pursuant to SECTION 2.1(j). The Company is not in default under either of the Acquisition Agreements or under any instrument or document to be delivered in connection therewith. All of the transactions engaged in by the Company and its Affiliates as part of the Acquisitions were legal and valid and in compliance with all applicable law.

3.21 INDEBTEDNESS

After giving effect to the Acquisitions and the transactions contemplated thereby, other than the Seller Notes, the Retention Bonus Pool, the Notes, the Indebtedness described on SCHEDULE 3.21 and the Senior Credit Agreement and the notes issued pursuant thereto, none of the Companies (i) is a party to any loan or similar agreement, (ii) has any notes, bonds, debentures or other evidences of Indebtedness outstanding nor (iii) has guaranteed the obligations or liabilities of any Person.

3.22 INVESTMENTS

None of the Companies has any Investments, other than Investments in their respective Subsidiaries and Permitted Investments.

3.23 INSURANCE

SCHEDULE 3.23 hereto lists all material insurance policies insuring, and all material performance bonds issued in favor of, any of the Companies, specifying (a) the name of the insurer or bonding company, (b) the risk insured or bonded, (c) the limits of coverage, (d) the deductible, if any, (e) the premium (including any proposed premium increases known to any of the Companies), (f) any notice of cancellation or nonrenewal received by any of the Companies and (g) the date through which coverage will continue by virtue of premiums already paid.

3.24 SURVIVAL OF REPRESENTATIONS AND WARRANTIES

All of the Company's representations and warranties hereunder and under the Registration Rights Agreement and the Warrant Agreement shall survive the execution and delivery of the same, any investigation by any Purchaser and the issuance of the Securities.

3.25 CONSULTING AGREEMENTS

SCHEDULE 3.25 hereto lists and attaches all management, consulting or similar agreements or arrangements between any of the Companies, on the one hand, and the Sponsors and/or their Affiliates, on the other hand (collectively "CONSULTING AGREEMENTS").

3.26 YEAR 2000 COMPLIANCE

The Company has (i) initiated a review and assessment of all areas within the Company's and each of its Subsidiaries' business and operations (including those affected by suppliers, vendors and customers) that could be adversely affected by the Year 2000 Problem, (ii) developed a plan and timeline for addressing the Year 2000 Problem on a timely basis, and (iii) to date, implemented that plan in accordance with that timetable. Based on the foregoing, the Company believes that all computer applications of the Company that are material to its or any of its Subsidiaries' business and operations are or are scheduled to be Year 2000 Compliant prior to January 1, 2000 and is not aware of any Year 2000 Problem that could reasonably be expected to have a Material Adverse Effect.

SECTION 4. REPRESENTATIONS, WARRANTIES AND ACKNOWLEDGMENTS OF EACH PURCHASER

Each Purchaser (as to itself only) and each Account Manager (as to the managed accounts of Purchasers) represents and warrants to the Company that:

4.1 PURCHASE FOR OWN ACCOUNT

Such Purchaser or such Account Manager is purchasing the Securities to be purchased by it solely for its own account (or in the case of Account Managers, on behalf of managed accounts) and not as nominee or agent for any other person (other than for such managed accounts, if applicable) and not with a view to, or for offer or sale in connection with, any distribution thereof (within the meaning of the Securities Act) that would be in violation of the securities laws of the United States of America or any state thereof, without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of said Securities pursuant to a registration statement under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act, and subject, nevertheless, to the disposition of its property being at all times within its control.

4.2 ACCREDITED INVESTOR

Such Purchaser or such Account Manager is knowledgeable, sophisticated and experienced in business and financial matters; it has previously invested in securities similar to the Securities and it acknowledges that the Securities have not been registered under the Securities Act and understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or such sale is permitted pursuant to an available exemption from such registration requirement; it (or, in the case of an Account Manager, the managed account on behalf of which the Account Manager is acting) is able to bear the economic risk of its investment in the Securities and is presently able to afford the complete loss of such investment; it (or, in the case of an Account Manager, the managed account on behalf of which the Account Manager is acting) is an "accredited investor" as defined in Regulation D promulgated under the Securities Act and the Securities to be acquired by it pursuant to this Agreement are being acquired for its own account; and it has been afforded access to information about each of the Companies and their financial condition and business sufficient to enable it to evaluate its investment in the Securities.

4.3 AUTHORIZATION

Each Purchaser has taken all actions necessary to authorize it (or, in the case of an Account Manager, such Account Manager is duly authorized by the managed account for which it is acting) (i) to execute, deliver and perform all of its obligations under this Agreement, (ii) to perform all of its obligations under the Securities and (iii) to consummate the transactions contemplated hereby and thereby. This Agreement is a legally valid and binding obligation of each Purchaser enforceable against it in accordance with its terms, except for (a) the effect thereon of bankruptcy, insolvency, reorganization, moratorium and other similar laws relating to or affecting the rights of creditors generally and (b) limitations imposed by Federal or state law or equitable principles upon the specific enforceability of any of the remedies, covenants or other provisions thereof and upon the availability of injunctive relief or other equitable remedies.

4.4 ACCESS TO INFORMATION

Each Purchaser has had an opportunity to discuss the Companies' business, management and financial affairs with each Company's respective management and has had the opportunity to review financial and other information related to the Companies.

4.5 SECURITIES RESTRICTED

Each Purchaser acknowledges that the Securities have not been and, except as otherwise provided in the Registration Rights Agreement, will not be registered under the Securities Act and are being issued in a transaction that is exempt from the registration requirements of the Securities Act. Each Purchaser understands that the Securities must be held indefinitely unless they are subsequently registered under the Securities Act or such sale is permitted pursuant to an available exemption from such registration requirement.

No transfer or sale (including, without limitation, by pledge or hypothecation) of Securities by any Holder which is otherwise permitted hereunder, other than a transfer or sale to the Company, shall be effective unless such transfer or sale is made (A) pursuant to an effective registration statement under the Securities Act and a valid qualification under applicable state securities or "blue sky" laws or (B) without such registration or qualification as a result of the availability of an exemption therefrom, and, if

reasonably requested by the Company, counsel for such Holder shall have furnished the Company with an opinion, reasonably satisfactory in form and substance to the Company, that no such registration is required because of the availability of an exemption from the registration requirements of the Securities Act; provided, however, that with respect to transfers by Holders to their Affiliates, no such opinion shall be required. A transfer made by a Holder which is a state-sponsored employee benefit plan to a successor trust or fiduciary pursuant to a statutory reconstitution shall be expressly permitted and no opinions of counsel shall be required in connection therewith.

4.6 PLEDGE OF SECURITIES

Notwithstanding anything to the contrary in this Section 4.6, each Holder shall be permitted to pledge the Securities held by it to a trustee for the benefit of secured noteholders pursuant to documents relating to the financing of such Holder. If reasonably requested by the Company, counsel for any Holder pledging Securities pursuant to this SECTION 4.6 shall furnish the Company with an opinion, reasonably satisfactory in form and substance to the Company, that, in connection with any such pledge, no registration under the Securities Act or valid qualification under applicable state securities or "blue sky" law is required because of the availability of an exemption from the registration requirements of the Securities Act.

4.7 PRIORITY OF NOTES

Purchasers acknowledge that, as of the Closing Date, the Indebtedness evidenced by the Seller Notes and the Retention Bonus Pool is not contractually subordinated to the Indebtedness evidenced by this Agreement and the Notes.

SECTION 5. COVENANTS

The Company hereby covenants to the Holders of outstanding Securities and agrees that it will comply, and will cause each of its Subsidiaries to comply with such of the following as are applicable to it or them as follows:

5.1 PAYMENT OF NOTES, SATISFACTION OF OBLIGATIONS

So long as any of the Notes remain unpaid and outstanding, the Company shall pay the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes. All payments by the Company shall be made without deduction, defense, setoff or counterclaim in same day funds and delivered to Holder by wire transfer to the Purchaser's account set forth on SCHEDULE 1.1 hereto or to such other place as the Holder may direct from time to time by written notice to the Company. To the extent lawful, the Company shall pay interest (including interest accruing after the commencement of any proceeding under any Bankruptcy Law) on all unpaid amounts outstanding under the Notes (including overdue installments of principal or interest) at a rate equal to 14% per annum, compounded quarterly. The obligations of the Company under this Section 5.1 are subject to the subordination provisions of Section 8 hereof, but any failure to perform such obligations as a result of such subordination provisions shall in any event constitute an Event of Default hereunder.

5.2 FINANCIAL STATEMENTS AND REPORTS

(a) ANNUAL FINANCIAL STATEMENTS. As soon as available, but in any event within ninety (90) days after the end of each fiscal year of the Company, a copy of the consolidated and consolidating balance sheet of the Company and its consolidated Subsidiaries as at the end of such fiscal year and the related consolidated and consolidating statements of income and retained earnings and of cash flows of the Company and its consolidated Subsidiaries for such year, such consolidated statements shall be audited by a firm of independent certified public accountants of nationally recognized standing reasonably acceptable to the Required Holders, and shall set forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification indicating that the scope of the audit was inadequate to permit such independent certified public accountants to certify such financial statements without such qualification;

(b) QUARTERLY FINANCIAL STATEMENTS. As soon as available and in any event within forty-five (45) days after the end of each of the first three fiscal quarters of the Company, a company-prepared consolidated and consolidating balance sheet of the Company and its consolidated Subsidiaries as at the end of such period and related company-prepared statements of income and of cash flows for the Company and its consolidated Subsidiaries for such quarterly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated and consolidating figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments);

(c) MONTHLY FINANCIAL STATEMENTS. As soon as available and in any event within thirty (30) days after the end of each month of the Company (other than at the end of a fiscal quarter, in which case 45 days after the end thereof), a company-prepared consolidated and consolidating balance sheet of the Company and its consolidated Subsidiaries as at the end of such period and related company prepared statements of income and of cash flows for the Company and its consolidated Subsidiaries for such monthly period and for the portion of the fiscal year ending with such period, in each case setting forth in comparative form consolidated and consolidating figures for the corresponding period or periods of the preceding fiscal year (subject to normal recurring year-end audit adjustments); and

(d) ANNUAL BUDGET PLAN. As soon as available, but in any event within forty-five (45) days after the end of each fiscal year, a copy of the detailed annual budget or plan of the Company for the next fiscal year on quarterly basis, in form and detail reasonably acceptable to the Required Holders, together with a summary of the material assumptions made in the preparation of such annual budget or plan;

all such financial statements to be complete and correct in all material respects (subject, in the case of interim statements, to normal recurring year-end audit adjustments) and to be prepared in reasonable detail and, in the case of the annual and quarterly financial statements provided in accordance with subsections (a) and (b) above, in accordance with GAAP applied consistently throughout the periods reflected therein and further accompanied by a description of, and an estimation of the effect on the financial statements on account of, a change, if any, in the application of accounting principles as provided in Section 10.3.

5.3 CERTIFICATES; OTHER INFORMATION

The Company shall deliver to the Holders:

(a) concurrently with the delivery of the financial statements referred to in SECTION 5.2(a) above, a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of the financial statements referred to in SECTIONS 5.2(a) and 5.2(b) above, a certificate of a Principal Officer stating that, to the best of such Principal Officer's knowledge, the Company and each of its Subsidiaries during such period observed or performed in all material respects all of its covenants and other agreements, and satisfied in all material respects every condition, contained in this Agreement to be observed, performed or satisfied by it, and that such Principal Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate and such certificate shall include the calculations in reasonable detail required to indicate compliance with Sections 5.9 and 5.12 as of the last day of such period;

(c) within thirty (30) days after the same are sent, copies of all material financial reports (other than those otherwise provided pursuant to Section 5.2 and those which are of a promotional nature) and other financial information which the Company sends to its shareholders, and within thirty days after the same are filed, copies of all financial statements and non-confidential reports which the

Company may make to, or file with the Securities and Exchange Commission or any successor or analogous Governmental Authority;

(d) within ninety (90) days after the end of each fiscal year of the Company, a certificate containing information regarding the amount of all Asset Sales and all issuances of Indebtedness or Equity Securities that were made during the prior fiscal year and amounts received in connection with any Recovery Event during the prior fiscal year;

(e) promptly upon receipt thereof, a copy of any other report or "management letter" submitted by independent accountants to the Company or any of its Subsidiaries in connection with any annual, interim or special audit of the books of such Person;

(f) promptly, such additional financial and other information as the Required Holders, may from time to time reasonably request.

5.4 LIMITATION ON RESTRICTED PAYMENTS

(a) Subject to SECTION 5.4(b), so long as any of the Notes remain unpaid and outstanding, the Company shall not, and shall not cause or permit any of its Subsidiaries to,

(i) declare or pay any dividends, either in cash or property, on, or make any distribution to the holders (as such) in respect of, any class of Equity Interest in the Company or any of its Subsidiaries (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or its Subsidiaries or dividends or distributions payable to the Company);

(ii) purchase, redeem or otherwise acquire or retire for value any Equity Interests of the Company or any of its Subsidiaries or any other Affiliate of the Company;

(iii) purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness (other than the Notes) that is PARI PASSU with or subordinated to the Notes;

(iv) make any payments of principal of, interest on or premium or redemption fees (if any) with respect to the Seller Notes or the Retention Bonus Plan or on account of any indemnities, fees or expenses related thereto;

(v) make any payments with respect to any of the Consulting Agreements; or

(vi) make any Investment, other than Permitted Investments (all such payments and other actions set forth in clauses (i) through (vi) hereof being collectively referred to as "Restricted Payments").

(b) The foregoing provision will not prohibit the following Restricted Payments:

(i) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, the defeasance, redemption, repurchase or prepayment of PARI PASSU or subordinated Indebtedness with the net proceeds from the issuance of Equity Interests (other than Disqualified Stock);

(ii) so long as (1) no default or event of default with respect to the Senior Indebtedness shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, (2) no Default or Event of Default pursuant to clause (a) or (b) of SECTION 7.1 shall have occurred and be continuing, and (3) no Indefinite Blockage Period or Payment Blockage Period is then in effect (A) the regularly scheduled payments of accrued interest on the Seller Notes and (B) the amount owing in respect of the Retention Bonus Plan in an aggregate amount not to exceed $1,200,000 in any fiscal year of the Company; notwithstanding the foregoing, if the Company shall have been prohibited from making payments owing in respect of the Retention Bonus Plan as a result of the foregoing provisions, then, so long as none of the foregoing provisions shall have occurred or be continuing or would result therefrom, the Company may pay any amounts past due with respect to the Retention Bonus Plan at such time as none of the conditions set forth in the foregoing clauses (1), (2) or (3) exists;

(iii) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, dividends paid or distributions made in respect of Equity Interests with the net proceeds of the issuance of Equity Interests (other than Disqualified Stock);

(iv) dividends paid or distributed by any Wholly-Owned Subsidiary of the Company to its direct parent;

(v) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, subject to the Change in Control provisions of this Agreement, the purchase or redemption of Common Stock with the net proceeds from the issuance of Equity Interests (other than Disqualified Stock);

(vi) Intercompany Indebtedness to the extent permitted by clause (b)(iv) of SECTION 5.5;

(vii) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, the purchase or redemption by the Company of all or any portion of the Common Stock held by an executive officer of the Company; PROVIDED such purchase or redemption is approved by the Board of Directors of the Company in good faith and the aggregate amount of

purchase consideration for any and all such purchases does not exceed $2,000,000 in the aggregate (including cash and the principal amount of any Indebtedness of the Company or any of its Subsidiaries incurred to purchase such Common Stock) whenever made at any time after the Closing Date;

(viii) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, the acquisition of all or a majority of the Capital Stock or other ownership interest in any Person (in a similar or related line of business and which has earnings before interest, taxes, depreciation and amortization for the prior four fiscal quarters in an amount greater than $0) or all or a substantial portion of the assets, property and/or operations of a Person (in a similar or related line of business and which had earnings before interest, taxes, depreciation and amortization for the prior four fiscal quarters in an amount greater than $0); PROVIDED that (1) the aggregate consideration paid by the Company and its Subsidiaries does not exceed, in the aggregate, $1,000,000 for any single acquisition or $2,500,000 in the aggregate for all such acquisitions in any fiscal year; and (2) after giving effect to any such acquisition availability under the Senior Revolver Debt is not less than $3,000,000 (excluding any availability under any swingline or overadvance facility); and

(ix) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, an Approved Use of Proceeds; PROVIDED that, such Approved Use of Proceeds is completed on or before January 13, 2003, and, at the time and after giving effect to such Approved Use of Proceeds and any Indebtedness incurred or anticipated to be incurred in connection therewith, including any Acquired Indebtedness, the Company shall be able to incur at least $1.00 of additional Indebtedness pursuant to SECTION 5.5(a);

(x) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payment, the purchase, redemption, defeasance, acquisition or retirement for value of the Operating Leases set forth on SCHEDULE 5.5(b); PROVIDED, that the total amount paid by Company and its Subsidiaries, on a consolidated basis, with respect to such purchase, redemption, defeasance, acquisition or retirement does not exceed the amounts set forth on SCHEDULE 5.5(b), and such purchase, redemption, defeasance, acquisition or retirement is consummated before the amounts payable with respect to such purchase, redemption, defeasance, acquisition or retirement are determined by reference to fair market value; and

(xi) so long as no Default or Event of Default shall have occurred and be continuing or would occur as a consequence of such Restricted Payments, the defeasance, redemption or repurchase of Indebtedness listed on SCHEDULE 3.21 or Indebtedness permitted by clause (b)(vi) of SECTION 5.5; PROVIDED that, in the event such defeasance, redemption or repurchase is made with the net proceeds of an incurrence of Permitted Refinancing Indebtedness, any Lien securing such Permitted Refinancing Indebtedness shall not extend to or cover any asset of the Company or any of its Subsidiaries other than the assets securing the Indebtedness so refinanced, renewed, replaced, defeased or refunded, and; provided further that in the event such defeasance, repurchase or redemption is made from the proceeds of an issuance of Equity Interests, such Equity Interests are not Disqualified Stock;

(xii) Investments in Hedging Obligations to the extent permitted by SECTION 5.5(b);

(xiii) so long as no Event of Default has occurred and is continuing, payment of management fees pursuant to the Consulting Agreements in an aggregate amount not to exceed $600,000 in any fiscal year of the Company; and

(xiv) Investments in addition to the Investments permitted by clauses (i) through (xiii) of this SECTION 5.4(b), in an aggregate amount not to exceed $110,000.

5.5 LIMITATION ON ADDITIONAL INDEBTEDNESS AND ISSUANCE OF DISQUALIFIED STOCK

(a) So long as any of the Notes remain unpaid and outstanding, the Company will not, and will not permit any of its Subsidiaries (including without

limitation, upon the creation or acquisition of such Subsidiary) to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable with respect to (collectively, "INCUR") any Indebtedness or issue any Disqualified Stock provided that the Company and its Subsidiaries may, in connection with an Approved Use of Proceeds, incur additional Senior Indebtedness at any time on or before January 13, 2003, if:

(i) no Default or Event of Default shall have occurred and be continuing at the time or would occur as a consequence of the incurrence of such Indebtedness;

(ii) (1) The Leverage Ratio of the Company, on a Consolidated basis, for the period of twelve (12) consecutive months ending on the last day of the month immediately preceding the date such Indebtedness is to be incurred and for which the Holders have received the financial information required by clause (b) of SECTION 5.2 is not greater than 4.75 to 1.00.

(2) The Senior Leverage Ratio of the Company, on a Consolidated basis, for the period of twelve (12) consecutive months ending on the last day of the month immediately preceding the date on which such Indebtedness is to be incurred and for which the Holders have received the financial information required by clause (b) of SECTION 5.2 is not greater than 4.00 to 1.00.

(iii) provided, that each of the immediately preceding clauses (1) and (2) shall be determined on a pro forma basis after giving effect to the proposed Approved Use of Proceeds, the earnings of the Company and the Acquisition Target (if applicable), the incurrence of any Acquired Indebtedness and the incurrence of such Senior Indebtedness, as if such Senior Indebtedness had been incurred at the beginning of such twelve month period, all calculated and determined to the mutual satisfaction and agreement of the Company and Required Holders.

(b) The foregoing limitations will not apply to:

(i) the incurrence by the Company of Indebtedness under the Senior Credit Agreement in an aggregate principal amount at any one time outstanding (including loans, the nominal amount of outstanding letters of credit and all unused commitments) not to exceed

(1) $15,000,000 of Senior Revolver Debt, (2) $112,500,000 of Senior Term Debt, and (3) $12,750,000 of Senior Revolver Debt or Senior Term Debt, or any combination thereof which does not exceed $12,750,000, in each case with respect to this clause (i) of SECTION 5.5(b), less the aggregate amount of any permanent reductions of commitments with respect to the Senior Revolver Debt or the Senior Term Debt or repayments of the Senior Term Debt under the Senior Credit Agreement (including those required pursuant to SECTION 5.8 hereof);

(ii) the incurrence by the Company of the Indebtedness represented by the Notes;

(iii) the incurrence by the Company of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company referred to in clause (b)(i), (b)(ii) or (b)(vi) of this SECTION 5.5;

(iv) intercompany Indebtedness among the Company and its Wholly-Owned Subsidiary Guarantors; provided, however, that the obligations of each obligor in respect of such Indebtedness shall be unsecured and subordinated to the obligations of the Company hereunder and under the Notes to no less an extent as such obligations under the Notes are subordinated to Senior Indebtedness and that the disposition, pledge or transfer of such Indebtedness to a Person other than a Wholly-Owned Subsidiary Guarantor and the occurrence of any event pursuant to which such Wholly-Owned Subsidiary Guarantor is no longer a Wholly-Owned Subsidiary Guarantor shall each constitute an incurrence of Indebtedness that is not permitted by this clause (iv);

(v) Hedging Obligations that are incurred in the ordinary course of business for the purpose of fixing or hedging interest rate risk with respect to any floating rate Indebtedness that is permitted by the terms of this Agreement to be outstanding;

(vi) The incurrence by the Company and its Subsidiaries of Indebtedness in addition to the Indebtedness permitted by clauses (i) through (v) of this SECTION 5.5(b), which is either (1) unsecured and

incurred for borrowed money, (2) a Capitalized Lease Obligation or (3) Purchase Money Indebtedness; PROVIDED that the aggregate amount outstanding at any time with respect to the foregoing clauses (1), (2) and (3) which, together with the aggregate amount outstanding with respect to the Indebtedness listed on SCHEDULE 3.21 does not exceed $1,500,000, provided, however that notwithstanding the foregoing, the Operating Leases set forth on SCHEDULE 5.5(b) may be converted into Capital Leases or other Indebtedness otherwise permitted under this clause (vi) of this SECTION 5.5 or purchased at such time as the Company may elect;

(vii) The incurrence by the Company of the Indebtedness represented by the Seller Notes;

(viii) The incurrence by the Company of the Indebtedness represented by the Retention Bonus Plan; and

(ix) the incurrence by the Company of Indebtedness with respect to documentary letters of credit for the purchase of goods and other merchandise (but not under standby, direct pay or other letters of credit, except for the letters of credit issued pursuant to the Senior Credit Agreement) generally in an aggregate amount not to exceed $250,000 at any time.

5.6 LIMITATION ON TRANSACTIONS WITH AFFILIATES

Except for those transactions contemplated by the agreements set forth on SCHEDULE 5.6 and except as permitted in clause (b) of the definition of Permitted Investments, the Company shall not and shall not permit any of its Subsidiaries to sell, lease, transfer or otherwise dispose of any of its properties or assets to or purchase any property or assets from, or enter into any contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, an Affiliate (an "AFFILIATE TRANSACTION"), unless such Affiliate Transaction is upon fair and reasonable terms, set forth on SCHEDULE 5.6 or otherwise fully disclosed in writing to the Holders and on terms and conditions substantially as favorable to the Company or such Subsidiary as those that could have been obtained in a comparable arm's-length transaction by the Company or such Subsidiary with an unrelated Person.

5.7 RESTRICTIONS ON LIENS

So long as any of the Notes remain unpaid and outstanding, the Company shall not, and shall not permit any of its Subsidiaries to, create or suffer to exist any Liens upon any assets of the Company or any such Subsidiaries or any shares of capital stock of such Subsidiaries, in each case now owned or hereafter acquired; provided, however, that this SECTION 5.7 shall not prohibit the creation or continuing existence of any Permitted Lien.

5.8 LIMITATION ON SALE OF ASSETS

So long as any of the Notes remain unpaid and outstanding, the Company shall not, and shall not permit any of its Subsidiaries to, make any Asset Sale unless: (i) no Default or Event of Default exists and is continuing or is created by such disposition and (ii) in the case of any Asset Sale involving (A) assets for Net Proceeds (whether in cash or property) in excess of $500,000 or with a fair market value in excess of $500,000 or (B) assets for Net Proceeds (whether in cash or property) or with a fair market value (when aggregated with the Net Proceeds or fair market value of all other assets subject to any Asset Sales during the same fiscal year) in excess of $750,000.

(1) the Company or such Subsidiary receives consideration at the time of such Asset Sale at least equal to the fair market value of such assets (as determined in good faith by the Board of Directors of the Company or such Subsidiary and evidenced by a resolution set forth in a certificate of a Principal Officer, including as to the value of all noncash consideration or, in the case of any sale of an asset with a fair market value less than $500,000, as determined in good faith by a Principal Officer of the Company);

(2) at least 75% of the consideration therefor received by the Company or such Subsidiary, as the case may be, shall be in the form of cash; provided, however, that for the purposes of this clause (2), the following are deemed to be cash: (x) any liabilities (as shown on the Company's or such Subsidiary's most recent balance sheet or in the notes thereto) of the Company or such Subsidiary that are assumed by the transferee in connection with the Asset Sale (other than liabilities that are incurred in connection with or in anticipation of such Asset Sale); and (y) securities received by the Company or such Subsidiary from such transferee that are immediately converted into cash at the face amount or fair market value thereof by the Company or such Subsidiary; and

(3) upon the consummation of an Asset Sale, the Company or such Subsidiary shall apply the Net Proceeds (it being understood that the entire Net Proceeds and not just the portion in excess of the amounts set forth in subclauses (A) and (B) of clause (ii) above shall be subject to this subsection (3)) of such Asset Sale within 270 days of the consummation of an Asset Sale (the "COMMITMENT DATE") either: (x) to prepay any outstanding Senior Indebtedness in accordance with the applicable provisions thereof (with a permanent reduction in amounts available to be borrowed thereunder) or, after all Senior Indebtedness is paid in full, to prepay the Notes or (y) to reinvest in Productive Assets. Any Net Proceeds from an Asset Sale which are not applied or reinvested as provided in this clause (3) of SECTION 5.8 constitute excess proceeds ("EXCESS NET PROCEEDS") and shall be held in Cash or Cash Equivalents.

When the aggregate amount of Excess Net Proceeds exceeds $500,000, the Company shall promptly make an offer (the "ASSET SALE OFFER") to all Holders of the Notes to purchase the maximum principal amount of Notes that may be purchased out of the Excess Net Proceeds, at an offer price in cash in an amount (the "ASSET SALE OFFER PRICE") equal to the percentages of principal set forth below (if the Asset Sale Date occurs during the twelve-month period commencing on July 13 of the year set forth below), plus accrued and unpaid interest thereon to the Asset Sale Date:

<TABLE>
<CAPTION>

	% of Principal Amount
<S>	<C>
1999	105%
2000	104%
2001	103%
2002	102%
2003	101%
2004 and thereafter	100%

</TABLE>

If the aggregate principal amount of Notes surrendered by Holders thereof exceeds the amount of Excess Net Proceeds, the Company shall select the Notes to be purchased on a pro rata basis. Upon completion of such Asset Sale Offer, the amount of Excess Net Proceeds shall be reset at zero. The obligations of the Company to repurchase the Notes shall be subject to the subordination provisions of SECTION 8 hereof, but any failure to make such repurchase as a result of such subordination shall in any event constitute an Event of Default hereunder.

Simultaneously with the making of such Asset Sale Offer, the Company shall provide the Holders with a certificate of a Principal Officer setting forth the Asset Sale Offer Price, the Asset Sale

Date and the calculations used in determining the amount of Excess Net Proceeds to be applied to the repurchase of the Notes.

If the date on which the Asset Sale Offer closes (the "ASSET SALE DATE") is on or after an interest payment record date and on or before the related interest payment date, any accrued interest will be paid to the person in whose name a Note is registered at the close of business on such record date, and no additional interest will be payable to holders who tender Notes pursuant to the Asset Sale Offer.

Notice of any Asset Sale Offer shall be mailed by the Company to each Holder at its last registered address. The Asset Sale Offer shall remain open from the time of mailing until 20 business days thereafter, and no longer, unless a longer period is required by law. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Asset Sale Offer. The notice, which shall govern the terms of the Asset Sale Offer, shall state:

(1) that the Asset Sale Offer is being made pursuant to this SECTION 5.8 and that Notes will be accepted for payment either (A) in whole or (B) in part in integral multiples of $1,000;

(2) the Asset Sale Offer Price and the Asset Sale Date;

(3) that any Note not tendered will continue to accrue interest;

(4) that any Note accepted for payment pursuant to the Asset Sale Offer shall cease to accrue interest from and after the Asset Sale Date (so long as the Company does not default in its obligation to promptly pay the Asset Sale Offer Price);

(5) that Holders electing to have a Note purchased pursuant to the

Asset Sale Offer will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, at the address specified in the notice prior to the close of business on the Asset Sale Date;

(6) that Holders will be entitled to withdraw their election on the terms and subject to the conditions set forth in the notice;

(7) that Holders whose Notes are purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered.

On the Asset Sale Date, the Company shall (i) accept for payment all Notes or portions thereof validly tendered pursuant to the Asset Sale Offer and (ii) promptly thereafter mail or deliver to Holders of Notes accepted for purchase payment in the amount equal to the aggregate Asset Sale Offer Price for such Notes, and the Company shall execute and mail or deliver to such Holders a new Note equal in principal amount to any unpurchased portion of the Notes surrendered. The Company will notify the Holders of the results of the Asset Sale Offer on the Asset Sale Date.

The provisions of this SECTION 5.8 shall not apply to any Asset Sale by Senior Bank (i) in judicial proceedings to foreclose upon any assets of the Company and its Subsidiaries or (ii) pursuant to an exercise of any right under applicable law or applicable Security Documents to take ownership of any such assets in lieu of foreclosure.

5.9 LIMITATION ON CONSOLIDATED CAPITAL EXPENDITURES

So long as any of the Notes remain unpaid and outstanding, Consolidated Capital Expenditures of the Company and its Subsidiaries which shall not include the conversion of Operating Leases to Capital Leases or other Indebtedness as permitted by clause (b)(x) of SECTION 5.4, as of the end of any fiscal year of the Company shall be less than or equal to the amount set forth below during the periods set forth below:

<TABLE>
<CAPTION>

Period	Amount
<S>	<C>
Fiscal Year 1999	$10,000,000
Fiscal Year 2000	$ 9,775,000
Fiscal Year 2001 and each fiscal year thereafter	$ 8,625,000

</TABLE>

5.10 LIMITATION ON DIVIDEND AND OTHER PAYMENT RESTRICTIONS AFFECTING SUBSIDIARIES

So long as any of the Notes remain unpaid and outstanding, the Company shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Company to (a) pay dividends or make any other distributions on its Capital Stock or any other interest or participation in, or measured by, its profits owned by, or pay any Indebtedness owed to, the Company, (b) make loans or advances to the Company, (c) transfer any of its properties or assets to the Company, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under or contemplated by this Agreement and the Senior Credit Agreement; (ii) any restrictions, with respect to a Subsidiary of the Company that is not a Subsidiary of the Company on the date hereof, in existence at the time such Person becomes a Subsidiary of the Company (so long as such restrictions are not created in anticipation of such Person becoming a Subsidiary of the Company); (iii) with respect to clause (c) above only, any restrictions existing under Capital Lease Obligations, Purchase Money Indebtedness or Indebtedness secured by Permitted Liens (provided that, in each case, such prohibition shall only relate to the assets which are subject to such Capital Lease Obligations or which secure such Indebtedness and the proceeds therefrom); or (iv) any restrictions existing under any agreement that refinances or replaces the agreements containing the restrictions in the foregoing clauses (i), (ii) and (iii); provided, that the terms and conditions of any such restrictions are no more restrictive than those under or pursuant to the agreement evidencing the Indebtedness refinanced.

5.11 CHANGE OF CONTROL

(a) CHANGE OF CONTROL. Upon the occurrence of a Change of Control, the Company shall give each Holder prompt, and in any event within 10 Business Days of the occurrence of the Change of Control (the "CHANGE OF CONTROL DATE"), notice describing in reasonable detail the nature of the Change of Control, offering to each Holder the right to require the Company to repurchase all or any part of such Holder's Notes (the "CHANGE OF CONTROL OFFER") at a purchase price equal to (i) if such Change of Control is the result of the sale, conveyance, lease or sublease, transfer or other disposition, of all or substantially all of the assets of the Company or sale, conveyance, lease or sublease, transfer or other disposition (including any transaction of merger or consolidation), of a majority of Equity Interest of the Company, 102% of the principal amount of the Notes, together with unpaid interest thereon to the date of repurchase if such Change of Control occurs prior to July 13, 2001 and 100% of the principal amount of the Notes, together with unpaid interest thereon to the debt of repurchase if such Change of Control occurs after July 13, 2001 and (ii) otherwise, the percentages of principal set forth below (if the Change of Control occurs during the twelve-month period commencing on July 13 of the year set forth below), together with accrued and unpaid interest to the date of repurchase (the "CHANGE OF CONTROL OFFER PRICE").

<TABLE>
<CAPTION>

	% of Principal Amount
<S>	<C>
1999	105%
2000	104%
2001	103%
2002	102%
2003	101%
2004 and thereafter	100%

</TABLE>

The obligation of the Company to repurchase Notes pursuant to the Change of Control Offer is subject to the subordination provisions of SECTION 8 hereof, but any failure to make such repurchase as a result of such subordination provisions shall in any event constitute an Event of Default hereunder.

(b) PROCEDURE. The notice of a Change of Control Offer shall state a date not less than 30 days nor more than 60 days after the date of mailing of such notice by the Company for repurchase of the Notes pursuant to the Change of Control Offer (the "CHANGE OF CONTROL PAYMENT DATE"). The notice, which shall govern the terms of the Change of Control Offer, shall state:

(1) that the Change of Control Offer is being made pursuant to this SECTION 5.11;

(2) the Change of Control Offer Price and the Change of Control Payment Date;

(3) that, unless the Company defaults in the payment of the Change of Control Offer Price, all Notes accepted for payment shall cease to accrue interest on and after the Change of Control Payment Date;

(4) that Holders electing to require the Company to repurchase any Notes will be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse side of the Note completed and otherwise in proper form for transfer, to the address specified in the notice prior to the close of business on the Business Day preceding the Change of Control Payment Date;

(5) that the Holders will be entitled to withdraw their election to require the Company to repurchase any Notes on the terms and conditions set forth in such notice; and

(6) that the Holders electing to require the Company to repurchase any Notes in part will be issued a new Note in a principal amount equal to the unpurchased portion of the Notes surrendered; provided, however, that any portion of a Note repurchased by the Company and any new Note issued to the Holder in respect of the unpurchased portion thereof shall be in the principal amount of $1,000 or an integral multiple thereof.

(7) whether, in the event of an IPO as described in SECTION 5(c) of the Notes, the Company has elected to exercise its option to redeem all or any part of the Notes pursuant to such Section; PROVIDED that if the Company notifies the Holders that it will not exercise its option to redeem the Notes pursuant to such SECTION 5(c) of the Notes,

then the Company shall no longer have such option to redeem as provided in such Section and the Holders shall in any event have the right to elect to require the Company to purchase Notes as provided more fully in this SECTION 5.11. If the Company elects to exercise its option to redeem all or any part of the Notes pursuant to SECTION 5(c) of the Notes in connection with an IPO, the premium payable with respect to the Notes so redeemed shall be the amount specified in SECTION 5(c) of the Notes and not the premium provided for in this SECTION 5.11.

(c) Acceptance of Notes. On a Change of Control Payment Date, the Company shall (1) accept for payment all Notes or portions thereof validly tendered pursuant to the Change of Control Offer and (ii) promptly thereafter mail or deliver to each Holder of Notes accepted for repurchase payment in the amount equal to the aggregate Change of Control Offer Price for such Notes, and the Company shall execute and mail or deliver to such Holders a new Note equal in principal amount to any unpurchased portion of the Notes surrendered. The Company will notify the Holders of the results of the Change of Control Offer on the Change of Control Payment Date.

5.12 FINANCIAL COVENANTS

Commencing on the day immediately following the Closing Date, the Company shall, and shall cause each of its Subsidiaries to, comply with the following financial covenants:

(a) LEVERAGE RATIO. The Leverage Ratio, as of the last day of each fiscal quarter of the Company and its Subsidiaries occurring during the periods indicated below, shall be less than or equal to the following:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>
Closing Date through and including the second fiscal quarter of fiscal year 2000	6.00 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the fourth fiscal quarter of fiscal year 2000	5.75 to 1.0
First fiscal quarter of fiscal year 2001	5.50 to 1.0
Second fiscal quarter of fiscal year 2001	5.25 to 1.0
Third fiscal quarter of fiscal year 2001	5.00 to 1.0
Fourth fiscal quarter of fiscal year 2001 through and including the third fiscal quarter of fiscal year 2002	4.75 to 1.0
Fourth fiscal quarter of fiscal year 2002 and thereafter	4.50 to 1.0

</TABLE>

(b) FIXED CHARGE COVERAGE RATIO. The Fixed Charge Coverage Ratio, as of the last day of each fiscal quarter of the Company and its Subsidiaries, shall be greater than or equal to 1.00 to 1.0.

(c) INTEREST COVERAGE RATIO. The Interest Coverage Ratio, as of the last day of each fiscal quarter of the Company and its Subsidiaries occurring during the periods indicated below, shall be greater than or equal to the following:

<TABLE>
<CAPTION>

Period	Ratio
<S>	<C>
Closing Date through and including the second fiscal quarter of fiscal year 2000	1.70 to 1.0
Third fiscal quarter of fiscal year 2000 through and including the fourth fiscal quarter of fiscal year 2000	1.80 to 1.0
First fiscal quarter of fiscal year 2001	1.90 to 1.0
Second fiscal quarter of fiscal year 2001	2.00 to 1.0
Third fiscal quarter of fiscal year 2001 through and including the fourth fiscal quarter of fiscal year 2001	2.10 to 1.0
First fiscal quarter of fiscal year 2002 and thereafter	2.50 to 1.0

</TABLE>

(d) CONSOLIDATED EBITDA. Consolidated EBITDA with respect to the Company and its Subsidiaries, as of the last day of each fiscal quarter of the Company occurring during the period indicated below, shall be greater than or equal to the following:

<TABLE>
<CAPTION>

Period	Amount

<S>	<C>
Closing Date through and including the first fiscal quarter of fiscal year 2000	$22,100,000
Second fiscal quarter of fiscal year 2000	$23,375,000
Third fiscal quarter of fiscal year 2000	$24,225,000
Fourth fiscal quarter of fiscal year 2000	$25,075,000
First fiscal quarter of fiscal year 2001	$25,500,000

Second fiscal quarter of fiscal year 2001	$26,350,000
Third fiscal quarter of fiscal year 2001	$27,200,000
Fourth fiscal quarter of fiscal year 2001	$28,050,000
First fiscal quarter of fiscal year 2002 through and including the second fiscal quarter of fiscal year 2002	$29,750,000
Third fiscal quarter of fiscal year 2002 through and including the fourth fiscal quarter of fiscal year 2002	S31,450,000
First fiscal quarter of fiscal year 2003 through and including the second fiscal quarter of fiscal year 2003	$33,150,000
Third fiscal quarter of fiscal year 2003 and thereafter	$34,850,000

</TABLE>

5.13 FISCAL YEARS

The Company shall not change its fiscal year from a fiscal year ending on December 31 or change any fiscal quarter end as set forth in SCHEDULE 5.13.

5.14 STAY, EXTENSION AND USURY LAWS

The Company covenants and agrees (to the extent that it may lawfully do so) that it will not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, and will use its best efforts to resist any attempts to claim or take the benefit of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of its obligations under this Agreement or the Notes; and the Company (to the extent it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Holders, but will suffer and permit the execution of every such power as though no such law has been enacted.

5.15 CORPORATE EXISTENCE, MERGER; SUCCESSOR CORPORATION

(a) The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its and its Subsidiaries' corporate existence in accordance with its organizational documents and the corporate rights (charter and statutory), licenses and franchises of the Company and each of its Subsidiaries; provided, however, that the Company shall not be required to preserve any such right, license or franchise, or corporate existence, if the Board of Directors of the Company shall determine in good faith that the preservation thereof is no longer desirable in the conduct of the business of the Company, and that the loss thereof is not adverse in any material respect to any Holder.

(b) The Company shall not, and shall not permit any Subsidiary Guarantor to, in a single transaction or through a series of related transactions, (i) consolidate with or merge with or into any other Person, or transfer (by lease, assignment, sale or otherwise) all or substantially all of its properties and assets as an entirety or substantially as an entirety to another Person or group of affiliated Persons or (ii) adopt a Plan of Liquidation, unless, in either case:

(1) The Company or such Subsidiary Guarantor, as the case may be, shall be the continuing person, or the person (if other than the Company or such Subsidiary Guarantor, as the case may be) formed by such consolidation or into which the Company or such Subsidiary Guarantor, as the case may be, is merged or to which all or substantially all of the properties and assets of the Company or such Subsidiary Guarantor, as the case may be, as an entirety or substantially as an entirety are transferred (or, in the case of a Plan of Liquidation, any Person to which assets are transferred) (the Company, such Subsidiary Guarantor or such other person being hereinafter referred to as the "SURVIVING PERSON") shall be a corporation organized and validly existing under the laws of the United States, any State thereof or the District of Columbia, and shall expressly assume, by an amendment to this Agreement, all the Obligations of the Company under the Notes and this Agreement, the Warrants, the Registration Rights Agreement and all Obligations of such Subsidiary Guarantor under the Subsidiary Guaranty and this Agreement, as the case may be;

(2) immediately before and immediately after and giving effect to such transaction and the assumption of the Obligations as set forth in clause (1) above and the incurrence or anticipated incurrence of any Indebtedness to be incurred in connection therewith, no Default or Event of Default shall have occurred and be continuing; and

(3) the Company or such Subsidiary Guarantor, as the case may be, shall have delivered to each Holder a certificate for Principal Officer and an Opinion of Counsel, each stating that such consolidation, merger, transfer or adoption and such amendment to this Agreement comply with this SECTION 5.15, that the Surviving Person agrees to be bound hereby, and that all conditions precedent herein provided relating to such transaction have been satisfied.

(c) Upon any consolidation or merger, or any transfer of assets (including pursuant to a Plan of Liquidation) in accordance with this SECTION 5.15, the successor person formed by such consolidation or into which the Company or any Subsidiary Guarantor is merged or to which such transfer is made shall succeed to, and be substituted for, and may exercise every right and power of, the Company or such Subsidiary Guarantor, as the case may be, under this Agreement with the same effect as if such successor person had been named as the Company or such Subsidiary Guarantor herein; provided, however, that neither the Company nor such Subsidiary Guarantor shall be released from the Obligations and covenants under this Agreement or under the Notes or the Warrants or the Subsidiary Guaranty, as the case may be.

5.16 SAME BUSINESS

For so long as any Securities are outstanding, the Company and its Subsidiaries will not engage in any business other than the business engaged in by the Company immediately prior to the date hereof or reasonable extensions or reasonably related to the general nature of the business.

5.17 TAXES

The Company shall, and shall cause its Subsidiaries to, pay or discharge or cause to be paid or discharged, before the same shall become delinquent, (i) all Taxes levied or imposed upon the Company or such Subsidiary, as the case may be, or upon the income, profits or property of the Company or such Subsidiary, as the case may be, and (ii) all lawful claims, whether for labor, materials, supplies, services or anything else, which, if unpaid, would or may by law become a Lien, upon the property of the Company or such Subsidiary, as the case may be; provided, however, that neither the Company nor any of its Subsidiaries shall be required to pay or discharge or cause to be paid or discharged any such Tax, the applicability or validity of which is being contested in good faith by appropriate proceedings which will prevent the forfeiture or sale of any property of the Company or such Subsidiary, as the case may be, and for which disputed amounts reserves have been established in accordance with GAAP, in an amount which the Company or such Subsidiary, as the case may be, believes in good faith is adequate.

5.18 INVESTMENT COMPANY ACT

Neither of the Company nor any of its Subsidiaries shall become an investment company subject to registration under the Investment Company Act of 1940, as amended.

5.19 OWNERSHIP OF SUBSIDIARIES

(a) The Company shall at all times own 100% of the Equity Interests of each of its Subsidiaries in existence at the Closing. The Company shall not create or cause to exist any Subsidiary; provided, however, that the Company may create or acquire Subsidiaries if (i) the Company shall at all times own 100% of the Equity Interests of such Subsidiary and (ii) the Company shall cause such Subsidiary to guaranty the Notes on a senior subordinated basis in accordance with SECTION 11 hereof.

(b) Except as permitted by SECTION 5.7, 5.8 or 5.15, the Company shall maintain (along with one or more Subsidiaries in the case of an indirect Subsidiary) good and valid title to the Equity Interests of each of its Subsidiaries free and clear of any Lien other than Permitted Liens.

5.20 INSURANCE

The Company and its Subsidiaries shall maintain liability, casualty and other insurance with a reputable insurer or insurers in such amounts and against such risks as is carried by responsible companies engaged in similar businesses and owning similar assets, INCLUDING as set forth in SCHEDULE 3.23; PROVIDED, HOWEVER, that the Company and its Subsidiaries may maintain self-insurance plans to the extent companies of similar size and in similar businesses do so.

5.21 ERISA NOTICES

As soon as possible and in any event within thirty (30) days after the Company knows or has reason to know thereof: (i) the occurrence or expected occurrence of any Reportable Event with

respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC (other than a Permitted Lien) or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Company or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the terminating, Reorganization or Insolvency of, any Plan. Such notice shall be accompanied by a statement of a Principal Officer setting forth details of the occurrence referred to therein and stating what action the Company proposes to take with respect thereto.

5.22 INCONSISTENT AGREEMENTS

The Company shall not, and shall not permit any of its Subsidiaries to, (i) enter into any agreement or arrangement which is inconsistent with, or would impair the ability of the Company or any of its Subsidiaries to fulfill the obligations of the Company or any of its Subsidiaries under this Agreement, or (ii) supplement, amend or otherwise modify the terms of their respective Charter Documents if the effect thereof would be materially adverse to the Holders; PROVIDED, however, that notwithstanding the foregoing, the Company and its Subsidiaries may, subject to SECTION 5.5 and SECTION 5.29, enter into the Senior Credit Agreement and any other agreement or other documents in connection therewith or pursuant to the terms thereof.

5.23 COMPLIANCE WITH LAWS, MAINTENANCE OF LICENSES

The Company shall, and shall cause each of its Subsidiaries to, comply with all statutes, ordinances, governmental rules and regulations, judgments, orders and decrees (including all Environmental Laws) to which any of them is subject, and maintain, obtain and keep in effect all licenses, permits, franchises and other governmental authorizations necessary to the ownership or operation of their respective properties or the conduct of their respective businesses, except to the extent that the failure to so comply or maintain, obtain and keep in effect could not, singly or in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.24 INSPECTION OF PROPERTIES AND RECORDS

The Company agrees to allow, and to cause each of its Subsidiaries to allow, the TCW Representative and each Holder of at least $2,000,000 in aggregate principal amount of the Notes or, in the event there is no Holder of at least $2,000,000 in aggregate principal amount of the Notes, the TCW Representative and the Holder who holds the greatest aggregate principal amount of the Notes (and so long as a Default or an Event of Default has occurred and is continuing, each Purchaser and its Affiliates and Holder and such Holder's Affiliates) (or, in each case, such Persons as any of them may designate) (individually and collectively, "INSPECTORS"), subject to appropriate agreements as to confidentiality, (i) to visit and inspect any of the properties of the Company or any of its Subsidiaries, (ii) to examine all their books of account, records, reports and other papers and to make copies and extracts therefrom, (iii) to discuss their respective affairs, finances and accounts with their respective officers and employees, and (iv) to discuss the financial condition of the Company and their Subsidiaries with their independent accountants upon reasonable notice to the Company of its

intention to do so and so long as the Company shall be given the reasonable opportunity to participate in such discussions (and by this provision the Company each authorize said accountants to have such discussions with the Inspectors). All such visits, examinations and discussions set forth in the preceding sentence shall be at such reasonable times and as often as may be reasonably requested; provided that unless an Event of Default shall have occurred and be continuing such visits shall be limited to 1 per quarter. If a Default or an Event of Default shall have occurred and be continuing, the Company shall pay or reimburse all Inspectors for expenses which such Inspectors may reasonably incur in connection with any such visitations or inspections.

5.25 BOARD OF DIRECTOR OBSERVATION RIGHTS

Purchasers, as a group and so long as any Purchaser or any TCW Group Member is a Holder, shall have the right to have one representative (the "TCW REPRESENTATIVE"), who shall be reasonably acceptable to the Company, present (whether in person or by telephone) at all meetings of the Boards of Directors of the Company. The Company shall send to such representative all of the

notices, information and other materials that are distributed to the directors of the Company; provided, however, that upon the request of such representative, the Company shall refrain from sending such notices, information and other materials for so long as such representative shall request. The Purchasers shall provide notice to the Company of the identity and address of, or any change with respect to the identity or address of, such representative. The Company shall reimburse each such representative for the reasonable out-of-pocket expenses of such representative incurred in connection with the attendance at such meetings.

5.26 MAINTENANCE OF OFFICE OR AGENCY

So long as any of the Notes remain unpaid and outstanding, the Company shall maintain (i) an office or agency where the Notes may be presented for registration and transfer and for exchange as provided in this Agreement; and (ii) an office or agency where notices and demands to or upon the Company in respect of the Notes may be served. The location of such office or agency initially shall be Pacific Circuits, Inc., 17550 N.E. 67th Court, Redmond, Washington 98052. The Company shall give to each Holder written notice of any change of location thereof.

5.27 INFORMATION TO PROSPECTIVE PURCHASERS

So long as any of the Notes remain unpaid and outstanding, the Company shall, upon the request of any Purchaser or subsequent Holder, deliver to such Purchaser or such Holder and any prospective purchaser designated by such Purchaser or such Holder promptly following the request of such Purchaser or such Holder or such prospective purchaser such information which such Purchaser or such Holder or such prospective purchaser may reasonably request in order to comply with the information requirements of Rule 144A(d)(4).

5.28 PRIVATE PLACEMENT NUMBER

The Company consents to the filing of copies of this Agreement with Standard & Poor's Corporation to obtain a private placement number and with the National Association of Insurance Commissioners.

5.29 SENIOR INDEBTEDNESS AMENDMENTS

The Companies may at any time and from time to time without the consent of or notice to the Holders, without incurring liability to the Holders and without impairing or releasing the obligations of Holders pursuant to Section 8 of this Agreement, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Indebtedness, or amend in any manner the Senior Credit Agreement or any other agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Indebtedness; PROVIDED that the Companies shall not increase the Senior Indebtedness (except as permitted by Section 5.5).

5.30 NOTICES OF CERTAIN PROCEEDINGS

If any of the Company or any of its Subsidiaries is made or threatened to be made a party to any proceeding that, if determined adversely to the Company or such Subsidiary would result, or be likely to result, in a Material Adverse Effect, then the Company shall promptly deliver to the Holders a description of such proceeding, indicating the court in which it was filed, if any, the amount in controversy or other remedies sought and the other parties thereto.

5.31 CONSULTING AGREEMENTS

The Company will deliver to the Holders copies of all Consulting Agreements promptly after the execution thereof. The Consulting Agreements shall not be amended without the prior written consent of the Required Holders.

5.32 NO AMENDMENT OR WAIVER OF CERTAIN DOCUMENTS

The Company will not take any action that will amend, modify, alter or terminate the Acquisition Agreements (including the schedules relevant thereto) in any way or waive any material rights with respect thereto, without the prior written consent of the Required Holders. The Company will not take any actions to amend, modify or alter the Seller Notes or the Retention Bonus Plan without the prior written consent of the Required Holders. Company shall not request or seek a waiver of any default or event of default with respect to the Senior Indebtedness to permit Restricted Payments otherwise prohibited by clause (b)(ii) of SECTION 5.4 without also obtaining a waiver of any such default or event of default for the benefit of Holders, including termination of any Indefinite Blockage Period or Payment Blockage Period then in effect.

5.33 STOCK OPTIONS

Without the prior written consent of the Required Holders, at no time shall the options to acquire Common Stock pursuant to the Stock Option Plan in the aggregate constitute more than twelve and one-half percent (12.5%) of the Equity Interests, on a fully diluted basis, of the Company.

SECTION 6. REDEMPTION

6.1 THE COMPANY'S RIGHT TO REDEEM

(a) OPTIONAL REDEMPTION. The Company may redeem the Notes, or a portion thereof, in accordance with the terms and conditions provided in Section 5 of the Notes.

(b) MANDATORY REDEMPTION. The Company shall redeem the Notes on the Maturity Date, as provided in Section 6(a) of the Notes.

The obligations of the Company under this Section 6 are subject to the subordination provisions of Section 8 hereof, but any failure to perform such obligations as a result of such subordination provisions shall in any event constitute an Event of Default hereunder.

6.2 SELECTION OF NOTES TO BE REDEEMED

If fewer than all of the Notes are to be redeemed, the Company shall redeem the Notes pro rata, in such manner as complies with applicable legal requirements, if any. Notes in denominations of $1,000 may be redeemed only in whole. The Company may select for redemption portions (equal to $1,000 or any integral multiple thereof) of the principal of Notes that have denominations larger than $1,000. Provisions of this Agreement that apply to Notes called for redemption also apply to portions of Notes called for redemption.

6.3 NOTICE OF REDEMPTION

At least 15 days or, if such redemption is being made in connection with an IPO, at least 10 days, but, in each case, not more than 60 days before a Redemption Date, the Company shall mail a notice of redemption ("NOTICE OF REDEMPTION") by first-class mail to each Holder whose Notes are to be redeemed at such Holder's registered address. Each notice for redemption shall identify the Notes to be redeemed and shall state:

(a) the Redemption Date;

(b) the Redemption Price;

(c) the name and address of the Company;

(d) that Notes called for redemption must be surrendered to the Company to collect the Redemption Price;

(e) that, unless the Company defaults in making the Redemption Price, interest on Notes called for redemption ceases to accrue on and after the Redemption Date, and the only remaining right of the Holders of such Notes is to receive payment of the Redemption Price upon surrender to the Company of the Notes redeemed;

(f) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the Redemption Date, and upon surrender of such Note, a new Note or Notes in aggregate principal amount equal to the unredeemed portion thereof will be issued;

(g) if fewer than all the Notes are to be redeemed, the identification of the particular Notes (or, portion(s) thereof) to be redeemed, as well as the aggregate principal amount of Notes to be redeemed and the aggregate principal amount of Note(s) to be outstanding after such partial redemption; and

(h) the paragraph of the Notes pursuant to which the Notes are to be redeemed.

6.4 EFFECT OF NOTICE OF REDEMPTION

Once Notice of Redemption is mailed in accordance with SECTION 6.3 above, Notes called for redemption become due and payable on the Redemption Date and at the Redemption Price. Upon surrender to the Company, such Notes called for redemption shall be paid at the Redemption Price.

6.5 PAYMENT OF REDEMPTION PRICE

On presentation and surrender of any Notes with respect to which a notice of redemption has been given, at a place of payment specified in such notice, such Notes or specified portions thereof shall be paid and redeemed by the Company at the applicable Redemption Price.

If, on or prior to the Redemption Date, the Company deposits in a segregated account or otherwise sets aside funds sufficient to pay the Redemption Price of the Notes called for redemption, then, unless the Company defaults in the payment of such Redemption Price, interest on the Notes to be redeemed will cease to accrue on and after the applicable Redemption Date, whether or not such Notes are presented for payment.

SECTION 7. DEFAULTS AND REMEDIES

7.1 EVENTS OF DEFAULT

An "EVENT OF DEFAULT" occurs if:

(a) the Company defaults in the payment of the principal of or premium, if any, on any Note when the same becomes due and payable at maturity, upon redemption or otherwise (whether or not prohibited by the subordination provisions hereunder);

(b) the Company defaults in the payment of interest on any Note or any other amount payable hereunder when the same becomes due and payable and the Default continues for a period of five Business Days (whether or not prohibited by the subordination provisions hereunder);

(c) the Company or any Subsidiary Guarantor fails to comply with (i) any of the agreements, covenants or provisions contained in SECTION 5 or (ii) any of the other agreements, covenants, or provisions of this Agreement (including the Subsidiary Guaranty) or the Notes and, in the case of this clause (ii), the Required Holders notify the Company of the Default and the Company or one of its Subsidiaries, as the case may be, does not cure the Default within 30 days after receipt of such notice;

(d) if any of the representations or warranties of the Company made in this Agreement, the Warrant Agreement and the Registration Rights Agreement are untrue in any respect as of the Closing Date, the result of which could reasonably be expected to have a Material Adverse Effect;

(e) if the Company (i) defaults in the payment of principal or interest payments and such default continues beyond the period of grace (not to exceed 30 days) under any loan agreement, note, mortgage, indenture or instrument (other than the Senior Credit Agreement) under which there may be issued or by which there may be secured or evidenced any Indebtedness (other than Senior Indebtedness) of the Company or any of its Subsidiaries for borrowed money (or the payment of which is guaranteed by the Company or any of its Subsidiaries), whether such Indebtedness or guarantee now exists or shall be created hereafter, and the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness for which there is a default in the payment of interest, premium, if any, or principal aggregates $750,000 or more, or (ii) an event of default occurs under any loan agreement, note, mortgage, indenture or instrument including the Senior Credit Agreement which shall represent a default in payment upon final maturity or otherwise result in the acceleration of such Indebtedness prior to its expressed maturity and the principal amount of such Indebtedness, together with the principal amount of any other such Indebtedness with respect to which there has been a default in payment upon final maturity or the maturity of which has been so accelerated and has not been paid, aggregates $750,000 or more or is Senior Indebtedness;

(f) a final judgment or final judgments for the payment of money are entered by a court or courts of competent jurisdiction against the Company or any Subsidiary of the Company and such remains undischarged for a period (during which execution shall not be effectively stayed) of 30 days; PROVIDED that the aggregate of all such judgments exceeds $750,000;

(g) the filing by the Company or any of its Subsidiaries (any such person, a "DEBTOR") of a petition commencing a voluntary case under section 301 of Title 11 of the United States Code, or the commencement by a Debtor of a case or proceeding under any other Bankruptcy Law seeking the adjustment, restructuring, or discharge of the debts of such Debtor, or the liquidation of such Debtor, including without limitation the making by a Debtor of an assignment for the benefit of creditors; or the taking of any corporate action by a Debtor in furtherance of or to facilitate, conditionally or otherwise, any of the foregoing;

(h) the filing against a Debtor of a petition commencing an involuntary case under section 303 of title 11 of the United States Code, with respect to which case (a) such Debtor consents or fails to timely object to the entry of, or fails to seek the stay and dismissal of, an order of relief, (b) an order for relief is entered and is pending and unstayed on the 60th day after the filing

of the petition commencing such case, or if stayed, such stay is subsequently lifted so that such order for relief is given full force and effect, or (c) no order for relief is entered, but the court in which such petition was filed has not entered an order dismissing such petition by the 60th day after the filing thereof; or the commencement under any other Bankruptcy Law of a case or proceeding against a Debtor seeking the adjustment, restructuring, or discharge of the debts of such Debtor, or the liquidation of such Debtor, which case or proceeding is pending without having been dismissed on the 60th day after the commencement thereof;

(i) the entry by a court of competent jurisdiction of a judgment, decree or order appointing a receiver, liquidator, trustee, custodian or assignee of a Debtor or of the property of a Debtor, or directing the winding up or liquidation of the affairs or property of a Debtor, and (a) such Debtor consents or fails to timely object to the entry of, or fails to seek the stay and dismissal of, such judgment, decree, or order, or (b) such judgment, decree or order is in full force and effect and is not stayed on the 60th day after the entry thereof, or, if stayed, such stay is thereafter lifted so that such judgment, decree or order is given full force and effect;

(j) any Person, other than the Company and the Subsidiaries, shall, directly or indirectly, (i) terminate any employee pension benefit plan subject to Title IV of ERISA and as a result of such termination the Company and its Subsidiaries, collectively, would incur any liability or (ii) make a complete or partial withdrawal (within the meaning of Section 4201 of ERISA) from any multiemployer plan if as a result of such withdrawal (within the meaning of Section 4201 of ERISA) the Company and its Subsidiaries, collectively, would incur any liability that, in the case of clauses (i) and (ii), could reasonably be expected to have a Material Adverse Effect; or

(k) any Subsidiary Guaranty shall for any reason cease to be, or be asserted in writing by any responsible officer of any Subsidiary of the Company or the Company not to be, in full force and effect or enforceable in accordance with its terms unless any such Subsidiary Guaranty has been released pursuant to the terms hereof.

The term "BANKRUPTCY LAW" means title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "CUSTODIAN" means any receiver, trustee, assignee, liquidator or similar official under any Bankruptcy Law.

7.2 ACCELERATION OF NOTES, REMEDIES

Subject to the following paragraph, if an Event of Default (other than an Event of Default specified in clause (g), (h) or (i) of SECTION 7.1 occurs and is continuing, the Required Holders by notice to the Company, may declare the unpaid principal of and any accrued interest on all the Notes to be due and payable (such notice being the "Acceleration Notice") and the same shall become immediately due and payable. If an Event of Default specified in clause (g), (h) or (i) of SECTION 7.1

occurs, such an amount shall ipso facto become and be immediately due and payable without any declaration or other act on the part of any Holder.

The Required Holders by notice to the Company may rescind an acceleration and its consequences if the rescission would not conflict with any judgment or decree and if all existing Events of Default have been cured or waived except nonpayment of principal or interest that has become due solely because of the acceleration.

7.3 PREMIUM ON ACCELERATION

In the event of an acceleration of the Notes upon an Event of Default occurring by reason of any willful action (or deliberate inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company had elected to redeem the Notes and such acceleration is not rescinded or annulled, the Holders, subject to SECTION 8, shall be entitled to receive, in addition to any other payments to which they may be entitled, a premium equal to the percentages of principal set forth below if the declaration date of the acceleration occurs during the twelve month period commencing on July 13 of the year set forth below:

<TABLE>
<CAPTION>

	% of Principal Amount
<S>	<C>
1999	105%
2000	104%
2001	103%

2002	102%
2003	101%
2004 and thereafter	100%

</TABLE>

7.4 OTHER REMEDIES

If an Event of Default occurs and is continuing, Holders of the Notes may pursue any available remedy to collect the payment of principal or interest on the Notes or to enforce the performance of any provision of the Notes or this Agreement.

A delay or omission by any Holder of any Notes in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

7.5 WAIVER OF PAST DEFAULTS

The Required Holders by notice to the Company may waive an existing Default or Event of Default and its consequences except a continuing Default or Event of Default in the payment of the principal of or interest on any Notes.

7.6 RIGHTS OF HOLDERS TO RECEIVE PAYMENT

Notwithstanding any other provision of this Agreement, the right of any Holder of a Note to receive payment of principal and interest on the Note, on or after the respective due dates expressed in the Note, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of the Holder.

7.7 UNDERTAKING FOR COSTS

In any suit for the enforcement of any right or remedy under this Agreement, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant.

SECTION 8. SUBORDINATION

8.1 NOTES SUBORDINATED TO SENIOR INDEBTEDNESS

Notwithstanding anything in this Agreement or the Notes to the contrary, the Company, for itself and its successors, and each Holder, by its acceptance of the Notes, agrees that (a) the payment of the principal of and interest or premium on the Notes and (b) any payment on account of the acquisition or redemption of the Notes by the Company including, without limitation, pursuant to SECTION 5.8 or 5.11, is subordinated, to the extent and in the manner provided in this SECTION 8, to the prior payment in full of all Senior Indebtedness of the Company and that these subordination provisions are for the benefit of the holders of Senior Indebtedness. References in this SECTION 8 to "SENIOR INDEBTEDNESS" are to Senior Indebtedness of the Company and of the Subsidiary Guarantors.

This SECTION 8 shall constitute a continuing offer to all Persons who, in reliance upon such provisions, become holders of, or continue to hold, Senior Indebtedness, and such provisions are made for the benefit of the holders of Senior Indebtedness, and such holders are made obligees hereunder and any one or more of them may enforce such provisions.

8.2 NO PAYMENT ON NOTES IN CERTAIN CIRCUMSTANCES

(a) No payment shall be made by or on behalf of the Company on account of the principal of, premium, if any, or interest on the Notes or to defease or acquire any of the Notes (including repurchases of Notes pursuant to SECTION 5.8 or 5.11) for cash or property, or on account of the redemption provisions of the Notes (other than principal, premium or interest paid with Junior Securities), during the period (the "INDEFINITE BLOCKAGE PERIOD") beginning on the date that the Company and the Holders of the Notes receive written notice (a "PAYMENT NOTICE") from the holders of such Senior Indebtedness of any default in payment (a "PAYMENT DEFAULT") of any principal of, premium, if any, or interest on any Senior Indebtedness or any obligation owing under or in respect of Senior Indebtedness or their representative, and ending on the earliest of (A) the date that all Senior Indebtedness is paid in full, (B) the date on which the Senior Indebtedness to which such

Payment Default relates is paid in full or such default is cured, and (C) the date on which such Payment Default is waived in writing in accordance with the instruments governing such Senior Indebtedness by the holders of such Senior Indebtedness (or any requisite percentage thereof).

(b) If an event of default other than a Payment Default (an "OTHER DEFAULT") with respect to any Senior Indebtedness, as such event of default is defined in the instrument under which it is outstanding, has occurred, is continuing and permits the holders (or any requisite percentage thereof) to declare such Senior Indebtedness due and payable prior to the date on which it would otherwise have become due and payable, then during the period (the "PAYMENT BLOCKAGE PERIOD") commencing on the date that the Company and the Holders receive written notice (a "DEFAULT NOTICE") of such Other Default and ending on the earliest of: (A) 170 days after such date, (B) the date, if any, on which the Senior Indebtedness to which such default relates is paid in full or such Other Default is cured or waived in writing in accordance with the instruments governing such Senior Indebtedness by the holders of such Senior Indebtedness (or any requisite percentage thereof), and (C) the date on which the Company and the Holders of the Notes receive from the holders of such Senior Indebtedness (or their representative) that commenced the Payment Blockage Period written notice that the Payment Blockage Period has been terminated, no payment shall be made by or on behalf of the Company on account of the principal of, premium, if any, or interest on, the Notes, or to defease or acquire any of the Notes (including repurchases of Notes pursuant to SECTION 5.8 or 5.11) for cash or property, or on account of the redemption provisions of the Notes or on account of any fees and expenses relating to the Notes or this Agreement (other than principal, premium or interest paid with Junior Securities). Notwithstanding any other provision of this Agreement, only one Payment Blockage Period may be commenced within any period of 365 consecutive days. No event of default that existed or was continuing with respect to the Senior Indebtedness for which a Default Notice commencing a Payment Blockage Period was given on the date such Payment Blockage Period commenced shall be, or be made, the basis for the commencement of any subsequent Payment Blockage Period unless such event of default is cured or waived for a period of not less than 90 consecutive days.

(c) For purposes of this Agreement, the term "STANDSTILL PERIOD" shall mean a period which commences on the date that the Company and the Holders of the Notes receive a Payment Notice or a Default Notice, as the case may be, and ends on the earliest to occur of (i) the termination of the Indefinite Blockage Period relating to such Payment Notice or the termination of the Payment Blockage Period relating to such Default Notice, as the case may be, (ii) acceleration of the Senior Indebtedness to which such Payment Notice or Default Notice, as the case may be, relates, (iii) an Event of Default specified in clause (g), (h) or (i) of SECTION 7.1, (iv) 170 days after the receipt by the Company and the Holders of the Notes of such Payment Notice or Default Notice, as the case may be, (v) the waiver or amendment by or on behalf of the lenders under the Senior Credit Agreement (or any requisite percentage thereof) of the restrictions, during such Standstill Period, on asset sales or dispositions by the Company or any of its Subsidiaries so as to permit the Company or any of its Subsidiaries to transfer or apply the net proceeds from such asset sales or dispositions to or for the benefit of any holders of long-term Indebtedness of the Company or its Subsidiaries other than to repay obligations under the Senior Credit Agreement, (vi) the waiver or amendment, during such Standstill Period, by or on behalf of the lenders under the Senior Credit Agreement (or any requisite percentage thereof) of the prohibition on the creation or existence of liens on property, revenue or

assets of the Company or any of its Subsidiaries so as to permit the creation or existence of liens (including judgment liens) securing payment of Indebtedness of the Company or any of its Subsidiaries which ranks PARI PASSU with the Notes or is subordinate or junior in right of payment to the Notes, or (vii) such time as the holders of Senior Indebtedness (or any requisite percentage thereof) consent in writing to the termination of the Standstill Period. During the Standstill Period, such Holders shall be prohibited from accelerating the Notes and shall be prohibited from enforcing any of their default remedies with respect thereto (including any right to sue the Company or to file or participate in the filing of any involuntary bankruptcy petition against the Company) until the Standstill Period relating to such Payment Notice or Default Notice, as the case may be, shall cease to be in effect; PROVIDED, HOWEVER, that if a Holder had initiated an enforcement or collection action prior to the commencement of such Standstill Period at a time when such Holder was entitled to do so, then such Holder shall not be prevented during the Standstill Period from taking any steps with respect to such pending collection or enforcement action as are required by law or are reasonably required to avoid material prejudice to the rights of such Holder so long as such steps are not inconsistent with or in contravention of and which do not interfere with the enforcement actions, if any, taken by the holders of the Senior Indebtedness or their representative. Upon the termination of any Standstill Period, then the Holders of the Notes may, at their sole election, exercise any and all remedies (including acceleration of the maturity of the Notes) available to them under this Agreement or applicable law; PROVIDED that the Indefinite Blockage Period or the Payment Blockage Period, as the case may be (if not also terminated),

shall continue for its full period notwithstanding the termination of the Standstill Period. Notwithstanding the foregoing, not more than one Standstill Period may be commenced within a period of 365 consecutive days.

(d) In furtherance of the provisions of SECTION 8.1, in the event that, notwithstanding the foregoing provisions of this SECTION 8.2, any payment or distribution of assets on account of principal of, premium, if any, or interest on the Notes or to defease or acquire any of the Notes (including repurchases of Notes pursuant to SECTION 5.8 or 5.11) for cash, property or securities, or on account of the redemption provisions of the Notes (other than principal, premium or interest paid with Junior Securities) shall be made by the Company and received by any Holder, at a time when such payment or distribution was prohibited by the provisions of this SECTION 8.2, then, unless such payment or distribution is no longer prohibited by this SECTION 8.2, such payment or distribution shall be received and held in trust by such Holder for the benefit of the holders of Senior Indebtedness, and shall be paid or delivered by such Holders to the holders of Senior Indebtedness remaining unpaid or unprovided for or their representative or representatives, or to the trustee or trustees under any indenture pursuant to which any instruments evidencing any of such Senior Indebtedness may have been issued, ratably according to the aggregate amounts on account of the Senior Indebtedness held or represented by each, to the extent necessary to enable payment in full (except as such payment otherwise shall have been provided for), of all Senior Indebtedness remaining unpaid, after giving effect to all concurrent payments and distributions and all provisions therefor, to or for the holders of such Senior Indebtedness, but only to the extent that as to any holder of such Senior Indebtedness such holder (or a representative thereof) notifies the Holders of the amounts then due and owing on such Senior Indebtedness, if any, held by such holder and only the amounts specified in such notices to the Holders shall be paid to the holders of such Senior Indebtedness.

The Company shall give prompt written notice to the Holders of any default or event of default, and any cure or waiver thereof, or any acceleration under any Senior Indebtedness or under any agreement pursuant to which Senior Indebtedness may have been issued.

8.3 NOTES SUBORDINATED TO PRIOR PAYMENT OF ALL SENIOR INDEBTEDNESS ON DISSOLUTION, LIQUIDATION OR REORGANIZATION

Upon any distribution of assets of the Company upon any dissolution, winding up, total or partial liquidation or reorganization of the Company, whether voluntary or involuntary, in bankruptcy, insolvency, receivership or similar proceeding or upon assignment for the benefit of creditors:

(a) the holders of all Senior Indebtedness shall first be entitled to receive payments in full (or to have such payment duly provided for as determined by the Governmental Authority, administering such proceeding) of the principal of, premium if any, and interest on and other amounts payable in respect thereof, before the Holders are entitled to receive any payment on account of the principal of, premium if any, and interest on the Notes (other than principal, interest or premium paid with Junior Securities);

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities (other than principal, interest or premium paid with Junior Securities), to which the Holders would be entitled except for the provisions of this Section 8, shall be paid by the liquidating trustee or agent or other Person making such a payment or distribution, directly to the holders of Senior Indebtedness or their representative, ratably according to the respective amounts of Senior Indebtedness held or represented by each, to the extent necessary to make payment in full (or have such payment duly provided for) of all such Senior Indebtedness remaining unpaid after giving effect to all concurrent payments and distributions and all provisions therefor to or for the holders of such Senior Indebtedness;

(c) in the event that, notwithstanding the foregoing, any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, shall be received by the Holders on account of principal of, premium, if any, or interest on the Notes (other than principal, interest or premium paid with Junior Securities), as the case may be, before all Senior Indebtedness is paid in full (or provision made therefor), such payment or distribution shall be received and held in trust by such Holder for the benefit of the holders of such Senior Indebtedness, or their respective representative, ratably according to the respective amounts of Senior Indebtedness held or represented by each, to the extent necessary to make payment in full (except as such payment otherwise shall have been provided for) of all such Senior Indebtedness remaining unpaid after giving effect to all concurrent payments and distributions and all provisions therefor to or for the holders of such Senior Indebtedness, but only to the extent that as to any holder of such Senior Indebtedness such holder (or a representative therefor) notifies the Holders of the amounts then due and owing on such Senior Indebtedness, if any, held by such holder and only the amounts specified in such notices to the Holders shall be paid to the holders of such Senior Indebtedness; and

(d) Upon the failure of any Holder to file appropriate claims or proofs of claim in respect of any Note held by such Holder in any such proceeding as of the 10th business day preceding the bar

date thereof, each holder of Senior Indebtedness (or their representative) is hereby irrevocably authorized and empowered (in its own name, by such representative or otherwise), but shall have no obligation to file claims and proofs of claim and take such other action as it may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of such Holder with respect to the Notes held by such Holder. Notwithstanding the foregoing, neither the holder of Senior Indebtedness nor their representative shall have any right whatsoever to vote any claim that any Holder may have in such proceeding to accept or reject any plan or partial or complete liquidation, reorganization, arrangement, composition or extension.

The Company shall give prompt written notice to the Holders of any dissolution, winding up, liquidation or reorganization of the Company or assignment for the benefit of creditors by the Company.

8.4 NOTEHOLDERS TO BE SUBROGATED TO RIGHTS OF HOLDERS OF SENIOR INDEBTEDNESS

Subject to the payment in full of all Senior Indebtedness (or provision made for its payment) and the expiration or termination of all commitments to lend under the Senior Credit Agreement, the Holders of Notes shall be subrogated to the rights of the holders of such Senior Indebtedness to receive payments or distributions of assets of the Company applicable to the Senior Indebtedness until all amounts owing on the Notes shall be paid in full, and for the purpose of such subrogation no such payments or distributions to the holders of such Senior Indebtedness by or on behalf of the Company, or by or on behalf of the Holders by virtue of this SECTION 8, which otherwise would have been made to the Holders shall, as between the Company and the Holders, be deemed to be payment by the Company, to or on account of such Senior Indebtedness, it being understood that the provisions of this Section 8 are and are intended solely for the purpose of defining the relative rights of the Holders, on the one hand, and the holders of such Senior Indebtedness, on the other hand.

If any payment or distribution to which the Holders would otherwise have been entitled but for the provisions of this SECTION 8 shall have been applied, pursuant to the provisions of this SECTION 8, to the payment of amounts payable under Senior Indebtedness, then the Holders shall be entitled to receive from the holders of such Senior Indebtedness any payments or distributions received by such holders of Senior Indebtedness in excess of the amount sufficient to pay all amounts payable under or in respect of such Senior Indebtedness in full.

8.5 OBLIGATIONS OF THE COMPANY UNCONDITIONAL

Nothing contained in this SECTION 8 or elsewhere in this Agreement or in the Notes is intended to or shall impair, as between the Company and the Holders, the obligation of the Company, which is absolute and unconditional, to pay to the Holders the principal of, premium, if any, and interest on the Notes as and when the same shall become due and payable in accordance with their terms, or is intended to or shall affect the relative rights of the Holders and creditors of the Company other than the holders of the Senior Indebtedness, nor shall anything herein or in the Notes prevent any Holder from exercising all remedies otherwise permitted by applicable law upon default under this Agreement, subject to the rights and restrictions, if any, under this SECTION 8, held by the holders of Senior Indebtedness in respect of cash, property or securities of the Company (other than Junior

Securities) received upon the exercise of any such remedy. Notwithstanding anything to the contrary in this SECTION 8 or elsewhere in this Agreement or in the Notes, upon any distribution of assets of the Company referred to in this SECTION 8, the Holders shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which such dissolution, winding up, liquidation or reorganization proceedings are pending, or a certificate of the liquidating trustee or agent or other Person making any distribution to the Holders for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Indebtedness and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this SECTION 8.

8.6 SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF THE COMPANY OR HOLDERS OF SENIOR INDEBTEDNESS

No right of any present or future holders of any Senior Indebtedness to enforce subordination provisions contained in this SECTION 8 shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act, in good faith, by any such holder, or by any noncompliance by the Company with the terms of this Agreement, regardless of any knowledge thereof which any such holder may have or be otherwise charged with. The holders of Senior Indebtedness may extend, renew, modify or amend the terms of the Senior Indebtedness or any security therefor and release, sell or exchange such security and otherwise deal freely with the Company all without affecting the liabilities and obligations of the parties to this Agreement or the Holders.

8.7 SECTION 8 NOT TO PREVENT EVENTS OF DEFAULT

The failure to make a payment on account of principal of, premium, if any, or interest on the Notes by reason of any provision of this SECTION 8 shall not be construed as preventing the occurrence of a Default or an Event of Default under this Agreement or in any way prevent the Holders from exercising any right hereunder other than as provided in this Section 8.

8.8 MISCELLANEOUS PROVISIONS

(a) The provisions of this SECTION 8 shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder of Senior Indebtedness or any other recipient thereof, as the case may be, upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

(b) No failure on the part of any holder of Senior Indebtedness to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof of the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(c) The provisions of this SECTION 8 constitute a continuing agreement and shall (i) remain in full force and effect until the Senior Credit Agreement shall have been terminated and the Senior Indebtedness shall have been paid in full, (ii) be binding upon the Holders and their successors and assigns and (iii) inure to the benefit of and be enforceable by the holders of the Senior Indebtedness and their respective successors, transferees and assigns.

SECTION 9. AMENDMENTS AND WAIVERS

9.1 WITH CONSENT OF HOLDERS

The Company, when authorized by a resolution of the Board of Directors of the Company with written consent of the Required Holders, may amend this Agreement or the Notes, provided that each Holder shall have received prior notice of such proposed amendment. The Required Holders may waive compliance by the Company with any provision of this Agreement or the Notes, provided that each Holder shall have received prior notice of such proposed amendment. Without the consent of each Holder affected, however, no amendment or waiver may (with respect to any Notes held by a nonconsenting Holder of Notes):

(a) reduce the principal amount of Notes whose Holders must consent to an amendment or waiver of any provision of this Agreement or the Notes;

(b) reduce the principal of or alter the provisions with respect to the redemption of Notes, reduce the purchase price payable in connection with repurchases of the Notes pursuant to SECTION 5.8 or 5.11 hereof or reduce the premium payable pursuant to SECTION 7.3 hereof;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes or that resulted from a failure to comply with SECTION 5.8 hereof (except a rescission of acceleration of the Notes by the Required Holders and a waiver of the payment default that resulted from such acceleration);

(e) make the principal of, premium, if any, or the interest on, any Note payable in any manner other than that stated in this Agreement and the Notes;

(f) make any change in the provisions of this Agreement relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, premium (if any) or interest on the Notes;

(g) waive a redemption payment with respect to any Note;

(h) make any change to the subordination provisions of this Agreement that adversely affect any Holder;

(i) make any change in the definitions of Required Holders or Maturity Date: or

(j) make any change in the foregoing amendment and waiver provisions.

It shall not be necessary for the consent of the Holders under this SECTION 9 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment or waiver under this SECTION 9 becomes effective, the Company shall mail to the Holders affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amendment or waiver.

In connection with any amendment under this SECTION 9, the Company may offer, but shall not be obligated to offer, to any Holder who consents to such amendment or waiver, consideration for such Holder's consent.

9.2 REVOCATION AND EFFECT OF CONSENTS

Until an amendment or waiver becomes effective, a consent to it by a Holder is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his Note or portion of his Note by notice to the Company received before the date on which the Required Holders have consented (and not theretofore revoked such consent) to the amendment or waiver.

The Company may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to consent to any amendment or waiver, which record date shall be at least 30 days prior to the first solicitation of such consent. If a record date is fixed, then notwithstanding the last sentence of the immediately preceding paragraph, those persons who were Holders at such record date (or their duly designated proxies), and only those persons, shall be entitled to revoke any consent previously given, whether or not such persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 90 days after such record date.

After an amendment or waiver becomes effective, it shall bind every Security holder, unless it makes a change described in any of clauses (a) through (i) of SECTION 9.1, in which case, the amendment or waiver shall bind only each Holder of a Note who has consented to it and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note; provided that any such waiver shall not impair or affect the right of any Holder to receive payment of principal of, premium (if any) and interest on a Note, on or after the respective due dates expressed in such Note, or to bring suit for the enforcement of any such payment on or after such respective dates without the consent of such Holder.

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver, consent or amendment, Notes owned by the Company or any Affiliate of the Company shall be considered as though not outstanding.

9.3 NOTATION ON OR EXCHANGE OF NOTES

If an amendment or waiver changes the terms of a Note, the Company may require the Holder of the Note to deliver it to the Company so that it may place an appropriate notation on the Note about the changed terms and return it to the Holder.

9.4 PAYMENT OF EXPENSES

The Company agrees to pay or reimburse each Purchaser's out-of-pocket expenses (including the reasonable fees and expenses of counsel) relating to any amendment or modification of, or any waiver or consent under, this Agreement, the Securities, the Registration Rights Agreement, the Warrant Agreement and any other Documents.

SECTION 10. DEFINITIONS

10.1 DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings:

"ACCELERATION NOTICE" shall have the meaning set forth in SECTION 7.2.

"ACCOUNT MANAGER" means each Purchaser, if any, duly authorized to act as attorney in-fact on behalf of any Person in purchasing, in the name of and using funds provided by such Person, Securities hereunder.

"ACQUIRED INDEBTEDNESS" means Indebtedness of a Person existing at the time such Person becomes a Subsidiary of the Company or assumed in connection with the acquisition by the Company or any of its Subsidiaries of assets from such Person, which Indebtedness was not incurred in connection with or in anticipation of such acquisition.

"ACQUISITIONS" means, collectively, the Pacific Acquisition and the PCI Acquisition

"ACQUISITION AGREEMENT" means, collectively, the Pacific Acquisition Agreement and the PCI Acquisition Agreement.

"AFFILIATE" means, with respect to any referenced Person, a Person (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such referenced Person, (ii) which directly or indirectly through one or more intermediaries beneficially owns or holds 10% or more of the combined voting power of the total Voting Securities of such referenced Person or (iii) of which 10% or more of the combined voting power of the total Voting Securities directly or indirectly through one or more intermediaries is beneficially owned or held by such referenced Person or a Subsidiary of such referenced Person. When used herein without reference to any Person, Affiliate means an Affiliate of the Company. For purposes of this definition, "control" when used with respect to any person means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies

of such person, whether through the ownership of Voting Securities, by agreement or otherwise; and the terms "affiliated," "controlling" and "controlled" have meanings correlative to the foregoing. Notwithstanding the foregoing, for purposes of this Agreement, Trust Company of the West and its Affiliates and any other Purchaser and its Affiliates shall not be considered Affiliates of the Company or any of its Subsidiaries.

"AFFILIATE TRANSACTION" shall have the meaning set forth in SECTION 5.6.

"AGREEMENT" means this Securities Purchase Agreement dated as of July 13, 1999, by and among the Company, the Subsidiary Guarantors named therein and the Purchasers.

"APPROVED ACQUISITION" shall mean any acquisition of substantially all of the assets or a majority or more of the Capital Stock of any Person which meets each of the following conditions: (i) the Holders shall have received such Qualified Financial Information regarding the Person, operating assets or line of business to be acquired (herein the "ACQUISITION TARGET") as the Holders may reasonably request; (ii) the Holders shall have received all documents, instruments, certificates and agreements to be executed, or exchanged by, between or among the Company or any of its Subsidiaries and the Person or Persons selling the Acquisition Target evidencing, governing or relating to such Acquisition (the "ACQUISITION DOCUMENTS"); and (iii) upon its consummation, if the Acquisition Target is not merged into the Company or any Subsidiary Guarantor, the Company shall cause such Person to Guaranty the Notes on a senior subordinated basis in accordance with SECTION 11.3 hereof.

"APPROVED USE OF PROCEEDS" means any use of the proceeds of additional Senior Indebtedness incurred pursuant to SECTION 5.5(a) for (i) Approved Acquisitions, or (ii) any other use approved by the Required Holders, in their sole discretion.

"ASSET SALE" means (i) the sale, lease, conveyance or other disposition of assets (including by way of a sale-and-leaseback) of the Company or any of its Subsidiaries, other than sales of inventory in the ordinary course of business consistent with past practice, sales of Cash or Cash Equivalents, trade receivables or sales of any asset by the Company to a Subsidiary of the Company or by a Subsidiary of the Company to another Subsidiary of the Company or (ii) the issuance or sale of Equity Interests of any of the Subsidiaries of the Company to any Person other than the Company, in the case of either clause (i) or (ii) above, whether in a single transaction or a series of related transactions.

"ASSET SALE OFFER" shall have the meaning set forth in SECTION 5.8.

"ASSET SALE DATE" shall have the meaning set forth in SECTION 5.8.

"ASSET SALE OFFER PRICE" shall have the meaning set forth in SECTION 5.8.

"AUDITED FINANCIAL STATEMENTS" shall have the meaning set forth in SECTION 3.4.

"BANKRUPTCY LAW" shall have the meaning set forth in SECTION 7.1.

"BROCKWAY MORAN" means Brockway Moran & Partners Fund, L.P., a Delaware limited partnership.

"BUSINESS" shall have the meaning set forth in SECTION 3.16(b).

"BUSINESS DAY" means any day which is not a Legal Holiday.

"CAPITAL LEASE" means any lease of any property (whether real, personal or mixed) that, in conformity with GAAP, should be accounted for as a capital lease.

"CAPITAL STOCK" means any and all shares, interests, participations or other equivalents (however designated) of corporate stock, including without limitation all common stock and preferred stock.

"CAPITALIZED LEASE OBLIGATION" means, with respect to any Person for any period, any obligation of such Person to pay rent or other amounts under a Capital Lease; the amount of such obligation shall be the capitalized amount thereof determined in accordance with GAAP.

"CASH" means U.S. Legal Tender or U.S. Government Obligations having a maturity of one year or less from the date of issuance thereof.

"CASH EQUIVALENTS" means (i) marketable direct obligations issued or unconditionally guaranteed by the United States Government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within one year from the date of acquisition thereof; (ii) commercial paper maturing in 180 days or less from the date issued and, at the time of acquisition, having a rating of at least A-1 from Standard & Poor's Corporation or at least P-1 from Moody's Investors Service, Inc.; (iii) certificates of deposit or bankers' acceptances maturing within one year from the date of issuance thereof issued by any commercial bank organized under the laws of the United States of America or any state thereof or the District of Columbia having combined capital and surplus of not less than $100,000,000 or the equivalent thereof or assets of at least $1 billion or the equivalent thereof and, in each case, not subject to setoff rights in favor of such bank; (iv) time deposits maturing no more than thirty (30) days from the date of creation thereof with commercial banks having membership in the Federal Deposit Insurance Corporation in amounts not exceeding the lesser of $100,000 or the maximum amount of insurance applicable to the aggregate amount of the Company's deposits at such institution; (v) repurchase obligations with a term of not more than ninety (90) days for underlying securities of the types described in clause (i) above entered into with any commercial bank meeting the qualifications specified in clause (iii) above; (vi) securities with maturities of one year or less from the date of acquisition issued or fully guaranteed by any state of the United States or the District of Columbia, or by any political subdivision or taxing authority of any such state or the District of Columbia, the securities of which state, the District of Columbia, political subdivision or taxing authority (as the case may be) are rated at least AAA by Standard and Poor's Corporation or AAA by Moody's Investors Services, Inc.; and (vii) shares of money market mutual or similar funds having assets in excess of $ 100,000,000 and that invest exclusively in assets satisfying the requirements of clauses (i) through (vi) above.

"CHANGE OF CONTROL" shall mean the occurrence of any of the following events: (a) the failure of the Sponsors or one or more of their Affiliates to maintain beneficial ownership, directly or indirectly, of Voting Securities of the Company representing at least 51% of the combined voting power of all Voting Securities of the Company, (b) any Person or two or more Persons acting in concert shall have acquired beneficial ownership, directly or indirectly, or shall have acquired by contract or otherwise, or shall have entered into a contract or arrangement that, upon consummation, will result in its or their acquisition of control over, Voting Securities of the Company (or other securities convertible into such Voting Securities) representing 33% or more of the combined voting power of all Voting Securities of the Company, (c) the failure of the Company to own, directly or indirectly, 100% of the combined voting power of all Voting Securities of PCI, and (d) Continuing Directors shall cease for any reason to constitute a majority of the members of the board of directors of the Parent then in office. As used herein, "beneficial ownership"

shall have the meaning provided in Rule 13d-3 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934.

"CHANGE OF CONTROL DATE" shall have the meaning provided in SECTION 5.11(a).

"CHANGE OF CONTROL OFFER" shall have the meaning provided in SECTION 5.11(a).

"CHANGE OF CONTROL OFFER PRICE" shall have the meaning provided in SECTION 5.11(a).

"CHANGE OF CONTROL PAYMENT DATE" shall have the meaning provided in SECTION 5.11(b).

"CHARTER DOCUMENTS" means the Articles of Organization, Articles of Incorporation or Certificate of Incorporation and Bylaws, as amended or restated (or both) to date, of any of the Companies, or any of its Subsidiaries, as applicable.

"CLOSING" shall have the meaning set forth in SECTION 1.2(b).

"CLOSING DATE" shall have the meaning set forth in SECTION 1.2(b).

"CODE" means the Internal Revenue Code of 1986, as amended from time to time, and any successor statute or law thereto and regulations promulgated thereunder.

"COMMITMENT DATE" shall have the meaning set forth in SECTION 5.8.

"COMMONLY CONTROLLED ENTITY" shall mean an entity, whether or not incorporated, which is under common control with the Company within the meaning of Section 4001 of ERISA or is part of a group which includes the Company and which is treated as a single employer under Section 414 of the Code.

"COMMON STOCK" means the Common Stock, no par value, of the Company.

"COMPANIES" means, collectively, the Company and its Subsidiaries, including PCI.

"COMPANY" has the meaning set forth in the introductory paragraph of this Agreement.

"CONSOLIDATED" or "CONSOLIDATED," when used with reference to any accounting term, means the amount described by such accounting term, determined on a consolidated basis in accordance with GAAP, after elimination of intercompany items.

"CONSOLIDATED CAPITAL EXPENDITURES" means, for any period, all capital expenditures of the Company and its Subsidiaries on a consolidated basis for such period, as determined in accordance with GAAP. The term "Consolidated Capital Expenditures" shall not include capital expenditures in respect of the reinvestment of proceeds derived from (i) Recovery Events or (ii) that portion of all such expenditures the Company is permitted to reinvest or use for replacement or restoration of assets from Net Proceeds of Asset Sales.

"CONSOLIDATED EBITDA" means, for any period, the sum of (i) Consolidated Net Income for such period, plus (ii) an amount which, in the determination of Consolidated Net Income for such period, has been deducted for (A) Consolidated Interest Expense, (B) total federal, state, local and foreign income, value added and similar taxes, (C) losses (or MINUS gains) on the sale or disposition of assets outside the ordinary course of business, (D) depreciation, amortization expense and other non-cash charges, all as determined in accordance with GAAP, (E) amounts paid in respect of management fees to the extent permitted hereunder and (F) other non-recurring add-backs as set forth on SCHEDULE 10.1(b); PROVIDED, that, not withstanding the foregoing, in the event such period includes the fourth fiscal quarter of 1998 and/or the first fiscal quarter of 1999, Consolidated EBITDA for such fiscal quarters shall be the amounts set forth on Schedule 10.1(b).

"CONSOLIDATED INTEREST EXPENSE" means, for any period, all cash interest expense of the Company and its Subsidiaries (including, without limitation, the interest component under Capital Leases and the interest component of deferred compensation under the Retention Bonus Plan), as determined in accordance with GAAP.

"CONSOLIDATED NET INCOME" means, for any period, Net Income after taxes for such period of the Company and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP.

"CONSULTING AGREEMENT" shall have the meaning set forth in SECTION

3.25.

"CONTINUING DIRECTORS" means either during any period of up to 24 consecutive months commencing after the Closing Date, individuals who at the beginning of such 24 month period were directors of the Parent (together with any new director whose election by the Parent's board of directors or whose nomination for election by the Parent's shareholders was approved by a vote of at least two-thirds of the directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved).

"CUSTODIAN" shall have the meaning set forth in SECTION 7.1.

"DEFAULT" means any event which is, or after notice or passage of time would be, an Event of Default.

"DEFAULT NOTICE" shall have the meaning set forth in SECTION 8.2(b).

"DISQUALIFIED STOCK" means any Capital Stock which, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the sole option of the holder thereof, in whole or in part, on or prior to the Maturity Date.

"DOCUMENTS" means this Agreement, the Warrant Agreement, the Securities, the Registration Rights Agreement, and the Acquisition Agreements collectively, or each of such documents singularly, and any documents or instruments contemplated by or executed in connection with any of them or any of the transactions contemplated hereby or thereby.

"ENVIRONMENTAL CLAIM" means any claim, demand, action, investigation or notice of violation of which the Companies, including any of their employees, are aware, or notice (written or oral) by any Person alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, governmental response costs, natural resources damages, property damages, personal injuries, or penalties) arising out of, based on or resulting from (a) the presence, or release into the environment, of any Material of Environmental Concern at any location, whether or not owned or operated by any of the Companies, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

"ENVIRONMENTAL LAWS" shall mean any and all applicable foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirement of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time be in effect during the term of this Agreement.

"EQUITY INTEREST" means (i) with respect to a corporation, any and all Capital Stock or warrants, options or other rights to acquire Capital Stock (but excluding any debt security which is convertible into, or exchangeable or exercisable for, Capital Stock) and (ii) with respect to a partnership, limited liability company or similar Person, any and all units, interests, rights to purchase, warrants, options or other equivalents of, or other ownership interests in any such Person.

"ERISA" means The Employee Retirement Income Security Act of 1974, as amended from time to time, and any successor statute or law thereto and regulations promulgated thereunder.

"EVENT" shall have the meaning set forth in the definition of "Debt Incurrence Ratio."

"EVENT DATE" shall have the meaning set forth in the definition of "Debt Incurrence Ratio."

"EVENT OF DEFAULT" shall have the meaning set forth in SECTION 7.1.

"EXCESS NET PROCEEDS" shall have the meaning set forth in SECTION 5.8.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended, from time to time, and any successor statute or law thereto.

"FIXED CHARGE COVERAGE RATIO" means, as of the end of each fiscal quarter of the Company, for the Company and its Subsidiaries on a consolidated

basis for the four consecutive quarters ending on such date, the ratio of (i) Consolidated EBITDA for the applicable period MINUS Consolidated Capital Expenditures for the applicable period to (ii) the sum of Consolidated Interest Expense for the applicable period PLUS Scheduled Funded Debt Payments for the applicable period PLUS cash Taxes paid during the applicable period. For purposes hereof, the Consolidated Interest Expense and Scheduled Funded Debt Payments components of the Fixed Charge Coverage Ratio for the first three complete fiscal quarters to occur after the Closing Date, shall be determined by annualizing such Consolidated Interest Expense and Scheduled Funded Debt Payments components such that for the first complete fiscal quarter to occur after the Closing Date such components would be multiplied by four (4), the first two complete fiscal quarters would be multiplied by two (2) and the first three complete fiscal quarters would be multiplied by one and one-third (1 1/3).

"FUNDED DEBT" shall mean, with respect to the Company and its Subsidiaries, on a consolidated basis, without duplication, (a) all Indebtedness of such Person other than Indebtedness of the types referred to in clause (e), (f), (i) and (l) of the definition of "Indebtedness" set forth in this SECTION 10.1, (b) all Funded Debt of others of the type referred to in clause (a) above secured by (or for which the holder of such Funded Debt has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (c) all obligations under any Guaranty of such Person with respect to Funded Debt of the type referred to in clause (a) above of another Person, (d) Funded Debt of the type referred to in clause (a) above of any partnership or unincorporated joint venture in which such Person is legally obligated or has a reasonable expectation of being liable with respect thereto, and (e) the full amount of all obligations under the Notes, the Seller Notes and the Retention Bonus Plan measured as of the maturity dates of such obligations and not on a present value basis.

"GAAP" means those generally accepted accounting principles and practices which are recognized as such on the Closing Date by the American Institute of Certified Public Accountants acting through its Accounting Principles Board or by the Financial Accounting Standards Board or through other appropriate boards or committees thereof and which are consistently applied for all periods after the date hereof so as to property reflect the financial conditions, and the results of operations, shareholders' equity and cash flows, of the Company and its consolidated subsidiaries.

"GOVERNMENTAL AUTHORITY" shall mean any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

"GUARANTY" means, with respect to any Person, any contract, agreement or understanding of such Person pursuant to which such Person guarantees, or in effect guarantees, any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, including without limitation:

(a) agreements to purchase such Indebtedness or any property constituting security therefor;

(b) agreements to advance or supply funds (i) for the purchase or payment of such Indebtedness, or (ii) to maintain working capital, equity capital or other balance sheet conditions;

(c) agreements to purchase property, securities or services primarily for the purpose of assuring the holder of such Indebtedness of the ability of the primary obligor to make payment of the Indebtedness;

(d) letters or agreements commonly known as "comfort" or "keepwell" letters or agreements;

(e) all obligations of such Person or Persons, contingent or otherwise, in respect of any documentary letters of credit; or

(f) any other agreements to assure the holder of the Indebtedness of the primary obligor against loss in respect thereof;

except that "guaranty" shall not include (i) the endorsement by a Person in the ordinary course of business of negotiable instruments or documents for deposit or collection, or (ii) indemnities given by the Company or its Subsidiaries in brokerage, management and other agreements in the ordinary course of business substantially consistent with past practices.

"HEDGING OBLIGATIONS" means, with respect to any Person, the obligations of such Person under (i) interest rate swap agreements, interest rate cap agreements and interest rate collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations

in interest rates.

"HOLDER" or "HOLDERS" means each Purchaser (so long as it holds any Securities) and any other holder of any of the Securities.

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

"INDEBTEDNESS" means, with respect to any Person, the aggregate amount of, without duplication, the following: (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, or upon which interest payments are customarily made, (c) all obligations of such Person under conditional sale or other title retention agreements relating to Property purchased by such Person (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business), (d) all obligations of such Person issued or assumed as the deferred purchase price of Property or services purchased by such Person (other than Trade Payables due within six months of the incurrence thereof) which would appear as liabilities on a balance sheet of such Person, (e) all obligations of such Person under take-or-pay or similar arrangements or under commodities

agreements, (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all obligations of such Person with respect to Indebtedness of another Person, including Guaranties, (h) all Capitalized Lease Obligations, (i) all Hedging Obligations of such Person, (j) the maximum amount of all standby letters of credit issued or bankers' acceptances facilities created for the account of such Person and, without duplication, all drafts drawn thereunder (to the extent unreimbursed), (k) all preferred Capital Stock issued by such Person and which by the terms thereof could be (at the request of the holders thereof or otherwise) subject to mandatory sinking fund payments, redemption or other acceleration, (l) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product, (m) the Indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer, and (n) with respect to the Company, all obligations with respect to the Retention Bonus Plan.

"INDEFINITE BLOCKAGE PERIOD" has the meaning set forth in SECTION 8.2(a).

"INDEMNIFIED PARTIES" has the meaning set forth in SECTION 1.8.

"INSOLVENCY" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of such term as used in Section 4245 of ERISA.

"INSPECTORS" shall have the meaning set forth in SECTION 5.25.

"INTEREST COVERAGE RATIO" means, with respect to the Company and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter of the Company and its Subsidiaries, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period. Notwithstanding the foregoing, for purposes of calculating the Interest Coverage Ratio of the Company and its Subsidiaries for the first three complete fiscal quarters to occur after the Closing Date, Consolidated Interest Expense shall be determined by annualizing the components thereof such that for the first complete fiscal quarter to occur after the Closing Date such components would be multiplied by four (4), the first two complete fiscal quarters would be multiplied by two (2) and the first three complete fiscal quarters would be multiplied by one and one-third (1-1/3).

"INVESTMENT" means, with respect to any Person, any direct, indirect or beneficial investment by such Person, whether by means of share purchase, loan, advance, extension of credit (other than accounts receivable and trade credits arising in the ordinary course of business), capital contribution or otherwise, in or to any other Person, the guaranty by such Person of any Indebtedness of any other Person or the subordination of any claim against any other Person to other Indebtedness of such other Person.

"IPO" means a sale by the Company of Common Stock in an underwritten (firm commitment) public offering registered under the Securities Act of 1933, with gross proceeds to the Company of

not less than $30,000,000, resulting in the listing of the Company's Common Stock on a nationally recognized stock exchange, including without limitation, the NASDAQ National Market System.

"JUNIOR SECURITIES" means (a) any shares of Capital Stock of the Company, or its successor, as reorganized, or other Equity Interests of the Company or any other Person provided for by a plan of reorganization, (b) any warrants, options or other rights to acquire shares of Capital Stock of the Company, or its successor, as reorganized, or other Equity Interests of the Company or any other Person provided for by a plan of reorganization, and (c) any debt securities of the Company, or its successor, as reorganized, or any other Person provided for by a plan of reorganization, if (i) payment of such debt securities is subject to subordination provisions no less favorable to the holders of Senior Indebtedness than the provisions of SECTION 8 and (ii) scheduled payments of the principal amount of the Indebtedness evidenced by such debt securities are not required prior to the maturity date of the Senior Indebtedness.

"LAWS" means, as to any Person, any law, statute, ordinance, decree, requirement, order, judgment, rule, regulation (or official interpretation of any of the foregoing) of, and the terms of any license of permit issued by, any Governmental Authority which is applicable to such Person.

"LEGAL HOLIDAY" means a Saturday, Sunday or day on which banks and trust companies in the principal place of business of the Company or in the State of New York are not required to be open.

"LEVERAGE RATIO" means, with respect to the Company and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter, the ratio of (a) Funded Debt of the Company and its Subsidiaries on a consolidated basis on the last day of such period to (b) Consolidated EBITDA for such twelve month period.

"LIEN" means any mortgage, pledge, lien, encumbrance, charge or adverse claim affecting title or resulting in a charge against real or personal property, or security interest of any kind (including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell and any filing of any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction).

"LOSSES" shall have the meaning set forth in SECTION 1.8.

"MATERIAL ADVERSE EFFECT" shall mean a material adverse effect on (a) the business, operations, property, condition (financial or otherwise) of the Company and its Subsidiaries taken as a whole, (b) the ability of the Company or any Subsidiary Guarantor to perform its obligations, when such obligations are required to be performed, under this Agreement, any of the Notes or any other Document to which it is a party or (c) the validity or enforceability of this Agreement, any of the Notes or any of the other Documents or the rights or remedies of the Holders hereunder or thereunder.

"MATERIALS OF ENVIRONMENTAL CONCERN" shall mean any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or

wastes, defined or regulated as such in or under any Environmental Law, including, without limitation, friable asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"MATURITY DATE" means January 13, 2006; PROVIDED that, Company may, by written notice to the Holders delivered not later than December 13, 2005, extend the maturity date to a date which is in no event later than July 13, 2009, and is at least six months prior to (1) the date on which any principal payments are first due on the Seller Notes and (ii) the date on which any disbursements (other than an Interim Bonus Payment Date, as defined in the Retention Bonus Plan) are required to be made with respect to the Retention Bonus Plan pursuant to the terms thereof.

"MULTIEMPLOYER PLAN" shall mean a Plan which is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"NET INCOME" of any Person shall mean the net income (loss) of such Person, determined in accordance with GAAP, excluding, however, any gain or loss realized upon the sale or other disposition

(including, without limitation, dispositions pursuant to sale and leaseback transactions) of any real property or equipment of such Person which is not sold or otherwise disposed of in the ordinary course of business and any gain or loss realized upon the sale or other disposition of any capital stock of such Person or a subsidiary of such Person and any other extraordinary gain or loss realized over the relevant period.

"NET PROCEEDS" means, with respect to any sale or other disposition of any assets (including in connection with any sale and leaseback transaction), (i) cash received by the Company or any of its Subsidiaries from such sale or other disposition and (ii) promissory notes received by the Company or any of its Subsidiaries from such sale or other disposition upon the liquidation or conversion of such notes into cash, in each case after (a) provision for all Taxes measured by or resulting from such sale or other disposition calculated as if the Company and its Subsidiaries were a separate consolidated group for tax purposes and assuming such sale or other disposition of such asset was the only transaction in which the Company and its Subsidiaries engaged during the relevant period without giving effect to any carryforwards, carrybacks or credits, (b) payment of all brokerage commissions and other fees and expenses related to such sale or other disposition, (c) amounts applied to repayment of Indebtedness (other than Senior Indebtedness) secured by a Lien on the asset sold or disposed and (d) amounts escrowed or booked as a reserve against liabilities associated with such sale or disposition.

"NOTE REGISTER" shall have the meaning set forth in SECTION 1.3.

"NOTES" shall have the meaning set forth in SECTION 1.1.

"NOTICE OF REDEMPTION" shall have the meaning set forth in SECTION 6.3.

"OBLIGATIONS" means, with reference to any Indebtedness, any principal of, premium, interest, penalties, fees and other liabilities payable from time to time and obligations performable under the documentation governing such Indebtedness.

"OFFICER" of a Person mean its Chairman of the Board, Chief Executive Officer, President, Treasurer, any Vice President, Secretary or any Assistant Secretary.

"OPERATING LEASE" means any lease other than a Capital Lease.

"OPINION OF COUNSEL" means a written opinion from legal counsel who is reasonably acceptable to each of the Purchasers. Unless otherwise required by any of the Purchasers, the legal counsel may be an employee of or counsel to the Company. For purposes of Section 4.4, "Opinion of Counsel" means a written opinion from legal counsel who is reasonably acceptable to the Company and who may be an employee of or counsel to any Purchaser or Holder.

"OTHER CAPITALIZED COSTS" means, for any fiscal period, the gross amount capitalized for long term assets (net of cash received in respect of long term assets), other than (a) Consolidated Capital Expenditures and (b) any fees and expenses capitalized with respect to the Related Transactions, all in accordance with GAAP.

"OTHER DEFAULT" shall have the meaning set forth in SECTION 8.2(b).

"PACIFIC ACQUISITION" means the acquisition by Parent of ninety percent (90%) of the issued and outstanding Capital Stock of Company and the recapitalization related thereto pursuant to the Pacific Acquisition Agreement.

"PACIFIC ACQUISITION AGREEMENT" means (x) that certain Recapitalization and Stock Purchase Agreement dated as of December 16, 1998, by and among Parent, Pacific Circuits and Lewis 0. Coley, III, The Colleen Beckdolt Trust No. 2, and The Ian Lewis Coley Trust No. 2. and all amendments, modifications, supplements and waivers thereto, and (y) all exhibits, schedules and any other documents, instruments and agreements delivered in connection with, or pursuant to, such agreement or the transactions contemplated thereby.

"PARENT" means Circuit Holdings LLC, a Delaware limited liability company.

"PAYMENT BLOCKAGE PERIOD" shall have the meaning set forth in

SECTION 8.2(B).

"PAYMENT DEFAULT" shall have the meaning set forth in SECTION 8.2(a).

"PAYMENT NOTICE" shall have the meaning set forth in SECTION 8.2(b).

"PBGC" shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA.

"PCI" means Power Circuits, Inc., a California corporation.

"PCI ACQUISITION" means the acquisition of PCI pursuant to the PCI Acquisition Agreement together with the contribution of Power Holdings to Parent, the contribution of Power Holdings to Company and the dissolution of Power Holdings.

"PCI ACQUISITION AGREEMENT" means (x) that certain Agreement and Plan of Merger dated June 11, 1999 among PCI, its stockholders, Brockway Moran & Partners, Inc., Thayer Equity Investors IV, LLC, Power Holdings, LLC and Power Acquisition Sub., Inc., and all amendments, modifications, supplements and waivers thereto, and (y) all exhibits, schedules and any other documents, instruments and agreements delivered in connection with, or pursuant to, such agreement or the transactions contemplated thereby.

"PERMITTED INVESTMENT" means (a) Investments in cash and Cash Equivalents, (b) loans and advances to officers, directors, employees and Affiliates of the Company not to exceed $1,150,000 in the aggregate at any time outstanding, (c) Investments by the Company and its Subsidiaries in and to the Company and its Wholly-Owned Subsidiaries to the extent not otherwise prohibited pursuant to SECTIONS 5.4, 5.5 AND 5.14, (d) Investments existing on the Closing Date and set forth on Schedule 10.1 (c), and (e) additional loan advances and/or investments of a nature not contemplated by the foregoing clauses hereof, PROVIDED that such loans, advances and/or investments made pursuant to this clause (e) shall not exceed an aggregate amount of $115,000 at any time.

"PERMITTED LIENS" means with respect to any Person: (i) Liens incurred or deposits made by such Person under worker's compensation laws, unemployment insurance laws or similar legislation, or Liens incurred or good faith deposits made in connection with bids, tenders, contracts (other than for the payment of Indebtedness) or leases to which such Person is a party, or Liens incurred or deposits made to secure public or statutory obligations of such Person or deposits of cash or United States Government bonds made to secure the performance of statutory obligations, surety, stay, customs and appeal bonds to which such Person is a party, or deposits made as security for contested taxes or import duties or for the payment of rent, in each case in the ordinary course of business, (ii) Liens imposed by law, such as carriers, warehousemen's, materialmen's and mechanics' Liens or Liens arising out of judgments or awards against such Person with respect to which such Person shall then be prosecuting appeal or other proceedings for review and which do not constitute an Event of Default under SECTION 7.1 (f); provided that, in each case, such appeal or other proceeding is being made in good faith and with respect to which reserves or other appropriate provisions are being made in accordance with GAAP; (iii) Liens securing the payment of Taxes which are not yet subject to penalties for non-payment or which are being contested in good faith and by appropriate proceedings, with respect to which reserves or other appropriate provisions are being maintained in accordance with GAAP; (iv) Liens in favor of issuers of surety bonds or letters of credit issued pursuant to the request of and for the account of such Person in the ordinary course of its business; (v) minor survey exceptions, encumbrances, easements or reservations of, or rights of others for, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real properties or Liens incidental to the conduct of the business of such Person or to the ownership of its properties which were not incurred in connection with Indebtedness or other extensions of credit and which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person; (vi) Liens existing on the date hereof and listed on Schedule 10.1 (a) hereto or, if not listed, will be terminated within 60 days after the Closing Date; (vii) Liens in favor of any holder of Senior Indebtedness incurred pursuant to the Senior Credit Agreement and refinancings thereof constituting Permitted Refinancing Indebtedness; and (viii) Liens securing Purchase Money Indebtedness incurred in accordance with Section 5.5(b)(vi).

"PERMITTED REFINANCING INDEBTEDNESS" means, with respect to any Person, any Indebtedness of such Person issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of such Person; provided that: (1) the principal amount of such Indebtedness does not exceed the principal amount of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded or, in the case of Indebtedness being refinanced that was issued with an original issue discount, the accreted value thereof (as determined in accordance with GAAP) at the time of such refinancing, renewal, replacement, defeasance or refunding (plus the amount of reasonable expenses incurred in connection therewith); (2) such Indebtedness has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (3) such Indebtedness is subordinated in right of payment to the Notes on terms at least as favorable to the holders of Notes as those, if any, contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (4) with respect to any Indebtedness other than Indebtedness owing pursuant to or in connection with the Senior Credit Agreement, the annual interest rate with respect to such Indebtedness (x) if it is a fixed rate, is less than or equal to not more than two percent (2%) more than, and is payable no more frequently than, that of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded and (y) if it is a variable rate, the index used for the calculation of the annual interest rate is substantially similar to and the margin applied to such index is less than or equal to not more than two percent (2%) more than, and such interest is payable no more frequently than, that of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded, (5) with respect to any Indebtedness owing pursuant to or in connection with the Senior Credit Agreement, the annual interest rate with respect to such Indebtedness (x) if it is a fixed rate, is less than or equal to not more than four percent (4%) per annum more than, and such interest is payable no more frequently than, that of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded and (y) if it is a variable rate, the index used for the calculation of the annual interest rate is substantially similar to and the margin applied to such index is IS less than or equal to not more than four percent (4%) per annum more than, and such interest is payable no more frequently than, that of the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; (6) such Indebtedness is incurred by such Person who is an obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; and (7) such Indebtedness satisfies the provisions of the subsection of Section 5.5(b) pursuant to which the Indebtedness being refinanced was incurred.

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

"PLAN" shall mean, at any particular time, any employee benefit plan which is covered by Title IV of ERISA and in respect of which the Company or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"PLAN OF LIQUIDATION" means, with respect to any Person, a plan that provides for, contemplates or the effectuation of which is preceded or accompanied by (whether or not substantially contemporaneously, in phases or otherwise) (i) the sale, lease, conveyance or other

disposition of all or substantially all of the assets of such person otherwise than as an entirety or substantially as an entirety and (ii) the distribution of all or substantially all of the proceeds of such sale, lease, conveyance or other disposition and all or substantially all of the remaining assets of such person to holders of Capital Stock of such person.

"POWER HOLDINGS" means Power Holdings, LLC, a Delaware limited liability company.

"PRINCIPAL" of any Note includes premium, if any.

"PRINCIPAL OFFICER" shall mean, as to (a) the Company, the President and the Chief Executive Officer or the Chief Financial Officer or (b) any Subsidiary of the Company, any duly authorized officer thereof.

"PRO FORMA" shall have the meaning set forth in SECTION 3.4(a).

"PRODUCTIVE ASSETS" means assets used in the same type of business engaged in by the Company immediately prior to the date hereof.

"PROJECTIONS" shall have the meaning set forth in SECTION 3.4(a).

"PROPERTIES" shall have the meaning set forth in SECTION 3.16(a).

"PROPERTY" or "PROPERTY" means any assets or property of any kind or nature whatsoever, real, personal or mixed (including fixtures), whether tangible or intangible, provided that the terms "Property" or "property," when used with respect to any Person, shall not include securities issued by such.

"PURCHASE MONEY INDEBTEDNESS" means Indebtedness incurred solely for the purchase or financing of fixed or capital assets in the ordinary course of business (other than assets owned by the Company or any of its Subsidiaries on the Closing Date) directly related to the business of the Company on the Closing Date provided that (1)(A) such Indebtedness is secured by purchase money Liens on such assets and (B) such Liens do not extend to or cover any other asset of the Company or any of its Subsidiaries, (2) such Liens secure the obligation to pay the purchase price of such asset and interest thereon only, (3) such Indebtedness is incurred within nine months after the acquisition of such assets (with recourse only against such assets) and (4) the fair market value of the assets so secured is at least equal to the amount of Indebtedness secured thereby.

"PURCHASERS" means the purchasers on the signature pages hereto.

"QUALIFIED FINANCIAL INFORMATION" means, with respect to any Acquisition Target, (a) financial information prepared in a manner consistent with the financial statements required by clauses (a), (b) and (c) of SECTION 5.2 for the most recently completed fiscal year of such Acquisition Target, or (b) if requested by Required Holders, such other reports and reviews prepared by a nationally recognized independent firm of certified public accountants acceptable to Required Holders.

"RECOVERY EVENT" shall mean the receipt by the Company or any of its Subsidiaries of any cash insurance proceeds or condemnation award payable by reason of theft, loss, physical destruction or damage, taking or similar event with respect to any of their respective property or assets.

"REDEMPTION DATE" means, when used with respect to any Note to be redeemed, the date fixed for such redemption pursuant to this Agreement and the Notes.

"REDEMPTION PRICE" means, when used with respect to any Note to be redeemed, the price fixed for such redemption pursuant to this Agreement and the Notes.

"REGISTRATION RIGHTS AGREEMENT" means the Registration Rights Agreement, substantially in the form of ANNEX C attached hereto, among the Company, and the Purchasers.

"RELATED TRANSACTIONS" means the PCI Acquisition, the execution and delivery of the Documents, the funding of the loans under the Senior Credit Agreement on the Closing Date, the funding of the Notes on the Closing Date and the payment of all fees, costs and expenses associated with all of the foregoing.

"REORGANIZATION" shall mean, with respect to any Multiemployer Plan, the condition that such Plan is in reorganization within the meaning of such term as used in Section 4241 of ERISA.

"REPORTABLE EVENT" shall mean any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty-day notice period is waived under PBGC Reg. Section 4043.

"REQUIRED HOLDERS" means, on any date of determination, Holders of at least a majority in aggregate principal amount of the outstanding Notes on such date of determination.

"REQUIREMENT OF LAW" shall mean, as to any Person, the Certificate of Incorporation and By-laws or other organizational or governing documents of such Person, and each law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"RESTRICTED PAYMENTS" shall have the meaning set forth in SECTION 5.4.

"RETENTION BONUS PLAN" shall mean that certain plan of the Company dated as of December 15, 1998 for the purpose of providing certain designated employees of the Company with an ongoing incentive to remain in the employ of the Company as implemented pursuant to that certain Recapitalization and Stock Purchase Agreement dated as of December 15, 1998 among the Parent, the Company and certain other parties thereto.

"RULE 144" means Rule 144 as promulgated by the SEC under the Securities Act, as amended from time to time, and any successor rule or regulation thereto.

"RULE 144A" means Rule 144A as promulgated by the SEC under the Securities Act, as amended from time to time, and any successor rule or regulation thereto.

"SCHEDULED FUNDED DEBT PAYMENTS" shall mean, as of any date of determination for the Company and its Subsidiaries, the sum of all scheduled payments of principal on Funded Debt for the applied period ending on the date of determination (including payments due on Capitalized Lease Obligations during the applicable period ending on the date of determination).

"SEC" means the Securities and Exchange Commission and any successor thereto.

"SECURITIES ACT" means the Securities Act of 1933, as amended from time to time, and any successor statute or law thereto.

"SECURITY", or "SECURITIES" shall have the meaning set forth in SECTION 1.1.

"SECURITY AGREEMENTS" means the Security Agreements as defined in the Senior Credit Agreement.

"SECURITY DOCUMENT" means all instruments, documents and agreements executed by or on behalf of the Company or any of its Subsidiaries to guaranty or provide collateral security with respect to the Obligations and other transactions contemplated by the Senior Credit Agreement, including, without limitation, each of the Security Documents (as defined in the Senior Credit Agreement) and all instruments, documents and agreements executed pursuant to the terms of the foregoing, including, without limitation, those executed pursuant to the Security Agreements.

"SELLER NOTES" shall mean collectively, (a) that certain subordinated note dated December 15, 1998 in the amount of $51,043.65 from the Company to The Colleen Beckdolt Trust No. 2, (b) that certain Subordinated Note dated December 15, 1998 in the amount of $51,043.65 from the Company to The Ian Lewis Coley Trust No. 2, (c) that certain subordinated note dated December 15, 1998 in the amount of $3,547,912.70 from the Company to Lewis 0. Coley, III, and (d) that certain subordinated note dated December 15, 1998 in the amount of $350,000.00 from the Company.

"SENIOR BANK" means (i) the lender (if the sole lender) or the agent (if acting on behalf of lenders) under the Senior Credit Agreement and, with respect to its successors, such persons who have been identified in a written notice to the Purchasers as being successors, or (ii) if there is no agent, those lenders having the ability to bind all lenders under the Senior Credit Agreement.

"SENIOR CREDIT AGREEMENT" means that certain Credit Agreement dated as of date hereof by and among the Company, as borrower and certain of its Subsidiaries as guarantors, the lenders party thereto and First Union National Bank, as Administrative Agent, Dresdner Bank AG, New York and Grand Cayman Branches, as Syndication Agent, SunTrust Bank, Atlanta, as Documentation Agent and First Union Capital Markets Corp., as Lead Arranger, as amended, modified or supplemented from time to time and pursuant to which Permitted Refinancing Indebtedness is incurred with respect thereto.

"SENIOR FUNDED DEBT" shall mean any Indebtedness not specifically subordinated in right of payment to the Senior Indebtedness.

"SENIOR INDEBTEDNESS" means, with respect to the Company or any Subsidiary Guarantor, the principal of, premium, if any, and interest (including interest accruing after the filing of a petition for bankruptcy or for reorganization relating to the Company regardless of whether a claim for post-filing interest is allowed) on the loans made to the Company pursuant to the Senior Credit Agreement and reimbursement obligations in respect of letters of credit issued pursuant to the Senior Credit Agreement and (b) any

other obligations of the Company arising out of or in connection with the Senior Credit Agreement or any of the Security Documents (including, without limitation, fees, expenses and indemnities and any Hedging Obligations to the extent incurred under hedging agreements required by the Senior Credit Agreement as in effect on the date hereof, which Hedging Obligations shall be valued, as of any date of determination, at the termination value payable by the Company if such agreement were terminated on such date; provided, however, Senior Indebtedness shall not include (i) in the case of the obligation of the Company in respect of each Note, the obligation of the Company in respect of other Notes, (ii) Indebtedness of the Company to a Subsidiary or an Affiliate of the Company, (iii) Indebtedness to, or guaranteed on behalf of, any individual shareholder, director, officer or employee of the Company or any of the Company's or such Subsidiary Guarantor's (as the case may be) Subsidiaries (including, without limitation, amounts owed for compensation), (iv) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Indebtedness, (v) Trade Payables and other Indebtedness and other amounts incurred in connection with obtaining goods, materials or services, (vi) Indebtedness incurred in violation of the provisions of SECTION 5.5 or 5.14 hereof and (vii) any Indebtedness of the Company or any Subsidiary Guarantor, as the case may be, which by its terms is unsecured.

"SENIOR LEVERAGE RATIO" means, with respect to the Company and its Subsidiaries on a consolidated basis for the twelve month period ending on the last day of any fiscal quarter or month, as applicable, the ratio of (a) Senior Funded Debt of the Company and its Subsidiaries on a consolidated basis on the last day of such period to (b) Consolidated EBITDA for such twelve month period.

"SENIOR REVOLVER DEBT" means the Indebtedness of the Company pursuant to a senior revolving credit facility under the Senior Credit Agreement including any swingline facility related thereto.

"SENIOR TERM DEBT" means the Indebtedness of the Company pursuant to a senior term facilities under the Senior Credit Agreement.

"SHAREHOLDERS AGREEMENT" means that certain Amended and Restated Shareholders Agreement dated as of July 13, 1999, among the Company, the Parent, Lewis 0. Coley, III and those purchasers of Common Stock set forth on Schedule I attached thereto, as amended, restated, modified or supplemented from time to time.

"SINGLE EMPLOYER PLAN" shall mean any Plan which is not a Multiemployer Plan.

"SOLVENT" means, with respect to any Person on a particular date, that on such date, (a) the fair saleable value of the assets of such Person exceeds its probable liability on its debts as they become absolute and mature; (b) such Person is able to pay its debts or liabilities as such debts and liabilities mature; and (c) such Person is not engaged in a business or transaction, and is not about to engage in a business or transaction, for which such Person's assets would constitute an unreasonably small capital.

"SPONSORS" means a collective reference to each of Brockway Moran and Thayer.

"STANDSTILL PERIOD" shall have the meaning set forth in SECTION 8.2(c).

"SUBSIDIARY" means, with respect to any Person, (i) a corporation a majority of whose Capital Stock with voting power, under ordinary circumstances, to elect directors is, at the date of determination, directly or indirectly, owned by such Person, by one or more Subsidiaries of such Person or by such Person and one or more Subsidiaries of such Person or (ii) a partnership in which such Person or a Subsidiary of such Person is, at the date of determination, a general or limited partner of such partnership, but, in the case of a limited partner, only if such Person or its Subsidiary is entitled to receive more than 50% of the assets of such partnership upon its dissolution, or (iii) any limited liability company or any other Person (other than a corporation or a partnership) in which such Person, a Subsidiary of such Person or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination, has (a) at least a majority ownership interest or (b) the power to elect or direct the election of a majority of the directors or other governing body of such Person.

"SUBSIDIARY GUARANTOR" means PCI.

"SUBSIDIARY GUARANTY" shall have the meaning set forth in SECTION 11.1 (a).

"SUPPLEMENTAL DATA" shall have the meaning set forth in SECTION 3.4(d).

"SURVIVING PERSON" shall have the meaning set forth in SECTION

5.15(b)(1).

"TAXES" shall mean all Federal, state, local and foreign taxes, and other assessments of a similar nature (whether imposed directly or through withholding), including any interest, additions to tax, or penalties applicable thereto.

"TAX RETURNS" shall mean all Federal, state, local and foreign tax returns, declarations, statements, reports, schedules, forms and information returns and any amended Tax Return relating to Taxes.

"TCW GROUP MEMBER" means any Affiliate of Trust Company of the West or any Holder for whom Trust Company of the West or any Affiliate of Trust Company of the West acts as an Account Manager.

"TCW REPRESENTATIVE" shall have the meaning set forth in SECTION 5.25.

"THAYER" means collectively, Thayer Equity Investors III, L.P. and Thayer Equity Investors IV, L.P., each a Delaware limited partnership.

"TRADE PAYABLES" means, with respect to any Person, accounts payable and other similar accrued current liabilities in respect of obligations or indebtedness to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries in the ordinary course of business in connection with the obtaining of property or services.

"U.S. GOVERNMENT OBLIGATIONS" means direct obligations of, or obligations guaranteed as to timely payment by, the United States of America for the payment (with respect to interest as well as principal) of which obligation or guarantee the full faith and credit of the United States of America is pledged.

"U.S. LEGAL TENDER" means such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts.

"VOTING SECURITIES" means any class of Equity Interests of a Person pursuant to which the holders thereof have, at the time of determination, the general voting power under ordinary circumstances to vote for the election of directors, managers, trustees or general partners of such Person (irrespective of whether or not at the time any other class or classes will have or might have voting power by reason of the happening of any contingency).

"WARRANT AGREEMENT" means that certain Warrant Agreement dated of even date herewith by and among the Company and the Purchasers, in the form attached hereto as ANNEX B.

"WARRANT REGISTER" shall have the meaning set forth in SECTION 1.3.

"WARRANT SHARES" shall have the meaning set forth in SECTION 1.1.

"WARRANT SHARES REGISTER" shall have the meaning set forth in SECTION 1.3.

"WARRANTS" shall have the meaning set forth in SECTION 1.1.

"WEIGHTED AVERAGE LIFE TO MATURITY" means, when applied to any Indebtedness at any date, the number of years obtained by dividing (a) the sum of the products obtained by multiplying (x) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (y) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment, by (b) the then outstanding principal amount of such Indebtedness.

"WHOLLY-OWNED" when used in reference to any subsidiary of any Person, means that all outstanding Equity Interests (other than director's qualifying shares) in such subsidiary are beneficially owned solely by such Person or one or more other Wholly-Owned subsidiaries of such Person.

"YEAR 2000 COMPLIANT" means, as to any computer application used by the Company or any Subsidiary of the Company, that such computer application will not be negatively impacted by the Year 2000 Problem and that such computer application is reasonably expected on a timely basis to be able to properly recognize and perform date-sensitive functions for all dates before and after January 1, 2000.

"YEAR 2000 PROBLEM" means the risk that computer applications used by the Company or any of its Subsidiaries, may be unable to properly recognize and

perform date-sensitive functions involving certain dates prior to and after January 1, 2000.

10.2 RULES OF CONSTRUCTION

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) "or" is not exclusive;

(c) words in the singular include the plural, and words in the plural include the singular;

(d) provisions apply to successive events and transactions;

(e) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation";

(f) "hereto", "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular Section or other subdivision; and

(g) references to "SECTIONS", "subsections", "EXHIBITS" and "SCHEDULES" shall be to SECTIONS, subsections, EXHIBITS and SCHEDULES, respectively, of or to this Agreement unless otherwise specifically provided.

10.3 ACCOUNTING TERMS

Unless otherwise specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with GAAP applied on a basis consistent with the most recent audited consolidated financial statements of the Company delivered to the Holders; PROVIDED that, if the Company notifies the Holder that it wishes to amend any covenant in SECTION 5.9 OR 5.12 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Holders notify the Company that the Required Holders wish to amend SECTION 5.9 OR 5.12 for such purpose), then the Company's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Company and the Required Holders.

The Company shall deliver to each Holder at the same time as the delivery of any annual or quarterly financial statements given in accordance with the provisions of SECTION 5.12, (i) a description in reasonable detail of any material change in the application of accounting principles employed in the preparation of such financial statements from those applied in the most recently preceding quarterly or annual financial statements as to which no objection shall have been made in accordance with the provisions above and (ii) a reasonable estimate of the effect on the financial statements on account of such changes in application.

SECTION 11. SUBSIDIARY GUARANTY

11.1 GUARANTY

(a) In consideration of good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, each of the Subsidiary Guarantors hereby irrevocably and unconditionally guarantees (each a "SUBSIDIARY GUARANTY") to each Holder of a Note, irrespective of the validity and enforceability of this Agreement, the Notes or the obligations of the Company under this Agreement or the Notes, that: (w) the principal and premium (if any) of and interest on the Notes will be paid in full when due, whether at the maturity or interest payment date, by acceleration, call for redemption, upon a Change of Control, Asset Sale Offer, or otherwise; (x) all other obligations of the Company to the Holders under this Agreement or the Notes will be promptly paid in full or performed, all in accordance with the terms of this Agreement and the Notes; and (y) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, they will be paid in full when due or performed in accordance with the terms of the extension or renewal, whether at maturity, by acceleration, call for redemption, upon an Asset Sale Offer, Change of Control or otherwise. Failing payment when due of any amount so guaranteed for whatever reason, each Guarantor shall be obligated to pay the same before failure so to pay becomes an Event of Default.

(b) Each Subsidiary Guarantor hereby agrees that its obligations with regard to this Subsidiary Guaranty shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Agreement, the absence of any action to enforce the same, any delays in obtaining or realizing upon or failures to obtain or realize upon collateral, the recovery of any judgment against the Company, any action to enforce the same or any other

circumstances that might otherwise constitute a legal or equitable discharge or defense of a guarantor. Each Subsidiary Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company or right to require the prior disposition of the assets of the Company to meet its obligations, protest, notice and all demands whatsoever and covenants that this Subsidiary Guaranty will not be discharged except by complete performance of the obligations contained in the Notes and this Agreement.

(c) If any Holder is required by any court or otherwise to return to either the Company or any Subsidiary Guarantor, or any custodian, trustee, or similar official acting in relation to either the Company or such Subsidiary Guarantor, any amount paid by either the Company or such Subsidiary Guarantor to or such Holder, this Subsidiary Guaranty, to the extent theretofore discharged, shall be reinstated in full force and effect. Each Subsidiary Guarantor agrees that it will not be entitled to any right of subrogation in relation to the Holders in respect of any obligations

guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Subsidiary Guarantor further agrees that, as between such Subsidiary Guarantor, on the one hand, and the Holders, on the other hand, (i) the maturity of the obligations guaranteed hereby may be accelerated as provided in SECTION 7.2 for the purposes of this Subsidiary Guaranty, notwithstanding any stay, injunction or other prohibition preventing such acceleration as to the Company of the obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of those obligations as provided in SECTION 7.2, those obligations (whether or not due and payable) will forthwith become due and payable by each of the Subsidiary Guarantors for the purpose of this Subsidiary Guaranty.

(d) It is the intention of each Subsidiary Guarantor and the Company that the obligations of each Subsidiary Guarantor hereunder shall be in, but not in excess of, the maximum amount permitted by applicable law. Accordingly, if the obligations in respect of the Subsidiary Guaranty would be annulled, avoided or subordinated to the creditors of any Subsidiary Guarantor by a court of competent jurisdiction in a proceeding actually pending before such court as a result of a determination both that such Subsidiary Guaranty was made without fair consideration and that, at, the time thereof, immediately after giving effect thereto, or at the time that any demand is made thereupon such Subsidiary Guarantor was insolvent or unable to pay its debts as they mature or left with an unreasonably small capital, then the obligations of such Subsidiary Guarantor under such Subsidiary Guaranty shall be reduced by such an amount, if any, that would result in the avoidance of such annulment, avoidance or subordination; provided, however, that any reduction pursuant to this paragraph shall be made in the smallest amount as is necessary to reach such result. For purposes of this paragraph, "fair consideration," "insolvency," "unable to pay its debts as they mature," "unreasonably small capital" and the effective times of reductions, if any, required by this paragraph shall be determined in accordance with applicable law.

11.2 EXECUTION AND DELIVERY OF SUBSIDIARY GUARANTY

To evidence its Subsidiary Guaranty set forth in SECTION 11.1, each Guarantor agrees that a notation of such Subsidiary Guaranty substantially in the form annexed hereto as ANNEX A-1 shall be endorsed on each Note and that this Agreement shall be executed on behalf of such Subsidiary Guarantor by two Officers or by one Officer with an attestation by another Officer, by manual or facsimile signature.

Each Subsidiary Guarantor agrees that its Subsidiary Guaranty set forth in SECTION 11.1 shall remain in full force and effect and apply to all the Notes notwithstanding any failure to endorse on each Note a notation of such Subsidiary Guaranty.

If an Officer whose signature is on a Note no longer holds that office at the time the Note on which a Subsidiary Guaranty is endorsed and issued, the Subsidiary Guaranty shall be valid nevertheless.

The delivery of any Note by the Company shall constitute due delivery of the Subsidiary Guaranty set forth in this Agreement on behalf of each Subsidiary Guarantor.

11.3 FUTURE SUBSIDIARY GUARANTORS

The Company shall cause each Person that is or becomes a Subsidiary of the Company after the Closing Date to execute a Subsidiary Guaranty in the form of ANNEX A-1 hereto and cause such Subsidiary to execute an amendment to this Agreement for the purpose of adding such Subsidiary as a Subsidiary Guarantor

hereunder.

11.4 CERTAIN BANKRUPTCY EVENTS

Each Subsidiary Guarantor hereby covenants and agrees that in the event of the insolvency, bankruptcy, dissolution, liquidation or reorganization of the Company, such Subsidiary Guarantor shall not file (or join in any filing of), or otherwise seek to participate in the filing of, any motion or request seeking to stay or to prohibit (even temporarily) execution on the Subsidiary Guaranty and hereby waives and agrees not to take the benefit of any such stay of execution, whether under Section 362 or 105 of the United States Bankruptcy Code or otherwise.

11.5 SUBORDINATION OF SUBSIDIARY GUARANTEES

Each Subsidiary Guarantor, for itself and its successors, and each Holder, by its acceptance of its respective Notes, agrees that the obligations of the Subsidiary Guarantors to the Holders of Notes pursuant to the Subsidiary Guaranty and this Agreement are expressly subordinate and subject in right of payment to the prior payment in full of all Senior Indebtedness of each respective Subsidiary Guarantor, to the same extent as provided in SECTION 8 hereof with respect to the subordination of payments on the Notes to the prior payment in full of all Senior Indebtedness of the Company. For purposes of this SECTION 11, each Subsidiary Guarantor shall have the same rights and be subject to the same duties and obligations as the Company pursuant to SECTION 8.

SECTION 12. MISCELLANEOUS

12.1 NOTICES

All notices and other communications provided for or permitted hereunder shall be made by hand-delivery, first-class mail, telex, telecopier, or overnight air courier guaranteeing next day delivery:

(a) if to any Purchaser at the address or telecopy number set forth on the signature pages hereto, with a copy to Gardere & Wynne, L.L.P., 1601 Elm Street, Suite 3000, Dallas, Texas 75201, Telecopy No. (214)999-4667, Attention: Gary B. Clark, Esq.; and

(b) if to the Company or any Subsidiary Guarantor, to (i) the Company, Pacific Circuits, Inc., 17550 N.E. 67th Court, Redmond, Washington 98052, Telecopy No. (425) 882-1268 and (ii) Thayer Capital Partners IV, 1455 Pennsylvania Avenue, NW, Suite 350, Washington, D.C. 20004, Telecopy No. (202) 371-0391, Attention: Jeffrey W. Goettman, and Brockway Moran & Partners, Inc., 225 NE Mizner Blvd., Seventh Floor, Boca Raton, Florida, Telecopy No. (561) 750-2001, Attention: Michael E. Moran, with a copy to Shearman & Sterling, 555 California Street,

Suite 2000, San Francisco, California 94104-1522, Telecopy No. (415) 616-1199, Attention: Christopher Dillon;

All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five business days after being deposited in the mail, postage prepaid, if mailed; when answered back if telexed; when receipt acknowledged, if telecopied; and the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery. The parties may change the addresses to which notices are to be given by giving five days' prior notice of such change in accordance herewith.

12.2 SUCCESSORS AND ASSIGNS

This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties.

12.3 COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

12.4 HEADINGS

The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

12.5 GOVERNING LAW, SUBMISSION TO JURISDICTION

This agreement shall be governed by and construed in accordance with the internal laws of the State of New York. The Company and each Subsidiary Guarantor hereby irrevocably submit to the jurisdiction of any New York State court sitting in the State of New York or any federal court sitting in the

Borough of Manhattan in the City of New York in respect of any suit, action or proceeding arising out of or relating to this Agreement and the Notes, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, jurisdiction of the aforesaid courts. The Company and each Subsidiary Guarantor irrevocably waive, to the fullest extent they may effectively do so under applicable law, any objection which they may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of any Holder to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceeding against the Company or any Subsidiary Guarantor in any other jurisdiction.

12.6 ENTIRE AGREEMENT

This Agreement, together with the Securities, the Registration Rights Agreement and the Warrant Agreement (and any agreement between the Company and any Holder relating to transfers), is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein. This Agreement, together with the Securities, the Registration Rights Agreement and the Warrant Agreement, supersedes all prior agreements and understandings between the parties with respect to such subject matter.

12.7 SEVERABILITY

In the event that any one or more of the provisions contained herein, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions hereof shall not be in any way impaired or affected, it being intended that each Purchaser's rights and privileges shall be enforceable to the fullest extent permitted by law.

12.8 FURTHER ASSURANCES

The Company shall, and shall cause each of its Subsidiaries to, at its cost and expense, upon request of any Purchaser or Holder, duly execute and deliver, or cause to be duly executed and delivered, to such Purchaser or Holder such further instruments and do or cause to be done such further acts as may be necessary or proper in the reasonable opinion of such Purchaser or Holder to carry out more effectually the provisions and purposes of this Agreement and the other Documents.

12.9 DISCLOSURE OF FINANCIAL INFORMATION

Each Holder is hereby authorized to deliver a copy of any financial statement or any other information relating to the business, operations or financial condition of the Company and each of its Subsidiaries which may be furnished to it hereunder or otherwise, to any other Holder, any court, Governmental Authority having jurisdiction over such Holder, to any Person which shall, or shall have any right or obligation to, succeed to all or any part of such Holder's interest in any of the Securities and this Agreement or to any actual or prospective purchaser or assignee thereof.

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties set forth below as of the date first written above.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title Vice President

SUBSIDIARY GUARANTOR:

POWER CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Vice President

PURCHASERS:

TCW/CRESCENT MEZZANINE PARTNERS II, L.P.
TCW/CRESCENT MEZZANINE TRUST II

By: TCW/Crescent Mezzanine II, L.P.,
as general partner or managing owner

By: TCW/Crescent Mezzanine, L.L.C.,
its general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: President

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 241/740-7382

TCW LEVERAGED INCOME TRUST, L.P.

By: TCW Advisors (Bermuda), Limited,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 214/740-7382

TCW LEVERAGED INCOME TRUST II, L.P.

By: TCW (LINC II), L.P.,
as general partner

By: TCW Advisors (Bermuda), Ltd.,
as general partner

By: /s/ Jean-Marc Chapus

Name: Jean-Marc Chapus
Title: Managing Director

By: TCW Investment Management Company,
as Investment Advisor

By: /s/ Timothy P. Costello

Name: Timothy P. Costello
Title: Managing Director

ADDRESS FOR NOTICES:

c/o TCW/Crescent Mezzanine, L.L.C.
200 Crescent Court, Suite 1600
Dallas, Texas 75201
Attention: Timothy P. Costello
Phone: 214/740-7348
Fax: 214/740-7382

Exhibit 10.3

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY SECURITIES LAW OF ANY STATE OF THE UNITED STATES (COLLECTIVELY, THE "SECURITIES LAWS"). THIS SECURITY IS SUBJECT TO RESTRICTIONS ON TRANSFERABILITY AND RESALE AND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES LAWS, PURSUANT TO REGISTRATION UNDER SUCH SECURITIES LAWS OR PURSUANT TO AN EXEMPTION FROM REGISTRATION, WHICH EXEMPTION FROM REGISTRATION SHALL BE DESCRIBED IN A WRITTEN OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE PAYOR DELIVERED TO THE PAYOR.

PACIFIC CIRCUITS, INC.

SUBORDINATED NOTE

$3,547,912.70 December 15, 1998

PACIFIC CIRCUITS, INC., a Washington corporation ("PAYOR"), for value received, promises to pay to the order of Lewis O. Coley, III ("PAYEE"), the principal amount of THREE MILLION, FIVE HUNDRED AND FORTY SEVEN THOUSAND, NINE HUNDRED AND TWELVE DOLLARS AND SEVENTY CENTS ($3,547,912.70), together with accrued interest thereon, each calculated and payable only as and to the extent set forth in this Note (together with any PIK Notes issued pursuant to Section 1.1 below, the "NOTES"). The principal and interest on this Note is payable in lawful money of the United States of America in immediately available funds at such place in the United States as Payee may from time to time designate in writing to Payor.

This Note is made pursuant to that certain Stock Purchase Agreement dated as of December 15, 1998 among Circuit Holdings, LLC, Pacific Circuits, Inc. and the Shareholders named therein (the "PURCHASE AGREEMENT"), and is one of the "Promissory Notes" referred to therein. Payee is a shareholder of the Payor and is receiving this Note pursuant to the Purchase Agreement. All capitalized terms used herein and not defined herein shall have the meanings assigned to such terms in the Purchase Agreement.

1. PAYMENT OF PRINCIPAL AND INTEREST

SECTION 1.1. CALCULATION AND PAYMENT OF INTEREST. Interest on the principal balance of this Note outstanding from time to time until paid in full shall accrue at the rate of ten percent (10%) per annum computed on the basis of a 365 or 366-day year, as appropriate, for the actual number of days elapsed, commencing on the date hereof. Such interest shall be payable semi-annually in arrears, beginning on June 15, 1999 and thereafter on each June 15 and December 15 until the Maturity Date; PROVIDED, HOWEVER, that any amount of cash interest which is not paid as a result of the application of the provisions of Section 8.7 of the Credit Agreement or any similar provision contained in any documents relating to the refinancing thereof (each, a "PAYMENT RESTRICTION") shall be made by the issuance of a PIK Note and Payor shall be deemed to have issued a PIK Note for any such interest regardless of whether Payor shall have actually delivered any such PIK Note.

Each PIK Note, together with all accrued interest thereon, shall be due and payable on the earlier of (i) the Maturity Date and (ii) the first day following the expiration of the first 365 day period in which no Payment Restriction exists; PROVIDED, HOWEVER, that, with respect to clause (ii) above, in no event shall more than an aggregate of $880,000 of (i) principal and interest with respect to all PIK Notes then outstanding and (ii) current interest on all Promissory Notes (as defined in the Purchase Agreement) then outstanding, become due and payable in any fiscal year. Principal and interest on any PIK Note that is not paid solely by reason of the proviso in the preceding sentence shall be due and payable on the first Business Day of the next succeeding fiscal year, subject to such proviso.

Each Holder, by its acceptance hereof, acknowledges (i) that Payor is contractually bound hereunder to pay cash interest only to the extent not prohibited by a Payment Restriction, (ii) that any cash interest not so paid shall be paid in the form of a PIK Note, and (iii) the failure to pay cash interest as a result of a Payment Restriction shall not constitute a default or Event of Default under this Note.

SECTION 1.2. PAYMENT ON MATURITY DATE. The principal balance of, and any accrued and unpaid interest on, this Note shall be payable on the later of (a) to the extent the term of the Credit Agreement has been extended in connection with a default or anticipated default thereunder, the date which is one hundred and eighty (180) days after the indefeasible payment in full in cash of all amounts owing under the Credit Agreement, and (b) December 15, 2006 (as applicable, the "MATURITY DATE"). Notwithstanding the foregoing, if this Note is accelerated pursuant to the terms hereof, such date of acceleration shall be the Maturity Date.

SECTION 1.3. PREPAYMENTS; ADDITIONAL INTEREST. (a) Payor may, at its option at any time, without premium or penalty, prepay all or any portion of this Note.

(b) Within 30 days after the occurrence of a Change of Control, Payor shall prepay the entire principal amount hereof, together with any accrued interest thereon.

(c) Any prepayment of this Note shall be applied as follows: FIRST, to payment of accrued interest; and SECOND, to payment of principal. Upon any partial prepayment, at the request either of Payee or Payor, this Note shall be surrendered to Payor in exchange for a substitute note, which shall set forth the revised principal amount. In the event that this Note is prepaid in its entirety, this Note shall be surrendered to Payor for cancellation as a condition to any such prepayment.

(d) On and after the 60th day after the consummation of a Public Offering in connection with which not less than 50% of the principal amount of Senior Debt then outstanding was repaid, interest on this Note will accrue at a rate of 13% per annum, and the additional interest of 3% per annum on this Note shall be due and payable only upon the Maturity Date.

(e) In the event that (i) Payor fails to pay in full its obligations under this Note at the Maturity Date, or (ii) Payor fails to make the mandatory prepayment specified in Section 1.3(b) hereof, or (iii) Payor fails to pay in full when due interest on this Note when no Payment Restriction exists, then in each such case, any principal and interest on this Note that is not so paid when due shall accrue interest at a rate of 2% per annum in excess of the otherwise applicable rate, which additional interest shall be due and payable only upon the Maturity Date.

SECTION 1.4. PAYMENTS. Payor shall make each payment hereunder not later than 11:00 a.m. (Seattle time) on the day when due in United States dollars to Payee at the address set forth in Section 6.8 or to such account of Payee of which Payee shall give Payor written notice, in same day funds, except as provided in Section 1.1. Any payment hereunder which, but for this Section 1.4, would be payable on a day which is not a Business Day, shall instead be due and payable on the Business Day next following such date for payment.

2. EVENTS OF DEFAULT

The following shall constitute "EVENTS OF DEFAULT" under this Note:

(a) Subject to Section 4 below, failure by Payor to make any payment or prepayment of principal required under this Note, as and when the same shall become due and payable (whether at maturity, by acceleration or otherwise); or

(b) Subject to Section 4 below, failure by Payor to make any payment of interest required under this Note (whether represented by a PIK Note or otherwise), as and when the same shall become due and payable, and the continuation of such failure for a period of one hundred and eighty (180) days; or

(c) Payor breaches any covenant under Section 3.1 or Section 3.2 of this Note, which breach or failure, if curable, shall continue uncured for a period of one hundred eighty (180) days

after the date on which written notice specifying such breach, and stating that such notice is a "Notice of Default" hereunder, shall have been given by Payee to Payor; or

(d) Payor, pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or reorganization or other relief with respect to its debts;

(ii) consents to the entry of an order for relief against it in an involuntary case or proceeding;

(iii) consents to the appointment of a Custodian of it or for all or any substantial portion of its property or assets;

(iv) makes a general assignment for the benefit of its creditors; or

(e) an involuntary case or proceeding is commenced against Payor under any Bankruptcy Law and is not dismissed, bonded or discharged within ninety (90) days thereafter, or a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against Payor in an involuntary case or proceeding;

(ii) appoints a Custodian of Payor or for all or substantially all of its properties; or

(iii) orders the liquidation of Payor;

and in each case the order or decree remains unstayed and in effect for ninety (90) days.

If an Event of Default specified in Section 2(a), 2(b) or 2(c) shall have occurred and be continuing and any Senior Debt shall then be outstanding, subject to the provisions of Section 4 hereof, Payee may, at its option, by notice in writing to Payor and to the Agent under the Senior Debt Documents (the "ACCELERATION NOTICE"), declare the entire principal amount of this Note and the interest accrued thereon to be due and payable upon the earlier of (i) one hundred eighty (180) days after the receipt of the Acceleration Notice by Payor and the Agent under the Senior Debt Documents or (ii) an acceleration under the Senior Debt Documents, and upon any such declaration the same shall become due and payable at such time. If an Event of Default specified in Section 2(a), 2(b) or 2(c) shall have occurred and be continuing and no Senior Debt shall then be outstanding, Payee may, at its option, declare the entire principal amount of this Note and the interest accrued thereon to be due and payable upon the date of delivery by Payee to Payor of a written notice of acceleration, and upon any such declaration the same shall become due and payable at such time. If an Event of Default specified in Section 2(d) or 2(e) hereof occurs, the

principal balance of and accrued interest on this Note shall become due and payable immediately without any declaration or other act on the part of Payee.

If any Event of Default shall have occurred and be continuing, subject to the provisions of Sections 2 and 4 hereof, Payee may proceed to protect and enforce its rights either by suit in equity or by action at law, or both, whether for specific performance of any provision of this Note or in aid of the exercise of any power granted to Payee under this Note.

3. COVENANTS

SECTION 3.1. AFFIRMATIVE COVENANT. Payor covenants and agrees that for so long as any indebtedness evidenced by this Note remains outstanding, unless waived in writing by the Noteholder Representative, Payor will give prompt written notice to Payee of the existence of any default or event of default or any event or condition which the giving of notice, the passage of time, or both, would constitute a default under, or with respect to, the Senior Debt.

SECTION 3.2. NEGATIVE COVENANTS. Payor covenants and agrees that for so long as any indebtedness evidenced by this Note remains outstanding, Payor will not, without the prior written consent of the Noteholder Representative:

(a) with respect to any class of its Capital Stock, declare or pay any dividends (other than dividends payable in the Capital Stock of the Payor) or make any other distribution of any of its property or assets to the holders of any class of Capital Stock, or purchase, redeem or retire for value any such shares of Capital Stock; PROVIDED, HOWEVER, that, without such consent, Payor shall be permitted to pay dividends to a holder of shares of Capital Stock of Payor who holds such shares as a result of such holder's (or its predecessor's) exercise of its remedies under any Senior Debt Document, but only for so long as all obligations due such holder under any such Senior Debt Document have not been paid in full in cash; or

(b) liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); or

(c) convey, sell, lease, transfer or otherwise dispose of, in one

transaction or a series of related transactions, all or substantially all of its assets; PROVIDED, HOWEVER, that the foregoing shall not apply in any way to the foreclosure, sale or other disposition of collateral pledged to secure Senior Debt pursuant to any judicial proceeding or by or at the direction of the holders of any Senior Debt or any agent or other representative acting on their behalf; or

(d) consolidate with, or merge with or into, any Person unless (i) Payor shall be the continuing Person, or the Person (if other than Payor) formed by such consolidation or into which Payor is merged shall be a corporation organized and existing under the laws of the United States or any state thereof or of the District of Columbia and, in the event Payor is merged with or into any other Person, such Person shall expressly assume, by an agreement executed and

delivered to Payee, the obligations of Payor under this Note, (ii) no Event of Default under this Note shall have occurred and be continuing, and (iii) except with respect to a merger accounted for as a pooling of interests, after giving effect to such consolidation or merger, the Person surviving such consolidation or merger has a net worth (determined in accordance with generally accepted accounting principles) that is equal to or greater than the net worth of Payor immediately prior to such consolidation or merger. Upon any consolidation or merger of Payor in accordance with this Section 3.2(d), the successor corporation formed by such consolidation or into which Payor is merged shall succeed to, and be substituted for, and be bound by all of the obligations of, and may exercise every right and power of, Payor under this Note with the same effect as if such successor corporation had been named as Payor herein.

(e) so long as a Payment Restriction exists, pay any management fee to any shareholder of Payor or to TC Management LLC or Brockway Moran & Partners Management L.P., or any of their respective affiliates.

4. SUBORDINATION

SECTION 4.1. NOTE SUBORDINATED TO SENIOR DEBT. To the extent and in the manner hereinafter set forth in this Section 4, the indebtedness represented by this Note and the payment of the principal of and the interest on this Note and any claim for rescission of the purchase of this Note, and any claim which is the equivalent of or substitute for principal of or interest on this Note, for damages arising from the purchase of this Note or for reimbursement or contribution on account of such a claim, and all other payments with respect to or on account of this Note (collectively, the "SUBORDINATED DEBT") are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of all Senior Debt. This Section 4 constitutes a continuing offer to all Persons who become holders of, or continue to hold, Senior Debt, each of whom is an obligee hereunder and is entitled to enforce such holder's rights hereunder, subject to the provisions hereof, without any act or notice of acceptance hereof or reliance hereon. For purposes of this Section 4, Senior Debt shall not be deemed to have been paid in full until the termination of all commitments or other obligations by any holder thereof and unless all such holders shall have received indefeasible payment in full in cash of all obligations under or in respect of Senior Debt (including, without limitation, Post Petition Interest).

SECTION 4.2. NO PAYMENT ON NOTE IN CERTAIN CIRCUMSTANCES. (a) During the continuance of any default in the payment of any Senior Debt, whether at maturity, upon redemption or pursuant to acceleration or otherwise (each, a "PAYMENT DEFAULT"), no direct or indirect payment of any kind (other than the payment of interest on the Notes in PIK Notes) shall be made, asked for, demanded, accepted, received or retained with respect to principal, interest or other amounts due under the Notes nor shall any holder thereof exercise any remedies with respect thereto.

(b) Upon the occurrence of any default (other than a Payment Default) under the Credit Agreement or any other Senior Debt Document (each, a "NON-PAYMENT DEFAULT"), no payment or distribution (including any payment or distribution that may be payable by reason of any other Indebtedness of Payor being subordinated to payment of the Subordinated Debt) shall be made by or on behalf of Payor for or on account of or in respect of the Subordinated Debt until such Non-Payment Default shall have been cured or waived or otherwise ceases to exist pursuant to the terms of such Senior Debt, or the benefits of this sentence shall have been waived by or on behalf of, and at the sole option of, the holders of a majority of the principal amount of such Senior Debt. Notwithstanding the foregoing, the suspension of payments described in the preceding sentence shall terminate, and the Payor shall be

obligated to make all payments of interest on this Note, including any payments not made by virtue of such suspension, if any holder or holders of the relevant Senior Debt has not, on or prior to the 180th day after the occurrence of the Non-Payment Default under the Senior Debt, declared all unpaid principal and interest on such Senior Debt to be immediately due and payable, unless such Non-Payment Default shall have been cured or waived or otherwise ceases to exist pursuant to the terms of such Senior Debt, or the benefits of the previous sentence shall have been waived by or on behalf of, and at the sole option of, the holders of a majority of the principal amount of such Senior Debt.

(c) Payee agrees that, so long as payments or distributions for or on account of the Subordinated Debt are not permitted pursuant to this Section 4, Payee will not take, sue for, ask or demand from Payor payment of all or any amounts under or in respect of this Note, or commence, or join with any creditor other than the holders of Senior Debt and their agents in commencing, directly or indirectly cause Payor to commence, or assist Payor in commencing, any proceeding referred to in Section 4.3, and Payee shall not take or receive from Payor, directly or indirectly or on its behalf, in cash or other property or by set-off or in any other manner, including, without limitation, from or by way of collateral, payment of all or any amounts under or in respect of the Subordinated Debt. In the event that notwithstanding the foregoing provisions of this Section 4.2, any payment or distribution of any kind or character, whether in cash, property or securities (including any payment or distribution that may be payable by reason of any other Indebtedness of Payor being subordinated to payment of the Subordinated Debt), shall be received by Payee for or on account of or in respect of the Subordinated Debt before all Senior Debt is indefeasibly paid in full, such payment or distribution shall be received and held in trust for, and shall be paid over (in the same form as so received, to the extent practicable, and with any necessary endorsement) to the holders of the Senior Debt remaining unpaid or their representative or representatives, or to the trustee or trustees under any such indenture or agreement under which any Senior Debt may have been issued, for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for the payment or prepayment of Senior Debt, until all Senior Debt shall have been indefeasibly paid in full in cash, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

SECTION 4.3. DISSOLUTION; LIQUIDATION; BANKRUPTCY; ACCELERATION. In the event of (i) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation,

reorganization or other similar proceeding in connection therewith, relative to the Payor or any of its assets, or (ii) any liquidation, dissolution or other winding up of the Payor, whether voluntary or involuntary or whether or not involving insolvency or bankruptcy, or (iii) any assignment for the benefit of creditors or any other marshalling of assets or liabilities of the Payor, or (iv) the acceleration of the Senior Debt by reason of the occurrence of a default or an event of default thereunder (each such event, if any, herein sometimes referred to as a "PROCEEDING"), or (v) a default in the payment of any Senior Debt at maturity (whether by acceleration or otherwise):

(a) The holders of all Senior Debt shall first be entitled to receive payment in full in cash of all Senior Debt before any direct or indirect payment may be made for or on account of payments under or in respect of the Subordinated Debt, whether in cash, property or securities of any kind;

(b) Any payment or distribution of any kind or character, whether in cash, property or securities (including any payment or distribution that may be payable by reason of any other Indebtedness of Payor being subordinated to payment of the Subordinated Debt), to which Payee would be entitled except for the provisions of this Section 4, shall be paid by the liquidating trustee or agent or other person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to the holders of Senior Debt or their representative or representatives, or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Debt may have been issued for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for the payment or prepayment of Senior Debt, to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

(c) The holders of Senior Debt are hereby irrevocably authorized and empowered (in their own names or in the name of Payee or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution referred to in paragraph (b) above and give acquittance therefor and to file claims and proofs of claim and take such other action (including, without limitation, voting the amounts owing under the Subordinated Debt or

enforcing any security interest or other lien securing payment of the amounts owing under the Subordinated Debt) as they may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of the holders of Senior Debt hereunder; PROVIDED, HOWEVER, that (i) the holders of Senior Debt shall not file any such claim or proof of claim referred to in this Section 4.3(c) unless Payee shall fail to file a proper claim, or proof of claim, in the form or forms required, prior to 5 Business Days before the expiration of the time to file such claim or claims and (ii) the holders of Senior Debt shall not exercise any rights under this Section 4.3(c) unless and until the Noteholder Representative has received three Business Days prior written notice from any Person that an event of default exists under a Senior Debt Document.

(d) Payee shall duly and promptly take such action as the holders of Senior Debt may reasonably request to execute and deliver to the holders of Senior Debt such powers of attorney,

assignments, or other instruments as the holders of Senior Debt may request in order to enable the holders of Senior Debt to enforce any and all claims with respect to, and any security interests and other liens securing payment of, the amounts owing under the Subordinated Debt.

(e) In the event that notwithstanding the foregoing provisions of this Section 4.3, any payment or distribution of any kind or character, whether in cash, property or securities (including any payment or distribution that may be payable by reason of any other Indebtedness of Payor being subordinated to payment of the Subordinated Debt), shall be received by Payee for or on account of or in respect of the Subordinated Debt before all Senior Debt is indefeasibly paid in full, such payment or distribution shall be received and held in trust for, and shall be paid over (in the same form as so received, to the extent practicable, and with any necessary endorsement) to the holders of the Senior Debt remaining unpaid or their representative or representatives, or to the trustee or trustees under any such indenture or agreement under which any Senior Debt may have been issued, for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for the payment or prepayment of Senior Debt, until all Senior Debt shall have been indefeasibly paid in full in cash, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

SECTION 4.4. SUBROGATION. Upon the indefeasible payment in full in cash of all Senior Debt, Payee shall be subrogated to the rights of the holders of Senior Debt to receive payments or distributions of cash, property or securities of Payor applicable to the Senior Debt until the principal of and interest on and all other amounts payable under the Subordinated Debt shall be paid in full, and for the purposes of such subrogation, no payments or distributions to the holders of the Senior Debt of any cash, property or securities to which Payee would be entitled except for the provisions of this Section 4 and no payment over pursuant to the provisions of this Section 4 to the holders of Senior Debt by Payee shall, as between Payor, its creditors other than holders of Senior Debt, and Payee, be deemed to be a payment by Payor to or on account of the Senior Debt. It is understood that the provisions of this Section 4 are and are intended solely for the purpose of defining the relative rights of Payee, on the one hand, and the holders of the Senior Debt, on the other hand.

SECTION 4.5. OBLIGATIONS OF PAYOR UNCONDITIONAL. Nothing contained in this Section 4 or elsewhere in this Note is intended to or shall impair, as among Payor, its creditors other than the holders of Senior Debt, and Payee, the obligation of Payor, which is absolute and unconditional, to pay to Payee the principal of and interest on and all other amounts due under this Note in accordance with its terms, or is intended to or shall affect the relative rights of Payee and creditors of Payor other than the holders of the Senior Debt, nor shall anything herein prevent Payee from exercising all remedies otherwise permitted by applicable law upon default under this Note, subject to the provisions of this Section 4 and to the rights of holders of Senior Debt to receive distributions and payments otherwise payable to Payee.

SECTION 4.6. RELIANCE ON JUDICIAL ORDER OR CERTIFICATE OF LIQUIDATING AGENT. Upon any payment or distribution of assets of Payor referred to in this Section 4, Payee shall be

entitled to rely upon any order or decree made by any court of competent jurisdiction in which bankruptcy, dissolution, winding-up, liquidation or reorganization proceedings are pending, or a certificate of the receiver, trustee in bankruptcy, liquidating trustee, agent or other person making such payment or distribution, delivered to Payee, for the purpose of ascertaining the persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of Payor, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other

facts pertinent thereto or to Section 4 of this Note. Such reliance shall not affect the rights of the holders of the Senior Debt.

SECTION 4.7. SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF PAYOR OR HOLDERS OF SENIOR DEBT. No right of any present or future holders of any Senior Debt to enforce subordination as provided herein will at any time in any way be prejudiced or impaired by any act or failure to act on the part of Payor or by any act or failure to act by any such holder, or by any act, failure to act or noncompliance by Payor, the holders of Senior Debt or their respective agents with the terms of this Note, regardless of any knowledge thereof which any such holder or Payor may have or otherwise be charged with. No amendment, waiver or other modification of this Note shall in any way adversely affect the rights of the holders of any Senior Debt under this Section 4 unless such holders of Senior Debt consent in writing to such amendment, waiver or modification. The provisions of this Section 4 are intended for the benefit of and shall be enforceable directly by the holders of the Senior Debt.

SECTION 4.8. FURTHER ASSURANCES. Payee and Payor each will, at Payor's expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be reasonably necessary or appropriate, or that the holders of Senior Debt may request, in order to protect any right or interest granted or purported to be granted hereby or to enable the holders of Senior Debt to exercise and enforce their rights and remedies hereunder.

SECTION 4.9. AGREEMENTS IN RESPECT OF SUBORDINATED DEBT. (a) Payor agrees that it will not make any payment for or on account of or in respect of this Note, or take any other action, in contravention of the provisions of this Section 4.

(b) Payee shall promptly notify the holders of Senior Debt, at Dresdner Bank AG, New York and Grand Cayman Branches, 75 Wall Street, New York, New York, 10005, or such other address of which Payee has been notified in writing, of the occurrence of any default under this Note of which Payee shall obtain knowledge.

SECTION 4.10. OBLIGATIONS HEREUNDER NOT AFFECTED. All rights and interests of the holders of Senior Debt hereunder, and all agreements and obligations of Payee and Payor under this Section 4, shall remain in full force and effect irrespective of:

(a) any lack of validity or enforceability of the Credit Agreement or any other Senior Debt Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Debt, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Senior Debt Document, including, without limitation, any increase in the Senior Debt resulting from the extension of additional credit to Payor or any of its Subsidiaries or otherwise;

(c) any taking, exchange, release or non-perfection of any collateral, or any taking, release, amendment or waiver of or consent to departure from any guaranty, for all or any of the Senior Debt;

(d) any manner of application of collateral, or proceeds thereof, to all or any of the Senior Debt, or any manner of sale or other disposition of any collateral for all or any of the Senior Debt or any other assets of Payor or any of its Subsidiaries;

(e) any change, restructuring or termination of the corporate structure or existence of Payor or any of its Subsidiaries; or

(f) any other circumstance which might otherwise constitute a defense available to, or a discharge of, Payor or a subordinated creditor.

The provisions of this Section 4 shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Debt is rescinded or must otherwise be returned by the holders of Senior Debt upon the insolvency, bankruptcy or reorganization of Payor or otherwise, all as though such payment had not been made.

SECTION 4.11. WAIVER. Payee and Payor each hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Debt and this Section 4 and any requirement that the holders of Senior Debt protect, secure, perfect or insure any security interest or lien on any property subject thereto or exhaust any right or take any action against Payor or any other person or entity or any collateral.

SECTION 4.12. NO WAIVER; REMEDIES. No failure on the part of the holders of Senior Debt to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial

exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 4.13. CONTINUING AGREEMENT; ASSIGNMENTS UNDER SENIOR DEBT AGREEMENTS. The provisions of this Section 4 constitute a continuing agreement and shall (i) remain in full force and effect until the indefeasible payment in full in cash of the Senior Debt, (ii) be binding upon Payee, Payor and their respective successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the holders of Senior Debt and their successors, transferees and assigns. Without limiting the generality of the foregoing clause (iii), the holders of Senior Debt may

assign or otherwise transfer all or any portion of their rights and obligations under the Credit Agreement or any other Senior Debt Document, as applicable, to any other person or entity, and such other person or entity shall thereupon become vested with all the rights in respect thereof granted to the holders of Senior Debt herein or otherwise.

5. CERTAIN DEFINITIONS

"AGENT" means Dresdner Bank AG, New York and Grand Cayman Branches, as agent for the lenders under the Credit Agreement, and its successors and assigns.

"BANKRUPTCY LAW" means Title 11, United States Code, or any similar federal, state or foreign law for the relief of debtors or any arrangement, reorganization, assignment for the benefit of creditors or any other marshalling of the assets and liabilities of Payor.

"BUSINESS DAY" means each day other than Saturdays, Sundays and days when commercial banks are authorized or required by law to be closed for business in Seattle, Washington.

"CAPITAL STOCK" means, with respect to any Person, any and all shares, interests, participations, warrants, options or other equivalents (however designated) of capital stock of such Person (if a corporation) and any and all equivalent ownership interests in such Person (if other than a corporation), in each case whether now outstanding or hereafter issued.

"CHANGE OF CONTROL" means (i) the closing of any transaction involving the Payor as a result of which the holders of the Payor's common stock immediately prior to the transaction being entered into will own less than a majority of the common stock of Payor or of any other corporation or legal entity succeeding to the Payor's business and assets; (ii) a sale by the holders (other than Payee) of the Payor's common stock, in one or more related transactions (other than sales pursuant to an offering registered under the Securities Act of 1933, as amended, or sales made pursuant to Rule 144 thereunder), of a number of shares equal to greater than fifty percent (50%) of the total number of shares of common stock of Payor outstanding; (iii) the accumulation by any person (other than any person owning any shares of Payor's common stock as of the date hereof or any affiliate of any such person) of a majority of the outstanding common stock of Payor; or (iv) individuals who on the date hereof constitute the board of directors of Payor (together with any new directors whose election by the board of directors or whose nomination by the board of directors for election by Payor's stockholders was approved by a vote of at least two-thirds of the members of the board of directors then in office who either were members of the board of directors on the date hereof or whose election or nomination for election was previously so approved) cease for any reason to constitute a majority of the board of directors of Payor.

"CREDIT AGREEMENT" means the Credit Agreement dated as of December 15, 1998 among the Payor, Agent and the other parties thereto, together with all agreements, instruments and documents related thereto (including without limitation any guarantee agreements and security documents), in each case as such agreement, instrument or document may be amended, modified, supplemented, renewed or replaced from time to time, including without limitation any agreement or document extending the maturity of, refinancing, replacing or otherwise restructuring all or any part of the indebtedness or other obligations under such agreement, instrument or document or any replacement or successor agreement, instrument or document and whether by the same or any other agent, lender or group of lenders.

"CUSTODIAN" means any receiver, trustee, assignee, liquidator, custodian or similar official under any Bankruptcy Law.

"EVENT OF DEFAULT" means any of the occurrences specified under Sections

2(a) through 2(e) of this Note.

"INDEBTEDNESS" of any Person means all obligations of such Person for borrowed money or evidenced by bonds, notes, debentures or similar instruments, and capitalized lease obligations.

"NOTEHOLDER REPRESENTATIVE" means Lewis O. Coley, III, as representative of the holders of the Subordinated Notes outstanding from time to time hereunder.

"PERSON" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"PIK NOTES" means the PIK Notes issued pursuant to Section 1.1 hereof in lieu of cash interest, which shall contain terms substantially identical to this Note except that (i) the interest on a PIK Note shall be 9.46% per annum and (ii) any failure to pay principal as described in Section 2(a) with respect to a PIK Note shall not constitute an Event of Default with respect to such PIK Note until such failure shall have continued for a period of one hundred and eighty (180) days.

"POST PETITION INTEREST" means interest at the contract rate (including any rate applicable upon default) accrued or accruing after the commencement of a Proceeding whether or not such interest is an allowed claim enforceable against the debtor in a bankruptcy case under Title 11 of the United States Code or whether or not such interest accrues after the filing of such petition for purposes of such Title.

"REFINANCING DEBT" means any Indebtedness incurred to repay, refinance or otherwise replace Indebtedness or obligations (including, without limitation, commitments) under the Credit Agreement.

"SENIOR DEBT" means all obligations of Payor (including without limitation contingent obligations with respect to undrawn letters of credit issued under the Credit Agreement, any obligations owed with respect to indemnification obligations, interest rate protection incurred to satisfy the requirements of the Credit Agreement and commitment fees and agency fees payable thereunder or pursuant thereto) (i) under the Credit Agreement or (ii) with respect to Refinancing Debt (including in each such case fees, expenses, claims, charges, indemnity obligations and Post Petition Interest). Senior Debt outstanding under or in respect of Senior Debt Documents shall continue to constitute Senior Debt notwithstanding that such Senior Debt may be disallowed, avoided or subordinated pursuant to any Bankruptcy Law or other applicable insolvency law or equitable principles.

"SENIOR DEBT DOCUMENTS" means the Credit Agreement and any other agreement, indenture, mortgage, guaranty, pledge, security agreement, instrument or document evidencing or securing or otherwise relating to Senior Debt or pursuant to which Senior Debt is incurred.

"SUBORDINATED NOTE" means each of this Note and each other subordinated promissory note made by Payor pursuant to the Purchase Agreement, including without limitation, in each case, any PIK Notes issued pursuant to the terms thereof.

"SUBSIDIARY" means, with respect to any Person, any corporation or other entity, whether such corporation or entity now exists or shall hereafter be created, of which a majority of the Capital Stock or other ownership interests having ordinary voting power to elect a majority of the board of directors or other persons performing similar functions are at the time directly or indirectly owned by such Person.

6. MISCELLANEOUS

SECTION 6.1. SECTION HEADINGS. The section headings contained in this Note are for reference purposes only and shall not affect the meaning or interpretation of this Note.

SECTION 6.2. AMENDMENT AND WAIVER. Subject to Section 6.9 hereof, no provision of this Note may be amended or waived unless Payor shall have obtained the written agreement of Payee and (unless there are no amounts and no commitments outstanding under the Credit Agreement) the Agent under the Credit Agreement, and any such waiver by Payee shall be effective only in the specific instance for the specific purpose for which it is given. No failure or delay in exercising any right, power or privilege hereunder shall imply or otherwise operate as a waiver of any rights of Payee, nor shall any single or partial exercise thereof preclude any other or future exercise thereof or the exercise of any other right, power or privilege.

SECTION 6.3. SUCCESSORS, ASSIGNS AND TRANSFERORS. This Note may not be assigned or transferred by Payee to (x) any competitor, customer or supplier of Payor or any of its Subsidiaries or (y) to any other Person if such assignment or transfer would cause any interest

payments due under this Note to become non-deductible as an expense for any tax purposes. Payor may not assign its obligations under this Note without the prior written consent of Payee except in connection with a transaction permitted under Section 3.2(d) hereof. Subject to the foregoing, the obligations of Payor and Payee under this Note shall be binding upon, and inure to the benefit of, and be enforceable by, Payor and Payee, and their respective successors and permitted assigns, whether or not so expressed.

SECTION 6.4. GOVERNING LAW. This Note shall be governed by, and construed in accordance with, the laws of the State of New York without giving effect to any conflicts of laws principles thereof that would otherwise require the application of the law of any other jurisdiction.

SECTION 6.5. LOST, STOLEN, DESTROYED OR MUTILATED NOTE. Upon receipt of evidence reasonably satisfactory to Payor of the loss, theft, destruction or mutilation of this Note and of indemnity arrangements reasonably satisfactory to Payor from or on behalf of the holder of this Note, and upon surrender or cancellation of this Note if mutilated, Payor shall make and deliver a new note of like tenor in lieu of such lost, stolen, destroyed or mutilated Note, at Payee's expense.

SECTION 6.6. WAIVER OF PRESENTMENT, ETC. Except as otherwise provided herein, presentment, demand, protest, notice of dishonor and all other notices are hereby expressly waived by Payor.

SECTION 6.7. USURY. Nothing contained in this Note shall be deemed to establish or require the payment of a rate of interest in excess of the maximum rate legally enforceable. If the rate of interest called for under this Note at any time exceeds the maximum rate legally enforceable, the rate of interest required to be paid hereunder shall be automatically reduced to the maximum rate legally enforceable. If such interest rate is so reduced and thereafter the maximum rate legally enforceable is increased, the rate of interest required to be paid hereunder shall be automatically increased to the lesser of the maximum rate legally enforceable and the rate otherwise provided for in this Note.

SECTION 6.8. NOTICES. Any notice, request, instruction or other document to be given hereunder by either party to the other shall be in writing and shall be deemed given when received and shall be (i) delivered personally or (ii) mailed by certified mail, postage prepaid, return receipt requested or (iii) delivered by Federal Express or a similar overnight courier or (iv) sent via facsimile transmission to the fax number given below, as follows:

IF TO PAYOR, ADDRESSED TO:

Pacific Circuits, Inc.
c/o Thayer Equity Investors III, L.P.
1455 Pennsylvania Avenue, N.W., Suite 350

Washington, D.C. 20004
Attention: Jeffrey Goettman
Fax Number: (202) 371-0391

WITH A COPY TO:

Shearman & Sterling
555 California Street
San Francisco, California 94104
Attention: Christopher D. Dillon, Esq. and Steven E. Sherman, Esq.
Fax Number: (415) 616-1199

IF TO PAYEE, ADDRESSED TO:

Lewis D. Coley, III
1925 E. Beaver Lake Dr., S.E.
Issaquah, Washington 98029

WITH A COPY TO:

Preston Gates & Ellis LLP
5000 Columbia Center
701 5th Ave.

Seattle, WA 98104-7078
Attention: Connie R. Collingsworth, Esq.
Fax Number: (206) 623-7022

or to such other place and with such other copies as either party may designate as to itself by written notice to the other party.

In the event that any notice under this Note is required to be made on or as of a day which is not a Business Day, then such notice shall not be required to be made until the first day thereafter which is a Business Day.

SECTION 6.9. ACTION BY THE NOTEHOLDER REPRESENTATIVE. Subject to the provisions of this Section 6.9, the Noteholder Representative and Payor may enter into agreements for the purpose of adding or modifying provisions of the Notes or changing in any manner the rights of the Payee or Payor hereunder or waiving any covenant, default or Event of Default hereunder; PROVIDED, HOWEVER, that no supplemental agreement shall, without the consent of the Payee: (a) extend the stated maturity of this Note or reduce the principal amount hereof, or reduce the rate or change the time of payment of interest due on this Note; or (b) amend this Section 6.9; or (c) effect any change in the terms of this Note which is not also applicable to each other

Subordinated Note; and PROVIDED, FURTHER, that no change may be made to this Note which would either modify the subordination provisions hereof or would otherwise adversely affect the rights of the holders of Senior Debt without the written consent, prior to the indefeasible repayment thereof in cash, of the Lenders (as defined in the Credit Agreement) and thereafter the holders of a majority in principal amount of Senior Debt.

SECTION 6.10. EXPENSES. Payor and Payee hereby agree that, in connection with any action, suit, claim or proceeding by Payor or Payee to enforce any of its rights hereunder, the amount of any and all reasonable fees and expenses of counsel incurred by the prevailing party in such action, suit, claim or proceeding shall be payable by the non-prevailing party upon demand. Payor hereby agrees to pay to Payee the amount of any and all reasonable expenses, including reasonable fees and expenses of its counsel, which Payee may incur in connection with the successful defense of any claims made against Payee by the holders of the Senior Debt in respect of Payee's rights hereunder. Notwithstanding the foregoing, any amounts payable by Payor under this Section 6.10 shall be paid only after all obligations of Payor under the Senior Debt Documents shall have been paid in full in cash.

IN WITNESS WHEREOF, Payor has executed and delivered this Note as of the date hereinabove first written.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

ACKNOWLEDGMENT

Lewis O. Coley, III, Payee under the attached Subordinated Note, dated as of December 15, 1998 (the "Note") hereby acknowledges the provisions of Section 4 and Section 6.9 of the Note and agrees to be bound by the provisions thereof.

/s/ Lewis O. Coley, III

Exhibit 10.4

MANAGEMENT AND CONSULTING AGREEMENT

TC MANAGEMENT IV, L.L.C.

BROCKWAY MORAN & PARTNERS MANAGEMENT, L.P.

JULY 14, 1999

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052

RE: MANAGEMENT AND FINANCIAL ADVISORY SERVICES

Gentlemen:

This letter will confirm the agreement among TC Management IV, L.L.C., a Delaware limited liability company ("Thayer"), Brockway Moran & Partners Management L.P., a Delaware limited partnership, ("Brockway Moran" and together with Thayer, the "Consultants") and Pacific Circuits, Inc., a Washington corporation ("Parent"), pursuant to which the Consultants will render to Power Circuits, Inc., a wholly-owned subsidiary of Parent (the "Company") certain management and consulting services in connection with corporate development activities and the operation and conduct of the Company's business. Consultants shall commence providing these services as of the date of this letter agreement (this "Agreement"). Consultants and the Company shall agree on the specific type and extent of services to be provided pursuant to this Agreement.

1. As consideration for the management and consulting services to be provided to it by the Consultants, Parent shall pay the Consultants a quarterly fee of $75,000 payable on the first business day of each calendar quarter. Such quarterly fee shall be paid 60% to Thayer and 40% to Brockway Moran. Fees for future services shall be prorated for any partial calendar quarter during which the Consultants perform services hereunder. Upon the completion of future acquisitions of printed circuit board companies, the Board of Directors of the Parent will determine an appropriate increase in the management fee based upon the size, complexity and condition of the acquired businesses.

2. In addition to the management and consulting services referenced above, the Consultants shall provide financial advisory services in connection with potential acquisitions by the Parent and any transactions relating to the refinancing, public or private offering or sale of all or any part of the Parent's assets or capital stock to any persons, in each case whether by way of merger, consolidation, reorganization, recapitalization, offering, partnership, joint venture or otherwise (collectively, "Transactions"). In connection with any Transaction, the Parent shall pay to the Consultants a Transaction fee in the amount not to exceed to 1.00% of the proceeds of sale (in case of a sale of assets or stock) or the value of the Transaction (as customarily determined). Such Transaction fee shall be paid 60% to Thayer and 40% to Brockway Moran.

3. The Consultants shall also be entitled to receive (or be reimbursed for) their reasonable out-of-pocket expenses incurred in connection with services performed hereunder, upon submission of appropriate receipts and documentation in support thereof.

4. The doing of any act or the failure to do any act by either Consultant or any of its officers, directors, employees, partners, members or affiliates, or any person who controls any of the foregoing, the effect of which may or does cause or result in loss or damage to the Parent or its affiliates, shall not subject such Consultant, or any of such persons or entities, to any liability to the Parent, its affiliates or any of their respective officers, directors, shareholders, employees or affiliates, or to any other person whatsoever, except to the extent such loss or damage is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from the willful misconduct of such Consultant.

In addition to its agreements and obligations under this Agreement, the Parent agrees to indemnify and hold harmless each Consultant and its affiliates (including its and their respective officers, directors, stockholders, partners, members, employees, affiliates and agents) (each indemnitee is referred to herein as an "Indemnified Person") from and against any and all claims, liabilities, losses and damages (or actions in respect thereof), in any way related to or arising out of the performance by such

Indemnified Person of services under this Agreement, and to reimburse each Indemnified Person for reasonable legal and other expenses incurred by it in connection with or relating to investigating, preparing to defend, or defending any actions, claims or other proceedings (including any investigation or inquiry) arising in any manner out of or in connection with such Indemnified Person's performance or non-performance under this Agreement (whether or not such Indemnified Person is a named party in such proceedings); PROVIDED, HOWEVER, that the Parent shall not be responsible under this paragraph for any claims, liabilities, losses, damages or expenses to the extent that they are finally judicially determined to result from actions taken by such Indemnified Person that constitute willful misconduct.

5. The Consultants shall perform the services described herein until the Consultants deliver a written letter of resignation signed by each Consultant to the Parent, which the Consultants may do in their sole discretion, at any time, and for any reason or no reason.

6. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their legal representatives, successors and assigns. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the state of Washington applicable to agreements made and entirely to be performed within such jurisdiction.

If the foregoing is acceptable to you, please sign this letter in the space provided below and return it to the undersigned.

Very truly yours,

TC MANAGEMENT IV, L.L.C.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Authorized Representative

BROCKWAY MORAN & PARTNERS MANAGEMENT, L.P.

By: BROCKWAY MORAN & PARTNERS, INC., its general partner

By: /s/ Michael E. Moran

Name: Michael E. Moran
Title: Vice President

ACCEPTED AND AGREED TO:

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

Exhibit 10.7

EMPLOYMENT AGREEMENT

This Employment Agreement (the "AGREEMENT") dated as of December 15, 1998 is entered into between PACIFIC CIRCUITS, INC., a Washington corporation (the "COMPANY"), and Gary Reinhart (the "EMPLOYEE").

In consideration of the promises, covenants and agreements contained herein, and for other good and valuable consideration the adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND USAGE.

1.1 DEFINITIONS. As used in this Agreement:

"CAUSE" means the Employee has (i) been convicted of, or entered a plea of no contest to, a felony or other crime involving moral turpitude, (ii) committed a material act of fraud or dishonesty, (iii) materially breached his fiduciary duties to the Company in a manner which results in a material financial or reputational loss to the Company, (iv) failed to perform in a material manner his properly assigned duties after at least one written warning specifically advising the Employee of his failure and providing him with ten days to resume performance in accordance with his assigned duties, or (v) materially breached his other obligations under this Agreement and has failed to remedy such failure within ten days after receipt of written notice from the Company.

"DISABILITY" means a condition pursuant to which the Employee becomes incapacitated due to physical or mental illness and, in the good faith determination of the Board, is unable to perform his duties and responsibilities hereunder and such condition continues, or, in the opinion of a physician selected by the Board, is reasonably likely to continue, for six consecutive months or for periods aggregating six months during any twelve-month period.

"EFFECTIVE DATE" means the date of the consummation of the transactions contemplated by the Stock Purchase Agreement.

"GOOD REASON" means a material breach by the Company of this Agreement or a material reduction by the Company of the Employee's duties, responsibilities or status within the Company, in each case after the Employee has given the Company written notice of such breach or reduction and a reasonable opportunity to cure.

"STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement, dated as of December 15, 1998, among Circuit Holdings LLC, Coley and the other stockholders of the Company.

1.2 USAGE.

(a) References to an individual or entity are also references to its assigns and successors in interest (by means of merger, consolidation or sale of all or substantially all the assets of such individual or entity, as the case may be).

(b) References to a document are to it as amended, waived and otherwise modified from time to time and references to a statute or other governmental rule are to it as amended and otherwise modified from time to time (and references to any provision thereof shall include references to any successor provision).

(c) References to Sections are to sections hereof, unless the context otherwise requires.

(d) The definitions set forth herein are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined.

(e) The term "including" and correlative terms shall be deemed to be followed by "without limitation" whether or not followed by such words or words of like import.

(f) The term "hereof" and similar terms refer to this Agreement as a whole.

Section 2. TITLE; TERM. The Company hereby employs the

Employee as its Chief Operating Officer, and the Employee shall serve in such capacity for a period beginning on the Effective Date and ending on December 31, 2001 (the "TERM"). Unless either party provides written notice in accordance with the provisions hereof at least 30 days prior to the end of the Term, the Term shall be extended for one year; PROVIDED, that the Term may be extended pursuant to this Section 2 no more than twice.

Section 3. DUTIES. During the Term, the Employee shall have supervision and control over and responsibility for such duties as are assigned to the Employee from time to time by the Chief Executive Officer and as are consistent with the Employee's position, and shall report to the Chief Executive Officer. The Employee shall be required to devote substantially all of his business time and energies to the business of the Company.

Section 4. COMPENSATION AND BENEFITS.

4.1 BASE SALARY. As compensation for services rendered pursuant to this Agreement, the Company shall pay the Employee a salary (the "BASE SALARY") at the per annum rate set forth on Schedule A attached hereto, payable in periodic installments.

4.2 EMPLOYEE BENEFITS. The Employee shall be entitled to participate in the retirement, health and welfare benefit programs available generally to senior executives of the Company. The Employee acknowledges that pursuant to the terms of the Stock Purchase Agreement, the Company's qualified Profit Sharing Plan will be amended to exclude the

Employee as an eligible participant in employer profit sharing contributions made in plan years after plan year 1998.

4.3 VACATION AND OTHER LEAVE TIME. The Employee shall be entitled during each year of the Term to three weeks of vacation time without reduction in pay (which vacation time shall be pro-rated for any partial year that the Employee is employed during the Term). The Employee shall be entitled to time off for sick and personal leave and all legal holidays without reduction in pay, in accordance with policies established by the Company.

4.4 ANNUAL INCENTIVE COMPENSATION. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Cash Incentive Compensation Plan and for 1999 shall be awarded not less than the number of units awarded thereunder set forth on Schedule A attached hereto, subject to the terms of such plan.

4.5 STOCK OPTIONS. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Management Stock Option Plan and shall be awarded not less than the number of stock options awarded thereunder on the Effective Date set forth on Schedule A attached hereto, subject to the terms of such plan.

4.6 RETENTION BONUS. The Employee shall be eligible to participate in the retention bonus plan to be established by the Company pursuant to the terms of the Stock Purchase Agreement and shall be awarded a retention bonus under such plan in the amount set forth on Schedule A attached hereto, subject to the terms of such plan.

Section 5. REIMBURSEMENT OF EXPENSES. The Company shall reimburse the Employee for his reasonable and necessary out-of-pocket expenditures incurred on behalf of the Company and in furtherance of the Employee's duties hereunder, subject to reasonable record keeping and expense guidelines established by the Company for all senior executives.

Section 6. CONFIDENTIAL INFORMATION. The Employee will hold in strict confidence and not disclose to any person or entity without the express prior authorization of the Company, any confidential proprietary information, and manufacturing and marketing data, techniques, processes, formulas, developmental or experimental work, work in progress, business methods, and trade secrets relating to the products, services, customers, sales or business affairs of the Company. The Employee further agrees that he will not make use of any of the above at any time after termination of his employment so long as such information is maintained confidential and secret by the Company. The Employee acknowledges that all work product and inventions generated by the Employee on behalf of the Company during the Employee's employment is the property of the Company and the Employee hereby agrees to assign all right, title and interest thereto to the Company. The preceding sentence shall not apply to an invention that qualifies fully under Wash. Rev. Code Section 49.44.140(1). Upon termination of employment, the Employee shall deliver to the Company all documents, records, notebooks, work papers and all similar repositories containing any confidential and proprietary information concerning the Company or any subsidiary, whether prepared by the Employee, the Company or anyone else, received by the Employee in his capacity as an officer or employee and not in respect of shares of the Company owned directly or indirectly.

Section 7. CERTAIN COVENANTS. In consideration of his employment hereunder, the Employee agrees as follows:

7.1 The Employee agrees that he will not (i) at any time during or after the Term, make any claim that the Employee has any ownership right or interest, of any kind or nature whatsoever, in or to any products, methods, practices, processes, discoveries, ideas, improvements, devices, creations, business plans or systems, or inventions relating to the business of Company or any subsidiary, (ii) during the Term and for a period of 18 months thereafter (the "RESTRICTED PERIOD"), for himself or on behalf of or in conjunction with any third party, hire any person who is then an employee of Company or its subsidiaries or induce or entice any employee of Company or its subsidiaries to leave his employment, or (iii) during the Restricted Period, directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate any customers of the Company or its subsidiaries.

7.2 During the Restricted Period, the Employee will not directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, any business which is in competition with the Company or any of its affiliates in any geographic areas where such business is being conducted during such period. In the event that the Employee's employment terminates pursuant to Section 8.2, the "Restricted Period" for purposes of this Section 7.2 shall be twelve months following the Employee's termination of employment.

7.3 In the event any court or arbitrator shall refuse to enforce any portion of the covenants in this Section 7, then such unenforceable portion shall be deemed eliminated and severed from said covenant for the purpose of said court's proceedings to the extent necessary to permit the remaining portions of the covenants to be enforced.

Section 8. TERMINATION OF EMPLOYMENT.

8.1 TERMINATION BY THE COMPANY FOR CAUSE OR BY THE EMPLOYEE OTHER THAN FOR GOOD REASON. The Company may terminate the Term and this Agreement for Cause at any time without prior notice to the Employee. The Employee may terminate the Term and this Agreement other than for Good Reason at any time upon three months' notice to the Board. Upon termination of the Employee's employment (i) by the Company for Cause or (ii) by the Employee other than for Good Reason, the Company shall have no further obligations to the Employee hereunder.

8.2 TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY THE EMPLOYEE FOR GOOD REASON. The Company may elect to terminate the Term and this Agreement without Cause and the Employee may terminate the Term and this Agreement for Good Reason. In the event that the Employee's employment is terminated under this Section 8.2, the Employee shall be entitled to receive (a) the continued payment of his Base Salary until the first anniversary of the date of

termination; provided, however, that any amount of severance payable under this Section 8.2 shall be reduced by any other compensation received by the Employee prior to the first anniversary of the date of termination, and (b) the continuation for a period of one year of welfare benefits to the Employee and his family on a basis substantially equivalent to those which would have been provided to them in accordance with the welfare plans, programs and arrangements of the Company had the Employee's employment not terminated; provided, however, that such benefit continuation shall cease in the event that the Employee and his family obtain comparable welfare benefit coverage from any subsequent employer. On or prior to the date that the Company commences payment or continuation of benefits under this Section 8.2, the Employee shall execute and deliver a release of claims in favor of the Company in form and substance satisfactory to the Company and all applicable revocation periods shall expire.

8.3 TERMINATION DUE TO DEATH OR DISABILITY. This Agreement shall terminate automatically upon the Employee's death and may be terminated in the discretion of the Company in the event of Employee's Disability and, upon either such termination, the Company shall have no further obligations to the Employee hereunder. In the event of termination due to Disability, the Employee shall be entitled to long-term disability benefits under any such policy maintained by the Company in which the Employee participates at the time of termination.

Section 9. TAX MATTERS.

9.1 WITHHOLDING. All payments required to be made by the Company hereunder to the Employee or his estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

9.2 TAX CONSEQUENCES. The Company shall have no obligation to any person entitled to the benefits of this Agreement with respect to any tax obligation any such person may incur as a result of or attributable to this Agreement or arising from any payments made or to be made hereunder. Nothing contained herein shall be construed as a warranty or representation of any kind by the Company to the Employee with respect to the tax consequences of matters contemplated by this Agreement.

Section 10. NOTICES. All notices given pursuant to this Agreement shall be in writing and shall be made by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier, or overnight air courier guaranteeing next business day delivery to the relevant address specified in this Section 10. Except as otherwise provided in this Agreement, each such notice shall be deemed given: (a) at the time delivered, if personally delivered or mailed; (b) when receipt is acknowledged, if telecopied; and (c) the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next business day delivery.

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052
Attn.: Board of Directors

Telephone: (425) 883-7575
Telecopier: (425) 882-1268

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104
Attention: Christopher D. Dillon, Esq.
Telephone: (415) 616-1100
Telecopier: (415) 616-1199

If to Employee, to the address set forth on the signature page hereof.

Any party may change its address by written notice to the other party hereto given in the manner provided above.

Section 11. WAIVER. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default, and no delay, failure or omission in exercising or enforcing any right, privilege or option hereunder shall constitute a waiver, abandonment or relinquishment thereof. No waiver of any provision hereof by any party hereto shall be deemed to have been made unless or until such waiver shall have been reduced to a writing signed by the party making such waiver. Failure by any party to enforce any of the terms, covenants or conditions of this Agreement for any length of time or from time to time shall not be deemed to waive or decrease the rights of such party to insist thereafter upon strict performance by the other parties.

Section 12. AMENDMENTS. This Agreement may not be amended or terminated other than by a written instrument signed by each of the parties hereto. No amendment to this Agreement or interpretation hereof or any waiver or modification of any of the provisions hereof may be made on behalf of Company without the approval of its Board of Directors.

Section 13. INJUNCTIVE RELIEF. The Employee acknowledges that in the event of his breach of any provision in Section 6 or 7 hereof, the Company will be without an adequate remedy at law. The Employee therefore agrees that in the event of such a breach, the Company may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and the Company will not be precluded from seeking or obtaining any other relief to which it may be entitled.

Section 14. ARBITRATION. Subject to the Company's right to pursue injunctive relief pursuant to Section 13, any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Seattle, Washington. Arbitration shall take place before an experienced

employment arbitrator licensed to practice law in Washington and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. Should any party to this

Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction.

Section 15. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Section 16. GOVERNING LAW. This agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving regard to the conflict of laws principles thereof.

Section 17. SECTION HEADINGS. Section headings are for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

Section 18. ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between or among any of the parties hereto with respect to the subject matter contained herein, and this Agreement together with the other agreements referred to herein embodies the entire understanding among the parties relating to such subject matter.

Section 19. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement in any circumstance shall not affect the validity or enforceability of such provision in any other circumstance or the validity or enforceability of any other provision of this Agreement, and, except to the extent such provision is invalid or unenforceable, this Agreement shall remain in full force and effect. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be effective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof in such jurisdiction, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

EMPLOYEE

/s/ Gary J. Reinhart

Gary Reinhart
Print Address: 26703 N.E. Comegis
Duvall, WA 98019

Schedule A

COMPENSATION	
BASE SALARY:	$133,500
CASH INCENTIVE COMPENSATION PLAN 1999 AWARD: (in number of units awarded for 1999)	11.5
MANAGEMENT STOCK OPTION PLAN: (in number of options granted on the Effective Date)	660

RETENTION BONUS:	$1,650,000

Exhibit 10.8

EMPLOYMENT AGREEMENT

This Employment Agreement (the "AGREEMENT") dated as of December 15, 1998 is entered into between PACIFIC CIRCUITS, INC., a Washington corporation (the "COMPANY"), and Steve Pointer (the "EMPLOYEE").

In consideration of the promises, covenants and agreements contained herein, and for other good and valuable consideration the adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. DEFINITIONS AND USAGE.

1.1 DEFINITIONS. As used in this Agreement:

"CAUSE" means the Employee has (i) been convicted of, or entered a plea of no contest to, a felony or other crime involving moral turpitude, (ii) committed a material act of fraud or dishonesty, (iii) materially breached his fiduciary duties to the Company in a manner which results in a material financial or reputational loss to the Company, (iv) failed to perform in a material manner his properly assigned duties after at least one written warning specifically advising the Employee of his failure and providing him with ten days to resume performance in accordance with his assigned duties, or (v) materially breached his other obligations under this Agreement and has failed to remedy such failure within ten days after receipt of written notice from the Company.

"DISABILITY" means a condition pursuant to which the Employee becomes incapacitated due to physical or mental illness and, in the good faith determination of the Board, is unable to perform his duties and responsibilities hereunder and such condition continues, or, in the opinion of a physician selected by the Board, is reasonably likely to continue, for six consecutive months or for periods aggregating six months during any twelve-month period.

"EFFECTIVE DATE" means the date of the consummation of the transactions contemplated by the Stock Purchase Agreement.

"GOOD REASON" means a material breach by the Company of this Agreement or a material reduction by the Company of the Employee's duties, responsibilities or status within the Company, in each case after the Employee has given the Company written notice of such breach or reduction and a reasonable opportunity to cure.

"STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement, dated as of December 15, 1998, among Circuit Holdings, LLC, Coley and the other stockholders of the Company.

1.2 USAGE.

(a) References to an individual or entity are also references to its assigns and successors in interest (by means of merger, consolidation or sale of all or substantially all the assets of such individual or entity, as the case may be).

(b) References to a document are to it as amended, waived and otherwise modified from time to time and references to a statute or other governmental rule are to it as amended and otherwise modified from time to time (and references to any provision thereof shall include references to any successor provision).

(c) References to Sections are to sections hereof, unless the context otherwise requires.

(d) The definitions set forth herein are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined.

(e) The term "including" and correlative terms shall be deemed to be followed by "without limitation" whether or not followed by such words or words of like import.

(f) The term "hereof" and similar terms refer to this Agreement as a whole.

Section 2. TITLE; TERM. The Company hereby employs the Employee as its Operations Manager, and the Employee shall serve in such capacity for a period beginning on the Effective Date and ending on December 31, 2001 (the

"TERM"). Unless either party provides written notice in accordance with the provisions hereof at least 30 days prior to the end of the Term, the Term shall be extended for one year; PROVIDED, that the Term may be extended pursuant to this Section 2 no more than twice.

Section 3. DUTIES. During the Term, the Employee shall have supervision and control over and responsibility for such duties as are assigned to the Employee from time to time by the Chief Executive Officer and as are consistent with the Employee's position, and shall report to the Chief Executive Officer. The Employee shall be required to devote substantially all of his business time and energies to the business of the Company.

Section 4. COMPENSATION AND BENEFITS.

4.1 BASE SALARY. As compensation for services rendered pursuant to this Agreement, the Company shall pay the Employee a salary (the "BASE SALARY") at the per annum rate set forth on Schedule A attached hereto, payable in periodic installments.

4.2 EMPLOYEE BENEFITS. The Employee shall be entitled to participate in the retirement, health and welfare benefit programs available generally to senior executives of the Company. The Employee acknowledges that pursuant to the terms of the Stock Purchase Agreement, the Company's qualified Profit Sharing Plan will be amended to exclude the Employee as an eligible participant in employer profit sharing contributions made in plan years after plan year 1998.

4.3 VACATION AND OTHER LEAVE TIME. The Employee shall be entitled during each year of the Term to three weeks of vacation time without reduction in pay (which vacation time shall be pro-rated for any partial year that the Employee is employed during the Term). The Employee shall be entitled to time off for sick and personal leave and all legal holidays without reduction in pay, in accordance with policies established by the Company.

4.4 ANNUAL INCENTIVE COMPENSATION. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Cash Incentive Compensation Plan and for 1999 shall be awarded not less than the number of units awarded thereunder set forth on Schedule A attached hereto, subject to the terms of such plan.

4.5 STOCK OPTIONS. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Management Stock Option Plan and shall be awarded not less than the number of stock options awarded thereunder on the Effective Date set forth on Schedule A attached hereto, subject to the terms of such plan.

4.6 RETENTION BONUS. The Employee shall be eligible to participate in the retention bonus plan to be established by the Company pursuant to the terms of the Stock Purchase Agreement and shall be awarded a retention bonus under such plan in the amount set forth on Schedule A attached hereto, subject to the terms of such plan.

Section 5. REIMBURSEMENT OF EXPENSES. The Company shall reimburse the Employee for his reasonable and necessary out-of-pocket expenditures incurred on behalf of the Company and in furtherance of the Employee's duties hereunder, subject to reasonable record keeping and expense guidelines established by the Company for all senior executives.

Section 6. CONFIDENTIAL INFORMATION. The Employee will hold in strict confidence and not disclose to any person or entity without the express prior authorization of the Company, any confidential proprietary information, and manufacturing and marketing data, techniques, processes, formulas, developmental or experimental work, work in progress, business methods, and trade secrets relating to the products, services, customers, sales or business affairs of the Company. The Employee further agrees that he will not make use of any of the above at any time after termination of his employment so long as such information is maintained confidential and secret by the Company. The Employee acknowledges that all work product and inventions generated by the Employee on behalf of the Company during the Employee's employment is the property of the Company and the Employee hereby agrees to assign all right,

title and interest thereto to the Company. The preceding sentence shall not apply to an invention that qualifies fully under Wash. Rev. Code Section 49.44.140(1). Upon termination of employment, the Employee shall deliver to the Company all documents, records, notebooks, work papers and all similar repositories containing any confidential and proprietary information concerning the Company or any subsidiary, whether prepared by

the Employee, the Company or anyone else, received by the Employee in his capacity as an officer or employee and not in respect of shares of the Company owned directly or indirectly.

Section 7. CERTAIN COVENANTS. In consideration of his employment hereunder, the Employee agrees as follows:

7.1 The Employee agrees that he will not (i) at any time during or after the Term, make any claim that the Employee has any ownership right or interest, of any kind or nature whatsoever, in or to any products, methods, practices, processes, discoveries, ideas, improvements, devices, creations, business plans or systems, or inventions relating to the business of Company or any subsidiary, (ii) during the Term and for a period of 18 months thereafter (the "RESTRICTED PERIOD"), for himself or on behalf of or in conjunction with any third party, hire any person who is then an employee of Company or its subsidiaries or induce or entice any employee of Company or its subsidiaries to leave his employment, or (iii) during the Restricted Period, directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate any customers of the Company or its subsidiaries

7.2 During the Restricted Period, the Employee will not directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, any business which is in competition with the Company or any of its affiliates in any geographic areas where such business is being conducted during such period. In the event that the Employee's employment terminates pursuant to Section 8.2, the "Restricted Period" for purposes of this Section 7.2 shall be twelve months following the Employee's termination of employment.

7.3 In the event any court or arbitrator shall refuse to enforce any portion of the covenants in this Section 7, then such unenforceable portion shall be deemed eliminated and severed from said covenant for the purpose of said court's proceedings to the extent necessary to permit the remaining portions of the covenants to be enforced.

Section 8. TERMINATION OF EMPLOYMENT.

8.1 TERMINATION BY THE COMPANY FOR CAUSE OR BY THE EMPLOYEE OTHER THAN FOR GOOD REASON. The Company may terminate the Term and this Agreement for Cause at any time without prior notice to the Employee. The Employee may terminate the Term and this Agreement other than for Good Reason at any time upon three months' notice to the Board. Upon termination of the Employee's employment (i) by the Company for Cause or (ii) by the Employee other than for Good Reason, the Company shall have no further obligations to the Employee hereunder.

8.2 TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY THE EMPLOYEE FOR GOOD REASON. The Company may elect to terminate the Term and this Agreement without Cause and the Employee may terminate the Term and this Agreement for Good Reason. In the event that the Employee's employment is terminated under this Section 8.2, the Employee shall be entitled to receive (a) the continued payment of his Base Salary until the first anniversary of the date of termination; PROVIDED, HOWEVER, that any amount of severance payable under this Section 8.2 shall be reduced by any other compensation received by the Employee prior to the first anniversary of the date of termination, and (b) the continuation for a period of one year of welfare benefits to the Employee and his family on a basis substantially equivalent to those which would have been provided to them in accordance with the welfare plans, programs and arrangements of the Company had the Employee's employment not terminated; PROVIDED, HOWEVER, that such benefit continuation shall cease in the event that the Employee and his family obtain comparable welfare benefit coverage from any subsequent employer. On or prior to the date that the Company commences payment or continuation of benefits under this Section 8.2, the Employee shall execute and deliver a release of claims in favor of the Company in form and substance satisfactory to the Company and all applicable revocation periods shall expire.

8.3 TERMINATION DUE TO DEATH OR DISABILITY. This Agreement shall terminate automatically upon the Employee's death and may be terminated in the discretion of the Company in the event of Employee's Disability and, upon either such termination, the Company shall have no further obligations to the Employee hereunder. In the event of termination due to Disability, the Employee shall be entitled to long-term disability benefits under any such policy maintained by the Company in which the Employee participates at the time of termination.

Section 9. TAX MATTERS.

9.1 WITHHOLDING. All payments required to be made by the Company hereunder to the Employee or his estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

9.2 TAX CONSEQUENCES. The Company shall have no obligation to any person entitled to the benefits of this Agreement with respect to any tax obligation any such person may

incur as a result of or attributable to this Agreement or arising from any payments made or to be made hereunder. Nothing contained herein shall be construed as a warranty or representation of any kind by the Company to the Employee with respect to the tax consequences of matters contemplated by this Agreement.

Section 10. NOTICES. All notices given pursuant to this Agreement shall be in writing and shall be made by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier, or overnight air courier guaranteeing next business day delivery to the relevant address specified in this Section 10. Except as otherwise provided in this Agreement, each such notice shall be deemed given: (a) at the time delivered, if personally delivered or mailed; (b) when receipt is acknowledged, if telecopied; and (c) the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next business day delivery.

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052
Attn.: Board of Directors
Telephone: (425) 883-7575
Telecopier: (425) 882-1268

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104
Attention: Christopher D. Dillon, Esq.
Telephone: (415) 616-1100
Telecopier: (415) 616-1199

If to Employee, to the address set forth on the signature page hereof.

Any party may change its address by written notice to the other party hereto given in the manner provided above.

Section 11. WAIVER. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default, and no delay, failure or omission in exercising or enforcing any right, privilege or option hereunder shall constitute a waiver, abandonment or relinquishment thereof. No waiver of any provision hereof by any party hereto shall be deemed to have been made unless or until such waiver shall have been reduced to a writing signed by the party making such waiver. Failure by any party to enforce any of the terms, covenants or conditions of this Agreement for any length of time or from time to time shall not be deemed to waive or decrease the rights of such party to insist thereafter upon strict performance by the other parties.

Section 12. AMENDMENTS. This Agreement may not be amended or terminated other than by a written instrument signed by each of the parties hereto. No amendment to this Agreement or interpretation hereof or any waiver or modification of any of the provisions hereof may be made on behalf of Company without the approval of its Board of Directors.

Section 13. INJUNCTIVE RELIEF. The Employee acknowledges that in the event of his breach of any provision in Section 6 or 7 hereof, the Company will be without an adequate remedy at law. The Employee therefore agrees that in the event of such a breach, the Company may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and the Company will not be precluded from seeking or obtaining any other relief to which it may be entitled.

Section 14. ARBITRATION. Subject to the Company's right to pursue injunctive relief pursuant to Section 13, any dispute about the validity,

interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Seattle, Washington. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in Washington and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction.

Section 15. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Section 16. GOVERNING LAW. This agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving regard to the conflict of laws principles thereof.

Section 17. SECTION HEADINGS. Section headings are for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

Section 18. ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between or among any of the parties hereto with respect to the subject matter contained herein, and this Agreement together with the other agreements referred to herein embodies the entire understanding among the parties relating to such subject matter.

Section 19. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement in any circumstance shall not affect the validity or enforceability of such provision in any other circumstance or the validity or enforceability of any other provision of this

Agreement, and, except to the extent such provision is invalid or unenforceable, this Agreement shall remain in full force and effect. Any provision in this Agreement which is prohibited or unenforceable in and jurisdiction shall, as to such jurisdiction, be effective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof in such jurisdiction, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

EMPLOYEE

/s/ Steve Pointer

Steve Pointer
Print Address:
13999 SEAVIEW WAY
ANACORTES WA 98221

SCHEDULE A

COMPENSATION

BASE SALARY: $107,500

CASH INCENTIVE COMPENSATION PLAN 1999 AWARD: (in number of units awarded for 1999)	9.5
MANAGEMENT STOCK OPTION PLAN: (in number of options granted on the Effective Date)	577.50
RETENTION BONUS:	$1,500,000

Exhibit 10.9

EMPLOYMENT AGREEMENT

This Employment Agreement (the "AGREEMENT") dated as of December 15, 1998 is entered into between PACIFIC CIRCUITS, INC., a Washington corporation (the "COMPANY"), and George Dalich (the "EMPLOYEE").

In consideration of the promises, covenants and agreements contained herein, and for other good and valuable consideration the adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. DEFINITIONS AND USAGE

1.1 DEFINITIONS. As used in this Agreement:

"CAUSE" means the Employee has (i) been convicted of, or entered a plea of no contest to, a felony or other crime involving moral turpitude, (ii) committed a material act of fraud or dishonesty, (iii) materially breached his fiduciary duties to the Company in a manner which results in a material financial or reputational loss to the Company, (iv) failed to perform in a material manner his properly assigned duties after at least one written warning specifically advising the Employee of his failure and providing him with ten days to resume performance in accordance with his assigned duties, or (v) materially breached his other obligations under this Agreement and has failed to remedy such failure within ten days after receipt of written notice from the Company.

"DISABILITY" means a condition pursuant to which the Employee becomes incapacitated due to physical or mental illness and, in the good faith determination of the Board, is unable to perform his duties and responsibilities hereunder and such condition continues, or, in the opinion of a physician selected by the Board, is reasonably likely to continue, for six consecutive months or for periods aggregating six months during any twelve-month period.

"EFFECTIVE DATE" means the date of the consummation of the transactions contemplated by the Stock Purchase Agreement.

"GOOD REASON" means a material breach by the Company of this Agreement or a material reduction by the Company of the Employee's duties, responsibilities or status within the Company, in each case after the Employee has given the Company written notice of such breach or reduction and a reasonable opportunity to cure.

"STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement, dated as of December 15, 1998, among Circuit Holdings, LLC, Coley and other stockholders of the Company.

1.2 USAGE.

(a) References to an individual or entity are also references to its assigns and successors in interest (by means of merger, consolidation or sale of all or substantially all the assets of such individual or entity, as the case may be).

(b) References to a document are to it as amended, waived and otherwise modified from time to time and references to a statute or other governmental rule are to it as amended and otherwise modified from time to time (and references to any provision thereof shall include references to any successor provision).

(c) References to Sections are to sections hereof, unless the context otherwise requires.

(d) The definitions set forth herein are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined.

(e) The term "including" and correlative terms shall be deemed to be followed by "without limitation" whether or not followed by such words or words of like import.

(f) The term "hereof" and similar terms refer to this Agreement as a whole.

Section 2. TITLE; TERM. The Company hereby employs the Employee as its Director of Quality and Technology, and the Employee shall serve in

such capacity for a period beginning on the Effective Date and ending on December 31, 2001 (the "TERM"). Unless either party provides written notice in accordance with the provisions hereof at least 30 days prior to the end of the Term, the Term shall be extended for one year; PROVIDED, that the Term may be extended pursuant to this Section 2 no more than twice.

Section 3. DUTIES. During the Term, the Employee shall have supervision and control over and responsibility for such duties as are assigned to the Employee from time to time by the Chief Executive Officer and as are consistent with the Employee's position, and shall report to the Chief Executive Officer. The Employee shall be required to devote substantially all of his business time and energies to the business of the Company.

Section 4. COMPENSATION AND BENEFITS.

4.1 BASE SALARY. As compensation for the services rendered pursuant to this Agreement, the Company shall pay the Employee a salary (the "BASE SALARY") at the per annum rate set forth on Schedule A attached hereto, payable in periodic installments.

4.2 EMPLOYEE BENEFITS. The Employee shall be entitled to participate in the retirement, health and welfare benefit programs available generally to senior executives of the Company. The Employee acknowledges that pursuant to the terms of the Stock Purchase Agreement, the Company's qualified Profit Sharing Plan will be amended to exclude the Employee as an eligible participant in employer profit sharing contributions made in plan years after plan year 1998.

4.3 VACATION AND OTHER LEAVE TIME. The Employee shall be entitled during each year of the Term to three weeks of vacation time without reduction in pay (which vacation time shall be pro-rated for any partial year that the Employee is employed during the Term). The Employee shall be entitled to time off for sick and personal leave and all legal holidays without reduction in pay, in accordance with policies established by the Company.

4.4 ANNUAL INCENTIVE COMPENSATION. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Cash Incentive Compensation Plan and for 1999 shall be awarded not less than the number of units awarded thereunder set forth on Schedule A attached hereto, subject to the terms of such plan.

4.5 STOCK OPTIONS. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Management Stock Option Plan and shall be awarded not less than the number of stock options awarded thereunder on the Effective Date set forth on Schedule A attached hereto, subject to the terms of such plan.

4.6 RETENTION BONUS. The Employee shall be eligible to participate in the retention bonus plan to be established by the Company pursuant to the terms of the Stock Purchase Agreement and shall be awarded a retention bonus under such plan in the amount set forth on Schedule A attached hereto, subject to the term of such plan.

Section 5. REIMBURSEMENT OF EXPENSES. The Company shall reimburse the Employee for his reasonable and necessary out-of-pocket expenditures incurred on behalf of the Company and in furtherance of the Employee's duties hereunder, subject to reasonable record keeping and expense guidelines established by the Company for all senior executives.

Section 6. CONFIDENTIAL INFORMATION. The Employee will hold in strict confidence and not disclose to any person or entity without the express prior authorization of the Company, any confidential proprietary information, and manufacturing and marketing data, techniques, processes, formulas, developmental or experimental work, work in progress, business methods, and trade secrets relating to the products, services, customers, sales or business affairs of the Company. The Employee further agrees that he will not make use of any of the above at any time after termination of his employment so long as such information is maintained confidential and secret by the Company. The Employee acknowledges that all work product and inventions generated by the Employee on behalf of the Company during the Employee's employment is the property of the Company and the Employee hereby agrees to assign all right,

title and interest thereto to the Company. The preceding sentence shall not apply to an invention that qualifies fully under Wash. Rev. Code Section 49.44.140(1). Upon termination of employment, the Employee shall deliver to

the Company all documents, records, notebooks, work papers and all similar repositories containing any confidential and proprietary information concerning the Company or any subsidiary, whether prepared by the Employee, the Company or anyone else, received by the Employee in his capacity as an officer or employee and not in respect of shares of the Company owned directly or indirectly.

Section 7. CERTAIN COVENANTS. In consideration of his employment hereunder, the Employee agrees as follows:

7.1 The Employee agrees that he will not (i) at any time during or after the Term, make any claim that the Employee has any ownership right or interest, of any kind or nature whatsoever, in or to any products, methods, practices, processes, discoveries, ideas, improvements, devices, creations, business plans or systems, or inventions relating to the business of Company or any subsidiary, (ii) during the Term and for a period of 18 months thereafter (the "RESTRICTED PERIOD"), for himself or on behalf of or in conjunction with any third party, hire any person who is then an employee of Company or its subsidiaries or induce or entice any employee of Company or its subsidiaries to leave his employment, or (iii) during the Restricted Period, directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate any customers of the Company or its subsidiaries.

7.2 During the Restricted Period, the Employee will not directly or indirectly, own, manage, operate, control or participate in the ownership, management operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, any business which is in competition with the Company or any of its affiliates in any geographic areas where such business is being conducted during such period. In the event that the Employee's employment terminates pursuant to Section 8.2, the "Restricted Period" for purposes of this Section 7.2 shall be twelve months following the Employee's termination of employment.

7.3 In the event any court or arbitrator shall refuse to enforce any portion of the covenants in this Section 7, then such unenforceable portion shall be deemed eliminated and severed from said covenant for the purpose of said court's proceedings to the extent necessary to permit the remaining portions of the covenants to be enforced.

Section 8. TERMINATION OF EMPLOYMENT

8.1 TERMINATION BY THE COMPANY FOR CAUSE OR BY THE EMPLOYEE OTHER THAN FOR GOOD REASON. The Company may terminate the Term and this Agreement for Cause at any time without prior notice to the Employee. The Employee may terminate the Term and this Agreement other than for Good Reason at any time upon three months' notice to the Board. Upon termination of the Employee's employment (i) by the Company for Cause or (ii) by the Employee other than for Good Reason, the Company shall have no further obligations to the Employee hereunder.

8.2 TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY THE EMPLOYEE FOR GOOD REASON. The Company may elect to terminate the Term and this Agreement without Cause and the Employee may terminate the Term and this Agreement for Good Reason. In the event that the Employee's employment is terminated under this Section 8.2, the Employee shall be entitled to receive (a) the continued payment of his Base Salary until the first anniversary of the date of termination; PROVIDED, HOWEVER, that any amount of severance payable under this Section 8.2 shall be reduced by any other compensation received by the Employee prior to the first anniversary of the date of termination, and (b) the continuation for a period of one year of welfare benefits to the Employee and his family on a basis substantially equivalent to those which would have been provided to them in accordance with the welfare plans, programs and arrangements of the Company had the Employee's employment not terminated; PROVIDED, HOWEVER, that such benefit continuation shall cease in the event that the Employee and his family obtain comparable welfare benefit coverage from any subsequent employer. On or prior to the date that the Company commences payment or continuation of benefits under this Section 8.2, the Employee shall execute and deliver a release of claims in favor of the Company in form and substance satisfactory to the Company and all applicable revocation periods shall expire.

8.3 TERMINATION DUE TO DEATH OR DISABILITY. This Agreement shall terminate automatically upon the Employee's death and may be terminated in the discretion of the Company in the event of Employee's Disability and, upon either such termination, the Company shall have no further obligations to the

Employee hereunder. In the even of termination due to Disability, the Employee shall be entitled to long-term disability benefits under any such policy maintained by the Company in which the Employee participates at the time of termination.

Section 9. TAX MATTERS.

9.1 WITHHOLDING. All payments required to be made by the Company hereunder to the Employee or his estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

9.2 TAX CONSEQUENCES. The Company shall have no obligation to any person entitled to the benefits of this Agreement with respect to any tax obligation any such person may

incur as a result of or attributable to this Agreement or arising from any payments made or to be made hereunder. Nothing contained herein shall be construed as a warranty or representation of any kind by the Company to the Employee with respect to the tax consequences of matters contemplated by this Agreement.

Section 10. NOTICES. All notices given pursuant to this Agreement shall be in writing and shall be made by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier, or overnight air courier guaranteeing next business day delivery to the relevant address specified in this Section 10. Except as otherwise provided in this Agreement, each such notice shall be deemed given: (a) at the time delivered, if personally delivered or mailed; (b) when receipt is acknowledged, if telecopied; and (c) the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next business day delivery.

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052
Attn.: Board of Directors
Telephone: (425) 883-7575
Telecopier: (425) 882-1268

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104
Attention: Christopher D. Dillon, Esq.
Telephone: (415) 616-1100
Telecopier: (415) 616-1199

If to Employee, to the address set forth on the signature page hereof.

Any party may change its address by written notice to the other party hereto given in the manner provided above.

Section 11. WAIVER. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default, and no delay, failure or omission in exercising or enforcing any right, privilege or option hereunder shall constitute a waiver, abandonment or relinquishment thereof. No waiver of any provision hereof by any party hereto shall be deemed to have been made unless or until such waiver shall have been reduced to a writing signed by th party making such waiver. Failure by any party to enforce any of the terms, covenants or conditions of this Agreement for any length of time or from time to time shall not be deemed to waive or decrease the rights of such party to insist thereafter upon strict performance by the other parties.

Section 12. AMENDMENTS. This Agreement may not be amended or terminated other than by a written instrument signed by each of the parties hereto. No amendment to this Agreement or interpretation hereof or any waiver or modification of any of the provisions hereof may be made on behalf of Company without the approval of its Board of Directors

Section 13. INJUNCTIVE RELIEF. The Employee acknowledges that in the event of his breach of any provision in Section 6 or 7 hereof, the Company will be without an adequate remedy at law. The Employee therefore agrees that in the event of such a breach, the Company may elect to institute

and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and the Company will not be precluded from seeking or obtaining any other relief to which it may be entitled.

Section 14. ARBITRATION. Subject to the Company's right to pursue injunctive relief pursuant to Section 13, any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Seattle, Washington. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in Washington and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorney's fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement shall purport to waive or in any way limit the right of any party to seek to enforce any judgement or decision on an arbitrable dispute in a court of competent jurisdiction.

Section 15. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Section 16. GOVERNING LAW. This agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving regard to the conflict of laws principles thereof.

Section 17. SECTION HEADINGS. Section headings are for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

Section 18. ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between or among any of the parties hereto with respect to the subject matter contained herein, and this Agreement together with the other agreements referred to herein embodies the entire understanding among the parties relating to such subject matter.

Section 19. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement in any circumstance shall not affect the validity or enforceability of such provision in any other circumstance or the validity or enforceability of any other provision of this

Agreement, and, except to the extent such provision is invalid or unenforceable, this Agreement shall remain in full force and effect. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be effective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof in such jurisdiction, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction..

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above.

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

EMPLOYEE

/s/ GEORGE M. DALICH

Name: George Dalich
Print Address: 17766 NE 90th St, Apt. P-277
Redmond, Wa 98052

SCHEDULE A

	Compensation
Base Salary	$107,500
Cash Incentive Compensation Plan 1999 Award: (in number of units awarded for 1999)	9.5
Management Stock Option Plan (in number of options granted on the Effective Date)	577.50
Retention Bonus	$1,250,000

Exhibit 10.10

EMPLOYMENT AGREEMENT

This Employment Agreement (the "AGREEMENT") dated as of December 15, 1998 is entered into between PACIFIC CIRCUITS, INC., a Washington corporation (the "COMPANY"), and Gene Tasche (the "EMPLOYEE").

In consideration of the promises, covenants and agreements contained herein, and for other good and valuable consideration the adequacy and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties hereto agree as follows:

Section 1. DEFINITIONS AND USAGE.

1.1 DEFINITIONS. As used in this Agreement:

"CAUSE" means the Employee has (i) been convicted of, or entered a plea of no contest to, a felony or other crime involving moral turpitude, (ii) committed a material act of fraud or dishonesty, (iii) materially breached his fiduciary duties to the Company in a manner which results in a material financial or reputational loss to the Company, (iv) failed to perform in a material manner his properly assigned duties after at least one written warning specifically advising the Employee of his failure and providing him with ten days to resume performance in accordance with his assigned duties, or (v) materially breached his other obligations under this Agreement and has failed to remedy such failure within ten days after receipt of written notice from the Company.

"DISABILITY" means a condition pursuant to which the Employee becomes incapacitated due to physical or mental illness and, in the good faith determination of the Board, is unable to perform his duties and responsibilities hereunder and such condition continues, or, in the opinion of a physician selected by the Board, is reasonably likely to continue, for six consecutive months or for periods aggregating six months during any twelve-month period.

"EFFECTIVE DATE" means the date of the consummation of the transactions contemplated by the Stock Purchase Agreement.

"GOOD REASON" means a material breach by the Company of this Agreement or a material reduction by the Company of the Employee's duties, responsibilities or status within the Company, in each case after the Employee has given the Company written notice of such breach or reduction and a reasonable opportunity to cure.

"STOCK PURCHASE AGREEMENT" means the Stock Purchase Agreement, dated as of December 15, 1998, among Circuit Holdings, LLC, Coley and the other stockholders of the Company.

1.2 USAGE.

(a) References to an individual or entity are also references to its assigns and successors in interest (by means of merger, consolidation or sale of all or substantially all the assets of such individual or entity, as the case may be).

(b) References to a document are to it as amended, waived and otherwise modified from time to time and references to a statute or other governmental rule are to it as amended and otherwise modified from time to time (and references to any provision thereof shall include references to any successor provision).

(c) References to Sections are to sections hereof, unless the context otherwise requires.

(d) The definitions set forth herein are equally applicable both to the singular and plural forms and the feminine, masculine and neuter forms of the terms defined.

(e) The term "including" and correlative terms shall be deemed to be followed by "without limitation" whether or not followed by such words or words of like import.

(f) The term "hereof" and similar terms refer to this Agreement as a whole.

Section 2. TITLE; TERM. The Company hereby employs the Employee as its Facilities Manager, and the Employee shall serve in such capacity for a period beginning on the Effective Date and ending on December 31, 2001 (the "TERM"). Unless either party provides written notice in accordance with the provisions hereof at least 30 days prior to the end of the Term, the Term shall be extended

for one year; PROVIDED, that the Term may be extended pursuant to this Section 2 no more than twice.

Section 3. DUTIES. During the Term, the Employee shall have supervision and control over and responsibility for such duties as are assigned to the Employee from time to time by the Chief Executive Officer and as are consistent with the Employee's position, and shall report to the Chief Executive Officer. The Employee shall be required to devote substantially all of his business time and energies to the business of the Company.

Section 4. COMPENSATION AND BENEFITS.

4.1 BASE SALARY. As compensation for services rendered pursuant to this Agreement, the Company shall pay the Employee a salary (the "BASE SALARY") at the per annum rate set forth on Schedule A attached hereto, payable in periodic installments.

4.2 EMPLOYEE BENEFITS. The Employee shall be entitled to participate in the retirement, health and welfare benefit programs available generally to senior executives of the Company. The Employee acknowledges that pursuant to the terms of the Stock Purchase Agreement, the Company's qualified Profit Sharing Plan will be amended to exclude the Employee as an eligible participant in employer profit sharing contributions made in plan years after plan year 1998.

4.3 VACATION AND OTHER LEAVE TIME. The Employee shall be entitled during each year of the Term to three weeks of vacation time without reduction in pay (which vacation time shall be pro-rated for any partial year that the Employee is employed during the Term). The Employee shall be entitled to time off for sick and personal leave and all legal holidays without reduction in pay, in accordance with policies established by the Company.

4.4 ANNUAL INCENTIVE COMPENSATION. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Cash Incentive Compensation Plan and for 1999 shall be awarded not less than the number of units awarded thereunder set forth on Schedule A attached hereto, subject to the terms of such plan.

4.5 STOCK OPTIONS. The Employee shall be eligible to participate in the Pacific Circuits, Inc. Management Stock Option Plan and shall be awarded not less than the number of stock options awarded thereunder on the Effective Date set forth on Schedule A attached hereto, subject to the terms of such plan.

4.6 RETENTION BONUS. The Employee shall be eligible to participate in the retention bonus plan to be established by the Company pursuant to the terms of the Stock Purchase Agreement and shall be awarded a retention bonus under such plan in the amount set forth on Schedule A attached hereto, subject to the terms of such plan.

Section 5. REIMBURSEMENT OF EXPENSE. The Company shall reimburse the Employee for his reasonable and necessary out-of-pocket expenditures incurred on behalf of the Company and in furtherance of the Employee's duties hereunder, subject to reasonable record keeping and expense guidelines established by the Company for all senior executives.

Section 6. CONFIDENTIAL INFORMATION. The Employee will hold in strict confidence and not disclose to any person or entity without the express prior authorization of the Company, any confidential proprietary information, and manufacturing and marketing data, techniques, processes, formulas, developmental or experimental work, work in progress, business methods, and trade secrets relating to the products, services, customers, sales or business affairs of the Company. The Employee further agrees that he will not make use of any of the above at any time after termination of his employment so long as such information is maintained confidential and secret by the Company. The Employee acknowledges that all work product and inventions generated by the Employee on behalf of the Company during the Employee's employment is the property of the Company and the Employee hereby agrees to assign all right,

title and interest thereto to the Company. The preceding sentence shall not apply to an invention that qualifies fully under Wash. Rev. Code Section 49.44.140(1). Upon termination of employment, the Employee shall deliver to the Company all documents, records, notebooks, work papers and all similar repositories containing any confidential and proprietary information concerning the Company or any subsidiary, whether prepared by the Employee, the Company or anyone else, received by the Employee in his capacity as an officer or employee and not in respect of shares of the Company owned directly or indirectly.

Section 7. CERTAIN COVENANTS. In consideration of his employment hereunder, the Employee agrees as follows:

7.1 The Employee agrees that he will not (i) at any time during or after the Term, make any claim that the Employee has any ownership right or interest, of any kind or nature whatsoever, in or to any products, methods, practices, processes, discoveries, ideas, improvements, devices, creations, business plans or systems, or inventions relating to the business of Company or any subsidiary, (ii) during the Term and for a period of 18 months thereafter (the "RESTRICTED PERIOD"), for himself or on behalf of or in conjunction with any third party, hire any person who is then an employee of Company or its subsidiaries or induce or entice any employee of Company or its subsidiaries to leave his employment, or (iii) during the Restricted Period, directly or indirectly, on his own behalf or in the service or on behalf of others, solicit, divert or appropriate, or attempt to solicit, divert or appropriate any customers of the Company or its subsidiaries.

7.2 During the Restricted Period, the Employee will not directly or indirectly, own, manage, operate, control or participate in the ownership, management, operation or control of, or be connected as an officer, employee, partner, director or otherwise with, or have any financial interest in, any business which is in competition with the Company or any of its affiliates in any geographic areas where such business is being conducted during such period. In the event that the Employee's employment terminates pursuant to Section 8.2, the "Restricted Period" for purposes of this Section 7.2 shall be twelve months following the Employee's termination of employment.

7.3 In the event any court or arbitrator shall refuse to enforce any portion of the covenants in this Section 7, then such unenforceable portion shall be deemed eliminated and severed from said covenant for the purpose of said court's proceedings to the extent necessary to permit the remaining portions of the covenants to be enforced.

Section 8. TERMINATION OF EMPLOYMENT.

8.1 TERMINATION BY THE COMPANY FOR CAUSE OR BY THE EMPLOYEE OTHER THAN FOR GOOD REASON. The Company may terminate the Term and this Agreement for Cause at any time without prior notice to the Employee. The Employee may terminate the Term and this Agreement other than for Good Reason at any time upon three months' notice to the Board. Upon termination of the Employee's employment (i) by the Company for Cause or (ii) by the Employee other than for Good Reason, the Company shall have no further obligations to the Employee hereunder.

8.2 TERMINATION BY THE COMPANY WITHOUT CAUSE OR BY THE EMPLOYEE FOR GOOD REASON. The Company may elect to terminate the Term and this Agreement without Cause and the Employee may terminate the Term and this Agreement for Good Reason. In the event that the Employee's employment is terminated under this Section 8.2, the Employee shall be entitled to receive (a) the continued payment of his Base Salary until the first anniversary of the date of termination; PROVIDED, HOWEVER, that any amount of severance payable under this Section 8.2 shall be reduced by any other compensation received by the Employee prior to the first anniversary of the date of termination, and (b) the continuation for a period of one year of welfare benefits to the Employee and his family on a basis substantially equivalent to those which would have been provided to them in accordance with the welfare plans, programs and arrangements of the Company had the Employee's employment not terminated; PROVIDED, HOWEVER, that such benefit continuation shall cease in the event that the Employee and his family obtain comparable welfare benefit coverage from any subsequent employer. On or prior to the date that the Company commences payment or continuation of benefits under this Section 8.2, the Employee shall execute and deliver a release of claims in favor of the Company in form and substance satisfactory to the Company and all applicable revocation periods shall expire.

8.3 TERMINATION DUE TO DEATH OR DISABILITY. This Agreement shall terminate automatically upon the Employee's death and may be terminated in the discretion of the Company in the event of Employee's Disability and, upon either such termination, the Company shall have no further obligations to the Employee hereunder. In the event of termination due to Disability, the Employee shall be entitled to long-term disability benefits under any such policy maintained by the Company in which the Employee participates at the time of termination.

Section 9. TAX MATTERS.

9.1 WITHHOLDING. All payments required to be made by the Company hereunder to the employee or his estate or beneficiaries shall be subject to the withholding of such amounts as the Company may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

9.2 TAX CONSEQUENCES. The Company shall have no obligation to any

person entitled to the benefits of this Agreement with respect to any tax obligation any such person may

incur as a result of or attributable to this Agreement or arising from any payments made or to be made hereunder. Nothing contained herein shall be construed as a warranty or representation of any kind by the Company to the Employee with respect to the tax consequences of matters contemplated by this Agreement.

Section 10. NOTICES. All notices given pursuant to this Agreement shall be in writing and shall be made by hand-delivery, first-class mail (registered or certified, return receipt requested), telecopier, or overnight air courier guaranteeing next business day delivery to the relevant address specified in this Section 10. Except as otherwise provided in this Agreement, each such notice shall be deemed given: (a) at the time delivered, if personally delivered or mailed; (b) when receipt is acknowledged, if telecopied; and (c) the next business day after timely delivery to the courier, if sent by overnight air courier guaranteeing next business day delivery.

Pacific Circuits, Inc.
17550 N.E. 67th Court
Redmond, WA 98052
Attn.: Board of Directors
Telephone: (425) 883-7575
Telecopier: (425) 882-1268

Shearman & Sterling
555 California Street, Suite 2000
San Francisco, CA 94104
Attention: Christopher D. Dillon, Esq.
Telephone: (415) 616-1100
Telecopier: (415) 616-1199

If to Employee, to the address set forth on the signature page hereof.

Any party may change its address by written notice to the other party hereto given in the manner provided above.

SECTION 11. WAIVER. No waiver of any default under this Agreement shall constitute or operate as a waiver of any subsequent default, and no delay, failure or omission in exercising or enforcing any right, privilege or option hereunder shall constitute a waiver, abandonment or relinquishment thereof. No waiver of any provision hereof by any party hereto shall be deemed to have been made unless or until such waiver shall have been reduced to a writing signed by the party making such waiver. Failure by any party to enforce any of the terms, covenants or conditions of this Agreement for any length of time or from time to time shall not be deemed to waive or decrease the rights of such party to insist thereafter upon strict performance by the other parties.

Section 12. AMENDMENTS. This Agreement may not be amended or terminated other than by a written instrument signed by each of the parties hereto. No amendment to this Agreement or interpretation hereof or any waiver or modification of any of the provisions hereof may be made on behalf of Company without the approval of its Board of Directors.

Section 13. INJUNCTIVE RELIEF. The Employee acknowledges that in the event of his breach of any provision in Section 6 or 7 hereof, the Company will be without an adequate remedy at law. The Employee therefore agrees that in the event of such a breach, the Company may elect to institute and prosecute proceedings in any court of competent jurisdiction to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and the Company will not be precluded from seeking or obtaining any other relief to which it may be entitled.

Section 14. ARBITRATION. Subject to the Company's right to pursue injunctive relief pursuant to Section 13, any dispute about the validity, interpretation, effect or alleged violation of this Agreement (an "arbitrable dispute") must be submitted to confidential arbitration in Seattle, Washington. Arbitration shall take place before an experienced employment arbitrator licensed to practice law in Washington and selected in accordance with the Model Employment Arbitration Procedures of the American Arbitration Association. Arbitration shall be the exclusive remedy of any arbitrable dispute. Should any party to this Agreement pursue any arbitrable dispute by any method other than arbitration, the other party shall be entitled to recover from the party initiating the use of such method all damages, costs, expenses and attorneys' fees incurred as a result of the use of such method. Notwithstanding anything herein to the contrary, nothing in this Agreement

shall purport to waive or in any way limit the right of any party to seek to enforce any judgment or decision on an arbitrable dispute in a court of competent jurisdiction.

Section 15. SUCCESSORS AND ASSIGNS. This Agreement shall inure to the benefit of and be binding upon the respective successors and assigns of the parties hereto.

Section 16. GOVERNING LAW. This agreement shall be governed by and construed in accordance with the laws of the State of Washington, without giving regard to the conflict of laws principles thereof.

Section 17. SECTION HEADINGS. Section headings are for convenience of reference only and shall not affect the meaning of any provision of this Agreement.

Section 18. ENTIRE AGREEMENT. This Agreement supersedes all prior agreements between or among any of the parties hereto with respect to the subject matter contained herein, and this Agreement together with the other agreements referred to herein embodies the entire understanding among the parties relating to such subject matter.

Section 19. SEVERABILITY. The invalidity or unenforceability of any provision of this Agreement in any circumstance shall not affect the validity or enforceability of such provision in any other circumstance or the validity or enforceability of any other provision of this

Agreement, and, except to the extent such provision is invalid or unenforceable, this Agreement shall remain in full force and effect. Any provision in this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be effective only to the extent of such prohibition or unenforceability without invalidating or affecting the remaining provisions hereof in such jurisdiction, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first written above

PACIFIC CIRCUITS, INC.

By: /s/ Jeffrey W. Goettman

Name: Jeffrey W. Goettman
Title: Secretary

EMPLOYEE

/s/ Gene Tasche

Gene Tasche
Print Address: 26103 N.E. 25th St.
Redmond, WA 98053

SCHEDULE A

COMPENSATION

BASE SALARY:	$87,500
CASH INCENTIVE COMPENSATION PLAN 1999 AWARD: (in number of units awarded for 1999)	7.5
MANAGEMENT STOCK OPTION PLAN: (in number of options granted on the Effective Date)	412.5
RETENTION BONUS:	$1,500,000

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Employment Agreement"), dated as of July 13, 1999 (the "Effective Date"), is between Power Circuits, Inc. ("PCI") and James Eisenberg ("Executive"). PCI and Executive agree as set forth below.

1. EMPLOYMENT.

(a) TERM. PCI hereby employs Executive as its President from the Effective Date to December 31, 2000 or the earlier termination of the employment of Executive under this Employment Agreement (the "Term").

(b) POSITION AND DUTIES. During the Term, Executive shall have such authority, duties and office and no less secretarial and other assistance as he had immediately prior to the Effective Date. The Board of Directors of PCI (the "Board") may assign other duties and authority to Executive, if those duties are consistent with Executive's position as President and his duties, authority and office at PCI prior to his entering into this Employment Agreement. During the Term, Executive shall report to the Board. Executive shall be required to devote substantially all of his business time and energies to the business of PCI; provided, however, that Executive in any two-week period shall not be expected to work more than five days in one week and four days the next week.

(c) CERTAIN OTHER ACTIVITIES. Executive may perform services for charitable and civic organizations or be a member of the board of directors or similar governing body of non-profit or charitable entities, as long as doing so does not materially interfere with Executive's obligations under this Employment Agreement or the Agreement (as defined below). Executive shall provide the Board at least quarterly with a description of any such activities. Except to the extent otherwise provided by Section 4.9 of the Agreement and Plan of Merger, dated as of June 11, 1999, among PCI, Executive, other Stockholders of PCI, Power Holdings, L.L.C. and Power Acquisition Sub., Inc. (the "Agreement"), Executive is not restricted from making investments for his account.

(d) PLACE OF WORK; TRAVEL. Executive's principal place of work will be at PCI's offices in Orange County, California. Executive will travel to the extent PCI's business requires, provided that Executive will only be required to travel to an extent consistent with his travel on PCI business in the two years prior to the Effective Date.

(e) INTELLECTUAL PROPERTY. All inventions, trademarks, designs, copyrights, patents and other intellectual property developed by Executive and related to his employment with PCI are considered "works for hire" under applicable laws

and are owned by PCI. Executive will assign all right, title and interest in all such intellectual property to PCI and agrees, at the expense of PCI after the Term, to execute all documents necessary to effect the assignment of such right, title and interest.

(f) CONFIDENTIAL PCI INFORMATION. Executive will maintain the confidentiality of confidential proprietary information of PCI ("Confidential PCI Information"), provided that this confidentiality obligation does not apply to Confidential PCI Information (i) disclosed by Executive as part of his duties under this Employment Agreement based on his good faith belief that disclosure was in the best interest of PCI, (ii) that is publicly available and became so through no fault of Executive, (iii) received from a third party whom Executive knows to be, or reasonably should know to be, under a duty of confidentiality to PCI, (iv) required to be disclosed by law or as directed by a tribunal or (v) used to enforce Executive's rights under this Employment Agreement, the Agreement or the "Funds Agreement" (as defined in the Agreement) or to defend a claim against Executive or his assets under this Employment Agreement, the Agreement or the Funds Agreement; provided that, in the case of clause (iv) of this sentence, Executive agrees to notify PCI promptly and in writing of any such legal requirement or direction and to give PCI a reasonable opportunity to dispute such requirement or direction before making such disclosure; and, provided further, that in the event of any litigation or arbitration of any dispute or claim between Executive and PCI described in clause (v) of this sentence, Executive agrees that if disclosure of any Confidential PCI information is necessary for the establishment or defense of any claim, Executive shall disclose such Confidential PCI Information only to the extent necessary and subject to discussing with PCI a suitable protective order governing the use and dissemination of such Confidential PCI Information. Upon termination of Executive's employment under this Employment Agreement for any reason, Executive will immediately return to PCI all paper and electronic records of Confidential PCI Information and all copies thereof.

(g) INJUNCTIVE RELIEF. Executive acknowledges that in the event of his breach of Section 1(e) or 1(f), PCI will be without an adequate

remedy at law. Executive therefore agrees that in the event of such a breach, PCI may elect to institute and prosecute proceedings in any court of competent jurisdiction in Orange County, California, to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and PCI will not be precluded from seeking or obtaining any other relief, to which it may be entitled.

2. COMPENSATION AND RELATED MATTERS.

(a) SALARY. PCI will pay to Executive a base salary of $150,000 per year for each 12-month period, commencing on the Effective Date, provided that Executive's base salary shall be

reviewed annually by the Board and may be increased but not decreased (as so adjusted from time to time, the "Base Salary"). The Base Salary will be payable in increments in accordance with PCI's standard practices in effect prior to the Effective Date.

(b) BONUS. The payment of a bonus will be considered at least annually in good faith by the Board.

(c) EXPENSES. PCI will promptly reimburse Executive for all of his travel and other reasonable out-of-pocket business expenses incurred in the performance of his duties under this Employment Agreement. Executive will provide PCI evidence of his payment of travel and other business expenses in accordance with the PCI's standard practices and procedures as reasonably adopted from time to time.

(d) EMPLOYEE BENEFITS. During the Term, PCI will continue Executive's existing health, disability and other benefit plans on terms and conditions no less favorable to Executive as existed prior to the Effective Date. In addition, notwithstanding any other provision of this Employment Agreement which may be to the contrary, including without limitation Section 3, the health insurance provided for Executive will provide that, after Executive's employment with PCI terminates (except by the death of Executive), Executive may continue the same insurance coverage under the insurance policy or policies in question at his expense and without an increase in cost payable by Executive (cost determined as his actual pro rata cost as of the date of termination) except to the extent of cost increases applicable to other PCI employees generally, and PCI will pay any costs in excess of the cost payable by Executive and, if the health insurance cannot provide coverage to Executive at any cost, such insurance coverage shall terminate, unless, at Executive's option, Executive elects to continue to be employed with the minimum time commitment and minimum salary required for such health insurance to continue to be so available to Executive, provided that, in any case, such coverage shall cease in the event that Executive and his family obtain comparable health insurance coverage from any subsequent employer; and, provided further, that at such time that Executive becomes Medicare-eligible, the coverage described in this Section 2(d) shall be secondary to the coverage provided by Medicare. Executive will also be entitled to participate in or receive benefits under any other employee benefit plans made available by PCI to its executives on terms no less favorable than those received by the other executives of PCI. Notwithstanding anything contained in this Employment Agreement, PCI (i) is not obligated by this Employment Agreement to obtain any health insurance it does not have at the date of this Employment Agreement and (ii) PCI may obtain other health insurance coverage or alter or amend any of its benefit plans, provided that, in each case, it continues to provide to Executive levels of health insurance coverage materially comparable to, and in any event not materially less favorable

to, Executive -- with respect to both Executive being able to continue coverage after termination of his employment and in the aggregate -- and other benefits, as applicable, than existed prior to obtaining such other insurance coverage or such alteration or amendment.

(e) VACATION; SICK DAYS. Executive will be entitled to sick leave consistent with the procedures and policies of PCI with respect to Executive in effect prior to the Effective Date, and to 18 vacation days per year, provided that Executive will not take more than two consecutive weeks vacation.

3. TERMINATION.

(a) DEFINITIONS. As used in this Section 3:

(x) "Cause" means (i) a material breach by Executive of any material provision of this Employment Agreement not cured by Executive within ten days of Executive's receipt of written notice of the breach from PCI, (ii) Executive's repeated failure to perform his duties under

this Employment Agreement (other than such a failure resulting from Disability), (iii) Executive's conviction of, or a plea of NOLO CONTENDERE to, a charge of a felony or (iv) Executive's commission of fraud, embezzlement or misappropriation against PCI;

(y) "Disability" means Executive's inability to perform the essential functions of his position with reasonable accommodation for 90 consecutive days or a total of 180 days in any 12-month period; and

(z) "Good Reason" means (i) the removal or effective removal of Executive as the President of PCI, (ii) any material reduction in the duties and responsibilities of Executive from those duties and responsibilities provided for in Section 2(a), (iii) PCI's relocation of its principal executive offices outside of Orange County, California, or, except to the extent provided in Section 1(d), Executive being required to perform a material part of his services outside of that area, (iv) any non-payment of any material amount due to Executive by PCI under this Employment Agreement or any other material breach by PCI of any provision of this Employment Agreement, in each case which continues uncured for 30 days after receipt by PCI of written notice of breach from Executive. Notwithstanding the foregoing, it shall not constitute "Good Reason" if PCI shall appoint one senior management employee to a position senior to Executive.

(b) DEATH, DISABILITY. The employment of Executive under this Employment Agreement will terminate upon the death or Disability of Executive. Upon the death or Disability of Executive, PCI must pay Executive's beneficiaries or his estate, as appropriate, Executive's then-current accrued and unpaid Base Salary and prorated Bonus through the date of Executive's death or Disability (based on the number of days actually worked prior to such death or Disability and the actual performance of PCI and paid at the scheduled payment date for bonuses generally) and other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts under Section 2(c) and accrued but unused vacation and sick days).

(c) TERMINATION BY PCI FOR CAUSE OR BY EXECUTIVE OTHER THAN FOR GOOD REASON. PCI may terminate Executive's employment under this Employment Agreement for Cause with not less than ten days prior written notice to Executive, stating with reasonable detail the circumstances of the termination for Cause. Executive may terminate his employment under this Employment Agreement other than for Good Reason at any time upon three months notice to the Board. If PCI terminates Executive's employment for Cause or Executive terminates his employment other than for Good Reason, then PCI must pay to Executive, on the effective date of his termination, (x) Executive's current accrued and unpaid Base Salary through the effective date of his termination and (y) other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts under Section 2(c) and accrued but unused vacation and sick days).

(d) TERMINATION BY PCI WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON. PCI may terminate Executive's employment without Cause and Executive may terminate his employment for Good Reason, in either case with at least 30 days prior written notice to the other party. If PCI terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then PCI must pay to Executive, on the effective date of his termination, Executive's then-current accrued and unpaid Base Salary through the effective date of his termination and other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts due under Section 2(c) and accrued but unused vacation and sick days). In addition, Executive shall be entitled to receive continued payment of the Base Salary until the first anniversary of the effective date of his termination; PROVIDED, HOWEVER, that any amount of severance payable under this Section 3(d) shall be reduced by any other compensation received by Executive prior to the first anniversary of the date of termination. On or prior to the date that PCI commences payment under this Section 3(d), Executive shall execute and deliver a release of claims to employment compensation in favor of PCI in form and substance reasonably satisfactory to each party hereto and all applicable revocation periods shall expire.

4. GENERAL PROVISIONS.

(a) APPLICABLE LAW; AGREEMENT PROVISIONS INCORPORATED. This Employment Agreement will be governed by and construed under the internal laws of California and not the laws otherwise pertaining to choice or conflict of laws of California. Sections 7.2 through 7.14 of the Agreement are

incorporated in this Employment Agreement as if set forth in full here, provided that the address for Executive for the purpose of notices under this Employment Agreement will be 1350 Galaxy Drive, Newport Beach, California 92660, fax (949) 574-1779, with copies as provided in Section 7.4 of the Agreement for copies of notices to the "Stockholders" (as defined therein).

(b) WITHHOLDING. All payments required to be made by PCI hereunder to Executive or his estate or beneficiaries shall be subject to the withholding of such amounts as PCI may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

PCI and Executive have signed this Employment Agreement as of the date first written above, thereby becoming parties to and bound by it.

POWER CIRCUITS, INC.	EXECUTIVE
By: /s/ Dale Anderson	/s/ James Eisenberg
Dale Anderson	James Eisenberg
Vice President	

EMPLOYMENT AGREEMENT

This Employment Agreement (the "Employment Agreement"), dated as of July 13, 1999 (the "Effective Date"), is between Power Circuits, Inc.("PCI") and Dale Anderson ("Executive"). PCI and Executive agree as set forth below.

1. EMPLOYMENT.

(a) TERM. PCI hereby employs Executive as its Vice President/Secretary from the Effective Date to December 31, 2000 or the earlier termination of the employment of Executive under this Employment Agreement (the "Term").

(b) POSITION AND DUTIES. During the Term, Executive shall have such authority, duties and office and no less secretarial and other assistance as he had immediately prior to the Effective Date. The Board of Directors of PCI (the "Board") may assign other duties and authority to Executive, if those duties are consistent with Executive's position as Vice President/Secretary and his duties, authority and office at PCI prior to his entering into this Employment Agreement. During the Term, Executive shall report to the Board. Executive shall be required to devote substantially all of his business time and energies to the business of PCI; provided, however, that Executive in any two-week period shall not be expected to work more than five days in one week and four days the next week.

(c) CERTAIN OTHER ACTIVITIES. Executive may perform services for charitable and civic organizations or be a member of the board of directors or similar governing body of non-profit or charitable entities, as long as doing so does not materially interfere with Executive's obligations under this Employment Agreement or the Agreement (as defined below). Executive shall provide the Board at least quarterly with a description of any such activities. Except to the extent otherwise provided by Section 4.9 of the Agreement and Plan of Merger, dated as of June 11, 1999, among PCI, Executive, other Stockholders of PCI, Power Holdings, L.L.C. and Power Acquisition Sub., Inc. (the "Agreement"), Executive is not restricted from making investments for his account.

(d) PLACE OF WORK, TRAVEL. Executive's principal place of work will be at PCI's offices in Orange County, California. Executive will travel to the extent PCI's business requires, provided that Executive will only be required to travel to an extent consistent with his travel on PCI business in the two years prior to the Effective Date,

(e) INTELLECTUAL PROPERTY. All inventions, trademarks, designs, copyrights, patents and other intellectual property developed by Executive and related to his employment with PCI are considered "works for hire" under applicable laws

and are owned by PCI. Executive will assign all right, title and interest in all such intellectual property to PCI and agrees, at the expense of PCI after the Term, to execute all documents necessary to effect the assignment of such right, title and interest.

(f) CONFIDENTIAL PCI INFORMATION. Executive will maintain the confidentiality of confidential proprietary information of PCI ("Confidential PCI Information"), provided that this confidentiality obligation does not apply to Confidential PCI Information (i) disclosed by Executive as part of his duties under this Employment Agreement based on his good faith belief that disclosure was in the best interest of PCI, (ii) that is publicly available and became so through no fault of Executive, (iii) received from a third party whom Executive knows to be, or reasonably should know to be, under a duty of confidentiality to PCI, (iv) required to be disclosed by law or as directed by a tribunal or (v) used to enforce Executive's rights under this Employment Agreement, the Agreement or the "Funds Agreement" (as defined in the Agreement) or to defend a claim against Executive or his assets under this Employment Agreement, the Agreement or the Funds Agreement; provided that, in the case of clause (iv) of this sentence, Executive agrees to notify PCI promptly and in writing of any such legal requirement or direction and to give PCI a reasonable opportunity to dispute such requirement or direction before making such disclosure; and, provided further, that in the event of any litigation or arbitration of any dispute or claim between Executive and PCI described in clause (v) of this sentence, Executive agrees that if disclosure of any Confidential PCI Information is necessary for the establishment or defense of any claim, Executive shall disclose such Confidential PCI Information only to the extent necessary and subject to discussing with PCI a suitable protective order governing the use and dissemination of such Confidential PCI Information. Upon termination of Executive's employment under this Employment Agreement for any reason, Executive will immediately return to PCI all paper and electronic records of Confidential PCI Information and all copies thereof.

(g) INJUNCTIVE RELIEF. Executive acknowledges that in the event of his breach of Section 1(e) or 1(f), PCI will be without an adequate remedy at law. Executive therefore agrees that in the event of such a breach, PCI may elect to institute and prosecute proceedings in any court of competent jurisdiction in

Orange County, California, to enforce specific performance or to enjoin the continuing breach, by seeking or obtaining any such relief, and PCI will not be precluded from seeking or obtaining any other relief, to which it may be entitled.

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(a) SALARY. PCI will pay to Executive a base salary of $150,000 per year for each 12-month period, commencing on the Effective Date, provided that Executive's base salary shall be

reviewed annually by the Board and may be increased but not decreased (as so adjusted from time to time, the "Base Salary"). The Base Salary will be payable in increments in accordance with PCI's standard practices in effect prior to the Effective Date.

(b) BONUS. The payment of a bonus will be considered at least annually in good faith by the Board.

(c) EXPENSES. PCI will promptly reimburse Executive for all of his travel and other reasonable out-of-pocket business expenses incurred in the performance of his duties under this Employment Agreement. Executive will provide PCI evidence of his payment of travel and other business expenses in accordance with the PCI's standard practices and procedures as reasonably adopted from time to time.

(d) EMPLOYEE BENEFITS. During the Term, PCI will continue Executive's existing health, disability and other benefit plans on terms and conditions no less favorable to Executive as existed prior to the Effective Date. In addition, notwithstanding any other provision of this Employment Agreement which may be to the contrary, including without limitation Section 3, the health insurance provided for Executive will provide that, after Executive's employment with PCI terminates (except by the death of Executive), Executive may continue the same insurance coverage under the insurance policy or policies in question at his expense and without an increase in cost payable by Executive (cost determined as his actual pro rata cost as of the date of termination) except to the extent of cost increases applicable to other PCI employees generally, and PCI will pay any costs in excess of the cost payable by Executive and, if the health insurance cannot provide coverage to Executive at any cost, such insurance coverage shall terminate, unless, at Executive's option, Executive elects to continue to be employed with the minimum time commitment and minimum salary required for such health insurance to continue to be so available to Executive, provided that, in any case, such coverage shall cease in the event that Executive and his family obtain comparable health insurance coverage from any subsequent employer; and, provided further, that at such time that Executive becomes Medicare-eligible, the coverage described in this Section 2(d) shall be secondary to the coverage provided by Medicare. Executive will also be entitled to participate in or receive benefits under any other employee benefit plans made available by PCI to its executives on terms no less favorable than those received by the other executives of PCI. Notwithstanding anything contained in this Employment Agreement, PCI (i) is not obligated by this Employment Agreement to obtain any health insurance it does not have at the date of this Employment Agreement and (ii) PCI may obtain other health insurance coverage or alter or amend any of its benefit plans, provided that, in each case, it continues to provide to Executive levels of health insurance coverage materially comparable to, and in any event not materially less favorable

to, Executive -- with respect to both Executive being able to continue coverage after termination of his employment and in the aggregate -- and other benefits, as applicable, than existed prior to obtaining such other insurance coverage or such alteration or amendment.

(e) VACATION; SICK DAYS. Executive will be entitled to sick leave consistent with the procedures and policies of PCI with respect to Executive in effect prior to the Effective Date, and to 18 vacation days per year, provided that Executive will not take more than two consecutive weeks vacation.

3. TERMINATION.

(a) DEFINITIONS. As used in this Section 3:

(x) "Cause" means (i) a material breach by Executive of any material provision of this Employment Agreement not cured by Executive within ten days of Executive's receipt of written notice of the breach from PCI, (ii) Executive's repeated failure to perform his duties under this Employment Agreement (other than such a failure resulting from Disability), (iii) Executive's conviction of, or a plea of NOLO CONTENDERE to, a charge of a felony or (iv) Executive's commission of fraud, embezzlement or misappropriation against PCI;

(y) "Disability" means Executive's inability to perform the

essential functions of his position with reasonable accommodation for 90 consecutive days or a total of 180 days in any 12-month period; and

(z) "Good Reason" means (i) the removal or effective removal of Executive as the Vice President/Secretary of PCI, (ii) any material reduction in the duties and responsibilities of Executive from those duties and responsibilities provided for in Section 2(a), (iii) PCI's relocation of its principal executive offices outside of Orange County, California, or, except to the extent provided in Section 1(d), Executive being required to perform a material part of his services outside of that area, (iv) any non-payment of any material amount due to Executive by PCI under this Employment Agreement or any other material breach by PCI of any provision of this Employment Agreement, in each case which continues uncured for 30 days after receipt by PCI of written notice of breach from Executive. Notwithstanding the foregoing, it shall not constitute "Good Reason" if PCI shall appoint one senior management employee in addition to the President to a position senior to Executive.

(b) DEATH, DISABILITY. The employment of Executive under this Employment Agreement will terminate upon the death or Disability of Executive. Upon the death or Disability of Executive, PCI must pay Executive's beneficiaries or his estate, as appropriate, Executive's then-current accrued and unpaid Base Salary and prorated Bonus through the date of Executive's death or Disability (based on the number of days actually worked prior to such death or Disability and the actual performance of PCI and paid at the scheduled payment date for bonuses generally) and other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts under Section 2(c) and accrued but unused vacation and sick days).

(c) TERMINATION BY PCI FOR CAUSE OR BY EXECUTIVE OTHER THAN FOR GOOD REASON. PCI may terminate Executive's employment under this Employment Agreement for Cause with not less than ten days prior written notice to Executive, stating with reasonable detail the circumstances of the termination for Cause. Executive may terminate his employment under this Employment Agreement other than for Good Reason at any time upon three months notice to the Board. If PCI terminates Executive's employment for Cause or Executive terminates his employment other than for Good Reason, then PCI must pay to Executive, on the effective date of his termination, (x) Executive's current accrued and unpaid Base Salary through the effective date of his termination and (y) other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts under Section 2(c) and accrued but unused vacation and sick days).

(d) TERMINATION BY PCI WITHOUT CAUSE OR BY EXECUTIVE FOR GOOD REASON. PCI may terminate Executive's employment without Cause and Executive may terminate his employment for Good Reason, in either case with at least 30 days prior written notice to the other party. If PCI terminates Executive's employment without Cause or Executive terminates his employment for Good Reason, then PCI must pay to Executive, on the effective date of his termination, Executive's then-current accrued and unpaid Base Salary through the effective date of his termination and other benefits and payments then due under this Employment Agreement (including, without limitation, reimbursement of amounts due under Section 2(c) and accrued but unused vacation and sick days). In addition, Executive shall be entitled to receive continued payment of the Base Salary until the first anniversary of the effective date of his termination; PROVIDED, HOWEVER, that any amount of severance payable under this Section 3(d) shall be reduced by any other compensation received by Executive prior to the first anniversary of the date of termination. On or prior to the date that PCI commences payment under this Section 3(d), Executive shall execute and deliver a release of claims to employment compensation in favor of PCI in form and substance reasonably satisfactory to each party hereto and all applicable revocation periods shall expire.

4. GENERAL PROVISIONS.

(a) APPLICABLE LAW, AGREEMENT PROVISIONS INCORPORATED. This Employment Agreement will be governed by and construed under the internal laws of California and not the laws otherwise pertaining to choice or conflict of laws of California. Sections 7.2 through 7.14 of the Agreement are incorporated in this Employment Agreement as if set forth in full here, provided that the address for Executive for the purpose of notices under this Employment Agreement will be 1736 Marlin Way, Newport Beach, California 92660, with copies as provided in Section 7.4 of the Agreement for copies of notices to the "Stockholders" (as defined therein).

(b) WITHHOLDING. All payments required to be made by PCI hereunder to Executive or his estate or beneficiaries shall be subject to the withholding of such amounts as PCI may reasonably determine should be withheld pursuant to any applicable federal, state or local law or regulation now applicable or that may be enacted and become applicable in the future.

PCI and Executive have signed this Employment Agreement as of the date first written above, thereby becoming parties to and bound by it.

POWER CIRCUITS, INC.	EXECUTIVE
By: /s/ James Eisenberg	/s/ Dale Anderson
James Eisenberg	Dale Anderson
President	

Exhibit 10.14

PACIFIC CIRCUITS, INC.

RETENTION BONUS PLAN

1. PURPOSE. The Retention Bonus Plan (the "PLAN") is intended to provide certain designated employees of Pacific Circuits, Inc. (the "COMPANY") with an ongoing incentive to remain in the employ of the Company. The Plan has been implemented pursuant to Section 5.3 of the Stock Purchase Agreement dated as of December 15, 1998 among Circuit Holdings, LLC, the Company, Lewis O. Coley III and the other parties thereto. The Plan is intended, for purposes of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), to constitute a bonus program as described in 29 CFR Section 2510.3-2(c) excluded from the definition of "employee pension benefit plan" under Section 3(2) of ERISA.

2. DEFINITIONS. For purposes of the Plan, the following definitions shall be in effect:

"BANKRUPTCY LAW" means Title 11, United States Code, or any similar federal, state or foreign law for the relief of debtors or any arrangement, reorganization, assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company.

"BOARD" means the Company's Board of Directors.

"BUSINESS DAY" means each day other than Saturdays, Sundays and days when commercial banks are authorized or required to be closed for business in Seattle, Washington.

"CAUSE" means "Cause" as set forth in any employment agreement applicable to the relevant Participant. In the absence of such an agreement, "Cause" means the Participant has (i) been convicted of, or entered a plea of no contest to, a felony or other crime involving moral turpitude, (ii) committed a material act of fraud or dishonesty, (iii) materially breached his fiduciary duties to the Company in a manner which results in a material financial or reputational loss to the Company or (iv) failed to perform in a material manner his properly assigned duties after at least one written warning specifically advising the Participant of his failure and providing him with ten days to resume performance in accordance with his assigned duties.

"CHANGE IN CONTROL" means (i) the closing of a transaction the result of which is that holders of the Common Stock prior to the transaction or any of their affiliates cease to hold, directly or indirectly, a majority of the Common Stock or a majority of the voting securities of any other entity succeeding to the Company's business and assets, (ii) a sale of 50% or more of the Common Stock (other than a sale through an IPO or a sale to an affiliate), (iii) the accumulation of a majority of the Common Stock by any person who is not an affiliate of the stockholders of the Company or (iv) a change in the composition of the Board so that a majority is not elected by the stockholders of the Company as of the Effective Date or their affiliates.

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

"COMMON STOCK" means the Company's authorized common stock, no par value.

"CREDIT AGREEMENT" means the Credit Agreement among the Company, Dresdner Bank AG and the other parties thereto, together with all agreements, instruments and documents related thereto (including without limitation any guarantee agreements and security documents), in each case as such agreement, instrument or document may be amended, modified, supplemented, renewed or replaced from time to time, including without limitation any agreement or document extending the maturity of, refinancing, replacing or otherwise restructuring all or any part of the indebtedness or other obligations under such agreement, instrument or document or any replacement or successor agreement, instrument or document and whether by the same or any other agent, lender or group of lenders.

"DISABILITY" means a condition pursuant to which a Participant

becomes incapacitated due to physical or mental illness and, in the good faith determination of the Board, is unable to perform his assigned duties and responsibilities and such condition continues, or, in the opinion of a physician selected by the Board, is reasonably likely to continue, for six consecutive months or for periods aggregating six months during any twelve-month period.

"EFFECTIVE DATE" means December 11, 1998.

"GOOD REASON" means "Good Reason" as set forth in any employment agreement applicable to the relevant Participant. In the absence of such an agreement, "Good Reason" means a material reduction by the Company of the Participant's salary or the failure of the Company to make any material payment of compensation when due to the Participant after the Participant has given the Company written notice of such reduction or failure and a reasonable opportunity to cure.

"INDEBTEDNESS" of any Person means all obligations of such Person for borrowed money or evidenced by bonds, notes, debentures or similar instruments, and capitalized lease obligations.

"INTERIM BONUS CALCULATION" means, with respect to a Participant's or the Special Participant's unpaid Retention Bonus (as adjusted, if applicable, pursuant to Section 8(g)) as of any Interim Bonus Payment Date, the hypothetical interest which would accrue on the principal amount of such unpaid Retention Bonus (as adjusted, if applicable, pursuant to Section 8(g)) at the rate of ten percent (10%) per annum computed on the basis of a 365- or 366-day year, as appropriate, for the actual number of days elapsed during the period, commencing on the most recent prior Interim Bonus Payment Date or, with respect to the first Interim Bonus Payment Date, commencing on the Effective Date and ending on such Interim Bonus Payment Date. For purposes of making the Interim Bonus Calculation, in the event that a Participant forfeits all or part of such Participant's Retention Bonus, such amount shall be deemed to have been forfeited (and the Special Participant's Retention Bonus shall be deemed to be increased) as of the immediately preceding Interim Bonus Payment Date or, with respect to the first period for which Interim Bonus Calculation is calculated, as of the Effective Date.

"INTERIM BONUS PAYMENT DATE" means each June 30 and December 31 during the period commencing on the Effective Date and ending on the Payment Date. The first Interim Bonus Payment Date shall be June 30, 1999.

"IPO" means an initial public offering of the Common Stock registered under the Securities Act of 1933, as amended (the "SECURITIES ACT").

"PAYMENT DATE" means the later of (a) to the extent the term of the Credit Agreement has been extended in connection with a default or anticipated default thereunder, the date which is one year and one day after the indefeasible payment in full in cash of all amounts owing under the Credit Agreement, and (b) December 31, 2006.

"PAYMENT RESTRICTION" means any restriction on payment of any amount hereunder as a result of the application of the provisions of Section 7.7 of the Credit Agreement or any similar provision contained in the documents relating to the refinancing thereof.

"PERSON" means any individual, corporation, limited liability company, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

"POST PETITION INTEREST" means interest at the contract rate (including any rate applicable upon default) accrued or accruing after the commencement of a Proceeding whether or not such interest is an allowed claim enforceable against the debtor in a bankruptcy case under Title 11 of the United States Code or whether or not such interest accrues after the filing of such petition for purposes of such Title.

"REFINANCING DEBT" means any Indebtedness incurred to repay, refinance or otherwise replace Indebtedness or obligations (including, without limitation, commitments) under the Credit Agreement.

"SENIOR DEBT" means all obligations of the Company (including without limitation contingent obligations with respect to undrawn letters of credit issued under the Credit Agreement, any obligations owed with

respect to indemnification obligations, interest rate protection incurred to satisfy the requirements of the Credit Agreement and commitment fees and agency fees payable thereunder or pursuant thereto) (i) under the Credit Agreement or (ii) with respect to Refinancing Debt (including in each such case fees, expenses, claims, charges, indemnity obligations and Post Petition Interest). Senior Debt outstanding under or in respect of Senior Debt Documents shall continue to constitute Senior Debt notwithstanding that such Senior Debt may be disallowed, avoided or subordinated pursuant to any Bankruptcy Law or other applicable insolvency law or equitable principles.

"SENIOR DEBT DOCUMENTS" means the Credit Agreement and any other agreement, indenture, mortgage, guaranty, pledge, security agreement, instrument or document evidencing or securing or otherwise relating to Senior Debt or pursuant to which Senior Debt is incurred.

"SPECIAL PARTICIPANT" means Lewis O. Coley III. For the avoidance of doubt, the term "Participant" shall not include the Special Participant for any purpose hereunder.

3. PARTICIPATION. Each employee who has been designated by the Board as a participant (a "PARTICIPANT") in the Plan and each such Participant's retention bonus (the "RETENTION BONUS") is set forth on Exhibit A attached hereto. Each Participant shall receive a Retention Bonus award letter in the form attached hereto as Exhibit B. No individuals other than those identified on Exhibit A and the Special Participant shall be entitled to participate in the Plan. The Special Participant's Retention Bonus as of the Effective Date shall be $0.

4. RETENTION BONUS. Subject to (i) in the case of a Participant, the earlier forfeiture by such Participant of some or all of his Retention Bonus and (ii) the existence of a Payment Restriction, the Company shall pay to each Participant and the Special Participant the vested portion of such Participant's or Special Participant's Retention Bonus on the Payment Date.

5. INTERIM BONUSES. Subject to (i) in the case of a Participant, the earlier forfeiture by such Participant of some or all of his Retention Bonus and (ii) the existence of a Payment Restriction, the Company shall pay to each Participant and the Special Participant in cash on each Interim Bonus Payment Date a bonus (the "INTERIM BONUS") equal to such Participant's Interim Bonus Calculation calculated as of such Interim Bonus Payment Date. Any Interim Bonus (or portion thereof) the payment of which is prohibited hereunder due to the existence of a Payment Restriction shall not be paid at such time. Rather, any such unpaid amount of Interim Bonus shall (i) be added to such Participant's or Special Participant's Retention Bonus balance as of such Interim Bonus Payment Date (and shall be factored into the calculation of any subsequent Interim Bonus of the Participant or Special Participant as of any subsequent Interim Bonus Payment Date), (ii) be paid in accordance with the provisions in Section 4 and (iii) be deemed to be fully vested and nonforfeitable for all purposes hereunder other than in the event of a Participant's termination of employment for Cause.

6. ADDITIONAL PAYMENT RESTRICTION. If, at the scheduled time of payment of any amount hereunder that is not subject to a Payment Restriction, the Company determines that payment of all or part of such amount will not be deductible by the Company pursuant to Section 162(m) of the Code, then such amount, to the extent not deductible, shall not be required to be paid at such time; PROVIDED, HOWEVER, that subject to the application of any Payment Restriction, the Company shall pay to the applicable Participant or to the Special Participant any such unpaid amount (in one or more installments, as necessary) at such time as the Company determines that Section 162(m) of the Code no longer prohibits the Company from deducting such payment. Any payment which is restricted for by this Section 6 shall accrue interest at ten percent (10%) per annum, compounded annually, until paid in full.

7. VESTING.

(a) PARTICIPANTS. Subject to Section 8, a Participant's Retention Bonus shall become vested in accordance with the following schedule:

VESTING DATE	AMOUNT VESTING	CUMULATIVE VESTING
December 31, 1999	25%	25%
December 31, 2000	25%	50%
December 31, 2001	25%	75%

December 31, 2002	12 1/2%	87 1/2%
December 31, 2003	12 1/2%	100%

(b) SPECIAL PARTICIPANT. The Special Participant's Retention Bonus (as such amount may be increased from time to time as provided herein) shall at all times be 100% vested.

8. TERMINATION OF EMPLOYMENT.

(a) DEATH OR DISABILITY. If a Participant's employment terminates by reason of death or Disability prior to the date on which the Retention Bonus is fully vested, he will become fully vested in his Retention Bonus.

(b) RESIGNATION OTHER THAN FOR GOOD REASON. If a Participant resigns other than for Good Reason prior to the date on which the Retention Bonus is fully vested, he will remain vested in only the vested portion of his Retention Bonus and will forfeit the unvested portion.

(c) TERMINATION BY THE COMPANY OTHER THAN FOR CAUSE OR RESIGNATION FOR GOOD REASON. If a Participant's employment is terminated by the Company other than for Cause or the Participant resigns for Good Reason, in either case prior to the date on which the Retention Bonus is fully vested, he will be entitled to retain that portion of his Retention Bonus equal to the greatest of (i) 33% of such Participant's Retention Bonus, (ii) a pro rata portion of his Retention Bonus based on the number of days of service completed on and after the date hereof and prior to December 14, 2003, and (iii) the vested portion of such Participant's Rentention Bonus.

(d) TERMINATION FOR CAUSE. If a Participant's employment is terminated by the Company for Cause prior to the Payment Date, he will forfeit both the vested and unvested portions of his Retention Bonus.

(e) SPECIAL PARTICIPANT. The Special Participant's Retention Bonus shall not be subject to forfeiture notwithstanding any termination of the Special Participant's employment or other service relationship with the Company.

(f) NO ACCELERATED PAYMENT. No termination of a Participant's employment and no termination of the Special Participant's employment or service relationship will accelerate payment of the Retention Bonus to a time prior to the Payment Date.

(g) EFFECT OF FORFEITURES. Any amount of Retention Bonus forfeited by a Participant hereunder shall, without any further action, result in a reduction in the

amount of such Participant's Retention Bonus and a corresponding increase in the amount of the Special Participant's Retention Bonus as of the date of such forfeiture.

9. EFFECT OF A CHANGE IN CONTROL. In the event of a Change in Control (but not an IPO), notwithstanding the provisions of Section 4 hereof, the Company shall pay to each Participant 50% of such Participant's unforfeited Retention Bonus. In connection with such Change in Control, the selling stockholders shall require, as a condition to the consummation of such Change in Control, that, (i) upon such consummation, the Company deposit into a trust or an escrow or similar account an amount reasonably calculated to equal on the second anniversary of the Change in Control the remaining 50% of the aggregate Retention Bonus payable to all Participants and the Special Participant and the Company shall have no further right, title and interest to the amount so deposited (other than to the extent such amount exceeds, on the second anniversary of the Change in Control, the amount necessary to pay all Retention Bonuses remaining unpaid as of such date) and (ii) upon the second anniversary of the Change in Control, the Company shall pay to each Participant from the trusteed or escrowed funds the remaining 50% of such Participant's Retention Bonus. Following a Change in Control, each Participant shall (x) become vested in the remaining 50% of his Retention Bonus upon the second anniversary thereof and (y) continue to be paid his Interim Bonuses in accordance with Section 5 hereof, subject, in each case, to the provisions of Section 8. In addition, in the event that, within six months following a Change in Control, a Participant's employment is terminated by the Company other than for Cause, then such Participant's Retention Bonus shall become fully vested and be paid as promptly as practicable after such termination of employment.

SUBORDINATION. (a) PLAN OBLIGATIONS SUBORDINATED TO SENIOR DEBT. The obligations of the Company represented by this Plan and all other payments with respect to or on account of this Plan are hereby expressly made subordinate and subject in right of payment to the prior payment in full in cash of all indebtedness of the Company under the Credit Agreement. For purposes of this Section 10, the indebtedness of the Company under the Credit Agreement shall not be deemed to have been paid in full until the termination of all commitments or other obligations by any holder of any interest in the Credit Agreement and unless all such holders shall have received indefeasible payment in full in cash of all obligations under

or in respect of the indebtedness of the Company under the Credit Agreement.

(b) DISSOLUTION; LIQUIDATION; BANKRUPTCY; ACCELERATION. In the event of (i) any insolvency or bankruptcy case or proceeding, or any receivership, liquidation, reorganization or other similar proceeding in connection therewith, relative to the Company or any of its assets, or (ii) any liquidation, dissolution or other winding up of the Company, whether voluntary or involuntary or whether or not involving insolvency or bankruptcy, or (iii) any assignment for the benefit of creditors or any other

marshalling of assets or liabilities of the Company, or (iv) the acceleration of the Senior Debt by reason of the occurrence of a default or an event of default thereunder (each such event, if any, herein sometimes referred to as a "PROCEEDING"), or (v) a default in the payment of any Senior Debt at maturity (whether by acceleration or otherwise):

(i) The holders of all Senior Debt shall first be entitled to receive payment in full in cash of all Senior Debt before any direct or indirect payment may be made hereunder;

(ii) Any payment to which any Participant or the Special Participant would be entitled except for the provisions of this Section 10 shall be paid by the liquidating trustee or agent or other person making such payment, whether a trustee in bankruptcy, a receiver or liquidating trustee or other trustee or agent, directly to the holders of Senior Debt or their representative or representatives, or to the trustee or trustees under any indenture under which any instrument evidencing any of such Senior Debt may have been issued for application to the payment or prepayment of Senior Debt, to the extent necessary to make payment in full of all Senior Debt remaining unpaid, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

(iii) The holders of Senior Debt are hereby irrevocably authorized and empowered (in their own names or in the name of each Participant and the Special Participant or otherwise), but shall have no obligation, to demand, sue for, collect and receive every payment or distribution referred to in subparagraph (ii) above and give acquittance therefor and to file claims and proofs of claim and take such other action (including, without limitation, voting the amounts owing hereunder) as they may deem necessary or advisable for the exercise or enforcement of any of the rights or interests of the holders of Senior Debt hereunder; PROVIDED, HOWEVER, that the holders of Senior Debt shall not file any such claim or proof of claim referred to in this Section 10(b)(iii) unless the Participant or the Special Participant, as the case may be, shall fail to file a proper claim, or proof of claim, in the form or forms required, prior to 5 Business Days before the expiration of the time to file such claim or claims.

(iv) Each Participant and the Special Participant shall duly and promptly take such action as the holders of Senior Debt may reasonably request to execute and deliver to the holders of Senior Debt such powers of attorney, assignments, or other instruments as the holders of Senior Debt may request in order to enable the holders of Senior Debt to enforce any and all claims with respect to the amounts owing hereunder.

(v) In the event that notwithstanding the foregoing provisions of this Section 10(b), any payment shall be received hereunder by a Participant or the

Special Participant before all Senior Debt is indefeasibly paid in full, such payment or distribution shall be received and held in trust for, and shall be paid over (in the same form as so received, to the extent practicable, and with any necessary endorsement) to the holders of the Senior Debt remaining unpaid or their representative or representatives, or to the trustee or trustees under any such indenture or agreement under which any Senior Debt may have been issued, for application to the payment or prepayment of Senior Debt, until all Senior Debt shall have been indefeasibly paid in full in cash, after giving effect to any concurrent payment or distribution to the holders of such Senior Debt.

(c) SUBORDINATION RIGHTS NOT IMPAIRED BY ACTS OR OMISSIONS OF THE COMPANY OR HOLDERS OF SENIOR DEBT. No right of any present or future holders of any Senior Debt to enforce subordination as provided herein will at any time in any way be prejudiced or impaired by any act or failure to act on the part of the Company or by any act or failure to act by any such holder, or by any act, failure to act or noncompliance by the Company, the holders of

Senior Debt or their respective agents with the terms of this Plan, regardless of any knowledge thereof which any such holder or the Company may have or otherwise be charged with. No amendment, waiver or other modification of this Plan shall in any way adversely affect the rights of the holders of any Senior Debt under this Section 10 unless such holders of Senior Debt consent in writing to such amendment, waiver or modification. The provisions of this Section 10 are intended for the benefit of and shall be enforceable directly by the holders of the Senior Debt.

(d) FURTHER ASSURANCES. Each Participant, the Special Participant and the Company each will, at the Company's expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the holders of Senior Debt may request, in order to protect any right or interest granted or purported to be granted hereby or to enable the holders of Senior Debt to exercise and enforce their rights and remedies hereunder.

(e) OBLIGATIONS HEREUNDER NOT AFFECTED. All rights and interests of the holders of Senior Debt hereunder, and all agreements and obligations of the Participants, the Special Participant and the Company under this Section 10, shall remain in full force and effect irrespective of (i) any lack of validity or enforceability of the Credit Agreement or any other Senior Debt Document, (ii) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Debt, or any other amendment or waiver of or any consent to any departure from the Credit Agreement or any other Senior Debt Document, including, without limitation, any increase in the Senior Debt resulting from the extension of additional credit to the Company or any of its Subsidiaries or otherwise, (iii) any taking, exchange, release or non-perfection of any collateral, or any taking, release, amendment or waiver of or consent to departure from any guaranty, for all or any of the Senior Debt, (iv) any manner of application of

collateral, or proceeds thereof, to all or any of the Senior Debt, or any manner of sale or other disposition of any collateral for all or any of the Senior Debt or any other assets of the Company or any of its subsidiaries, (v) any change, restructuring or termination of the corporate structure or existence of the Company or any of its subsidiaries or (vi) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Company or a subordinated creditor.

10. MISCELLANEOUS.

(a) PLAN ADMINISTRATION. The Board shall have full discretionary authority to administer and interpret the Plan. All such determinations by the Board shall be final, binding and conclusive upon all persons.

(b) OBLIGATIONS UNFUNDED. All payments under the Plan will be paid from the general assets of the Company. Except as may be required by Section 9, the Company will not establish any trust or escrow to fund the payment of the Retention Bonuses or the Interim Bonuses. No Participant or Special Participant (or beneficiary or estate of any of them) shall have any preferred claim on, or any beneficial ownership interest in, any assets of the Company, and any rights created under the Plan and the Retention Bonus award letters shall be mere unsecured contractual rights of Participants and the special Participant against the Company.

(c) NO TRANSFER. The payments provided under the Plan are not assignable or transferable. However, should a Participant or the Special Participant die prior to receipt of all or any portion of the Retention Bonus to which he becomes entitled under the Plan, then that unpaid amount shall be paid to the executor or administrator of that Participant's or Special Participant's estate.

(d) SUCCESSORS. The terms and provisions of this Plan shall be binding upon any successor to the Company or its assets.

(e) INTEGRATION. The Plan supersedes any and all prior retention arrangements, programs or plans previously offered by the Company to the Participants and the Special Participant.

(f) TAXES. To the extent the Company determines any such withholding or payroll deductions are required, the Company will withhold taxes and make all other applicable payroll deductions from any payment made pursuant to the Plan.

(g) NO RIGHT TO EMPLOYMENT. No provision of the Plan is intended to provide any Participant or the Special Participant with any right to continue in the employ of the Company or otherwise affect the right of the Company, which right is

hereby expressly reserved, to terminate the employment of any individual at any time for any reason, whether or not for Cause.

(h) AMENDMENTS. No modification or amendment may be made to the Plan without the prior written consent of Lewis O. Coley III, or in the event of his death, by the personal representative of his estate, which modification or amendment must be acceptable to Mr. Coley in his sole and absolute discretion, and which consent may be unreasonably withheld.

(i) APPLICABLE LAW. This Plan shall be governed by the laws of the State of Washington, without giving effect to the conflicts of laws principles thereof.

EXHIBIT A

PARTICIPANTS

PARTICIPANT NAME	RETENTION BONUS
Gary Reinhart	1,650,000
George Dalich	1,250,000
Terry Schmelling	175,000
Steve Pointer	1,500,000
Tim Etringer	125,000
Gene Tasche	1,500,000
Troy Halter	150,000
Bill Bally	200,000
Pat Kofmahl	100,000
Joe Thomas	125,000
Bill Hyatt	125,000
Terry Brown	175,000
Tim Lyon	150,000
Val Bennett	125,000
Don Sanders	125,000
Eric Whitteaker	125,000
Don Hallam	100,000
Tim Minton	200,000
Ken Bradley	125,000
Ken McFadin	275,000
Ray MacDonald	125,000
Tam Gooch	150,000
Dale Turner	100,000
Alan Wiebe	100,000
Rhidian Grant	175,000
Sam Balander	100,000
Scott Krell	150,000
Ruth Schellenberg	100,000
Tim Nair	100,000

Delon Greenhouse	125,000
Tresa Smith	125,000
Tracy Roscher	100,000
Michael Stauffer	125,000
Dan White	100,000
Richard Hughes-Davis	100,000
Felix Chien	150,000
Lane Nissen	125,000
Chris Staley	125,000
Tom Radd	125,000
Nancy Stauffer	100,000
Anita Webster	150,000
Curtis Russell	150,000
Michael Gentry	100,000
Colleen Beckdolt	450,000
Ian Coley	450,000
	$12,000,000

EXHIBIT B

PACIFIC CIRCUITS, INC.
17550 N.E. 67TH COURT
REDMOND, WA 98052

December ____, 1998

Dear Participant:

In recognition of your efforts and the contributions you have made and the future contributions we hope you will continue to make as an employee of Pacific Circuits, Inc. (the "COMPANY"), we are offering you the opportunity to earn a special bonus (the "RETENTION BONUS") in the amount indicated below. The Retention Bonus will be subject to the terms of the Retention Bonus Plan (the "PLAN"), a copy of which is being delivered to you herewith. Pursuant to the terms of the Plan, you will also be eligible to receive semi-annual bonuses ("INTERIM BONUSES") based on the value of your Retention Bonus.

By signing this letter you will be acknowledging and agreeing that (i) you have received a copy of, and have read and understand, the Plan, (ii) your Retention Bonus is subject to vesting and you may forfeit your Retention Bonus in whole or in part upon your termination of employment under circumstances described in Section 8 of the Plan, (iii) your Retention Bonus will not be paid to you until the Payment Date (as defined in the Plan), (iv) payment of your Retention Bonus and your Interim Bonuses may be mandatorily deferred (with interest) under certain circumstances more fully described in the Plan and (v) all amounts payable under the Plan are expressly subordinated to the Senior Debt (as defined in the Plan).

Please note that this letter is not intended as a guarantee of continuing employment or as an employment contract governing any term or condition of your at-will employment with the Company, but as an incentive to you to continue to work for the Company and in appreciation of your service.

In order to acknowledge your acceptance of your Retention Bonus subject to the terms of the Plan and to confirm that you agree to be bound by the terms of the Plan please sign on the line provided below.

PACIFIC CIRCUITS, INC.

Name:---
Title:---

ACKNOWLEDGED AND AGREED:

Print Name:---

Retention Bonus: $[ ]

Exhibit 10.16

PORT OF SKAGIT COUNTY

LEASE AGREEMENT

This is a lease made and entered into this 19th day of July, 1995, by and between the PORT OF SKAGIT COUNTY, a Washington municipal corporation, hereinafter referred to as "Lessor", and PACIFIC CIRCUITS, INC., a Washington corporation, hereinafter-referred to as "Lessee".

W I T N E S E T H:

In consideration of their mutual covenants, agreements and undertakings hereinafter contained, the parties hereto do mutually agree to that which is hereinafter set forth, upon and subject to the following terms, conditions, covenants and provisions:

1. PROPERTY SUBJECT TO THIS-LEASE AGREEMENT: Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the following described premises, situated in the Bayview Business & Industrial Park within unincorporated Skagit County, Washington:

> Lot No. 37 and a portion of Lot No. 36, containing approximately 333,293 square feet (7.65 acres), Port of Skagit County Binding Site Plan. Said property is more particularly described in Exhibit "A" and depicted on map attached as Exhibit "B", both of which are attached hereto and by this reference incorporated herein, and hereinafter called the "premises".

The property referenced above is subject to restrictions, easements, and reservations of record. The Lessor reserves a non-exclusive easement over and across the property to provide ingress and egress to any and all such buildings and areas and other adjacent properties owned by Lessor. Lessor shall exercise said easement so as not to unreasonably interfere with Lessee's use of the property.

2. CONDITION OF PROPERTY. During the initial term of this lease, Lessor will commit to Lessee 120,000 gallons per day of its waste discharge allotment with the City of Burlington. Except as previously stated, Lessee accepts the property in its present condition and is not relying upon any covenants, warranties or representations of Lessor as to its condition or usability, except Lessor's right to grant a lease of the property.

3. TERM. The initial term of this lease shall be for thirty (30) years, beginning 19 day of July, 1995, hereinafter the "commencement date", through 19th day July, 2025, unless sooner terminated or further extended pursuant to any provision of this lease.

Notwithstanding the above, Lessee shall have the right to terminate this lease for any reason within ninety (90) days from the commencement date. In order to make the termination effective, Lessee shall pay to Lessor, together with notice of termination, the sum of Twenty Thousand Dollars ($20,000.00); provided, however, in the event Lessee clears (including removal and disposal of all stumps and downed timber) and grades to finish grade the premises, then Lessee shall be deemed to have satisfied its obligation to pay said Twenty Thousand Dollars ($20,000.00) to Lessor.

4. RENTAL. Lessee shall pay to Lessor as an initial rent for the premises the sum of One Thousand Four Hundred Thirty-Four Dollars and sixty three cents ($1,434.63) per month, plus leasehold tax, payable monthly in advance in U.S. currency. Rental payments will commence on October 1st, 1995.

Lessee hereby acknowledges that late payment by Lessee to the Lessor of rent, or any other sums due hereunder will cause the Lessor to incur costs not otherwise contemplated by this Lease. Accordingly, if any installment of rent or any other sum due from Lessee shall not be received by the Lessor within ten (10) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay the Lessor a late charge equal to 5% of such overdue amount. The parties agree that such late charge represents a fair and reasonable estimate of the costs the Lessor will incur by reason of late payment by Lessee. Acceptance of such late charge by the Lessor shall in no event constitute a waiver of Lessee's default with respect to such overdue amount, nor prevent the Lessor from exercising any of the other rights and remedies granted hereunder. In the event that a late charge is payable in this Lease or otherwise, whether or not collected, for three (3) installments of rent in any 12-month period, then rent shall automatically become due and payable quarterly in advance, rather than monthly notwithstanding the preceding section entitled "RENTAL" or any other provision of this Lease to the contrary. In addition to the late charges provided for in this section, interest shall accrue on rent, or any other sums due hereunder, at the rate of one percent (1%) per month from the date due until paid.

5. OPTION TO EXTEND. Lessee is granted the right to extend this lease for two (2) consecutive ten (10) year option periods by giving written notice of said intention to Lessor not less than thirty (30) days prior to the expiration of the initial term or any extended term, conditioned upon the fact that all terms, covenants and conditions of the initial or extended term have been fully met and fulfilled. All terms and conditions of the initial term shall continue with the exception that the rental shall be adjusted as herein provided.

6. PERIODIC RENTAL ADJUSTMENTS. Commencing on the third anniversary of the commencement date of this lease, and on each third anniversary thereafter during the initial term or an option period, rental shall be adjusted. The date of any such change in rental is called the "Change Date", as defined in paragraph 7 of this lease.

7. PROCEDURE TO DETERMINE ADJUSTED RENTAL.

a. DEFINITIONS: The adjusted rental rate(s) shall be determined in accordance with the formula set forth below. In applying the formula, the following definitions apply:

i. "Bureau" means the U.S. Department of Labor, Bureau of Labor Statistics or any successor agency.

ii. "Change Date" herein shall be the first day of the month following each 36 month period from the commencement date of this lease or any extension thereof as herein provided.

iii. "Price Index" means the U.S. City Average Consumer Price Index for all Urban Consumers issued from time to time by the Bureau, or any other measure hereafter employed by the Bureau in lieu of the price index that measures the cost of living nationally or if said Bureau should cease to issue such indices and any other agency of the United States should perform substantially the same function, then the indices issued by such other agency.

b. FORMULA: The rental rate(s) being adjusted shall be multiplied by a multiplier equal to the change in the Price Index computed as follows: (Rental being adjusted) times (Price Index for the most recent month divided by the Price Index for the month of

the most recent Change Date in rental). The Price Index in effect at the commencement of this lease is 152.2 (1982-84 = 100) for the month of May, 1995.

8. SECURITY FOR RENT. To secure the rent hereunder, Lessee agrees to furnish, in form and content satisfactory to Lessor, rental insurance, bond or other security to the Lessor in an amount equal to one (1) year's rental.

9. HOLD HARMLESS PROVISIONS, LIABILITY AND INDEMNITY. The Lessor, its officers, employees and agents, shall not be liable for any injury (including death) or damage to any persons or to any property sustained or alleged to have been sustained by the Lessee or by others as a result of any condition (including existing or future defects in the premises), or occurrence whatsoever related in any way to the premises or related in any way to the Lessee's use of the premises or Lessee's performance under this lease, except to the extent such damage be caused by negligence of the Lessor. Lessee agrees to defend and hold and save the Lessor, its officers, employees and agents, harmless from any and all liability or expense (including expense of litigation) in connection with any such items of actual or alleged injury or damage, except to the extent such items of actual or alleged injury or damage are caused by the negligence of Lessor. In addition, the Lessee shall, at its own expense, maintain throughout the term of this lease, proper liability insurance with a reputable insurance company or companies satisfactory to the Lessor in the minimum of $500,000.00 single limit liability, including fire legal liability and a comprehensive general liability broadening endorsement (and hereafter in such increased amounts to be comparable and consistent with the going or standard coverage in the area for comparable business operations), to indemnify both the Lessor and Lessee against any such liability or expense. The Lessor shall be named as one of the insureds, and shall be furnished a copy of such policy or policies of insurance or certificate of such insurance coverage by the Lessor, or both, at the Lessor's election. Each certificate of insurance shall provide that the insurance policy or policies are not subject to cancellation without at least thirty (30) days advance written

notice of such cancellation having been first given to the Lessor.

10. BUSINESS PURPOSE AND TYPE OF ACTIVITY. It is understood and agreed that Lessee intends to erect structures and improvements upon the premises for production of electronic circuit boards, and to conduct such other

activities incidental and related thereto. It is further understood that the above activities are the only types of activities to be conducted upon the premises. Failure to perform the above type of business or cessation of such business or carrying on of other activities without first obtaining a lease modification with Lessor's written approval of such other activities shall constitute a default by Lessee of this lease.

11. CONSTRUCTION OF IMPROVEMENTS. Lessee will spend over nine million dollars ($9,000,000) for improvements and equipment to be situated on the premises. Said improvements and equipment will remain the property of Lessee during the term of the lease. Lessee will not commence construction of any improvements without prior written consent of Lessor. Lessee shall submit to Lessor all plans and specifications relating to such construction of improvements, in accordance with Lessor's Bayview Business and Industrial Park Development Standards. Lessee shall comply with all regulations of federal, county, and state governments in the construction of all improvements.

12. DISPOSITION OF IMPROVEMENTS AT END OF LEASE. Lessee shall have the right to remove all buildings, equipment, personal property and trade fixtures which may have been placed upon the premises by Lessee during the period of this lease, provided that the same are removed by the conclusion of the lease and that the lease is in good standing. All improvements not removed from the premises by the conclusion of the lease shall become the property of the Lessor. If Lessee does not remove by the conclusion of this lease all equipment, personal property and trade fixtures which have been placed on the premises by Lessee and Lessor wants the same property removed, then Lessor after thirty (30) days written notice to Lessee, shall thereafter remove and store the same at Lessee's expense and Lessor shall recover any cost and expenses from the Lessee resulting from the removal. Following removal of said described property, the premises shall then be restored by Lessee to a condition requiring Lessor to only undertake normal excavation for construction of a new building, or to such other condition satisfactory to Lessor prior to termination of this lease.

13. OFF STREET PARKING. Lessee agrees to provide space for the parking of vehicles in the number necessary to comply with zoning and development/land use plan requirements on property included within this lease; and not to use any public streets, rights of way or other properties not included in this lease for the parking of said vehicles.

14. LESSEE WILL OBTAIN PERMITS. Lessee agrees to obtain and comply with all necessary permits for the operation and conduct of Lessee's business and construction of any leasehold improvements. If Lessee fails to obtain and comply with such permits, then Lessee accepts full responsibility for any and all costs incurred by the Lessor, including reasonable attorney's fees, occasioned by Lessee failing to obtain and/or comply with such permits. Lessee agrees to hold the Lessor harmless from any liability and to fully reimburse expenses of the Lessor for Lessee's failure to obtain and/or fully comply with any necessary permit.

15. MAINTENANCE OF FACILITIES. Lessee shall be responsible for all maintenance and/or repair of the leased premises and all improvements thereon. The premises shall be maintained in such condition so as not to create a hazard nor be unsightly, and shall at all times conform to existing laws.

16. UTILITIES. Lessee agrees to pay for all public utilities which shall be used in or charged against the premises, and to hold the Lessor harmless from such charges.

17. ADVERTISING AND SIGNS. No signs or other advertising matter, symbols, canopies or awnings shall be installed, attached to or painted on the premises without the prior written approval of the Lessor's Executive Director.

18. LIENS. Lessee shall keep the leased premises free from any liens arising out of work performed, materials furnished, or obligations incurred by Lessee.

Lessee may contest any lien of the nature set forth in the preceding sentence hereof or any tax, assessment, or other charge which Lessee shall pay under sections entitled "UTILITIES" and/or "TAXES", provided that Lessee notifies the Lessor, in writing, of its intention to do so within sixty (60) days of the filing of such lien or within thirty (30) days of receipt of notice of such tax, assessment, or other charge; and provided further that Lessee posts a bond or other security with the Lessor, prior to the contest, in an amount

equal to the amount of the contested lien or tax, assessment, or other charge.

Within sixty (60) days of the determination of the validity thereof, Lessee shall satisfy and discharge such lien or pay and discharge such tax, assessment, or other charge and all penalties, interest, and costs in connection therewith. Satisfaction and discharge of any such lien shall not be delayed until execution is had on any judgment rendered

thereon, nor shall the payment and discharge of any such tax, assessment, or other charge be delayed until sale is made of the whole or any part of Lessee's property on account thereof. Any such delay shall be a default of Lessee hereunder.

In the event of any such contest, Lessee shall protect and indemnify the Lessor against all loss, expense, and damage resulting therefrom.

19. TAXES. Lessee shall be liable for, and shall pay throughout the term of this lease, all license fees and excise taxes payable for, or on account of, the activities conducted on the premises and all taxes on the property of Lessee on the premises and any taxes on the premises and/or on the leasehold interest created by this lease and/or any taxes levied in lieu of a tax on said leasehold interest and/or any taxes levied on, or measured by, the rental payable hereunder, whether imposed on Lessee or on the Lessor. With respect to any such taxes payable by the Lessor which are on or measured by the rent payments hereunder, Lessee shall pay to the Lessor with each rent payment an amount equal to the tax on, or measured by, that particular payment. All other tax amounts for which the Lessor is or will be entitled to reimbursement from Lessee shall be payable by Lessee to the Lessor at least fifteen (15) days prior to the due dates of the respective tax amounts involved; provided, that Lessee shall be entitled to a minimum of ten (10) days written notice of the amounts payable by it.

20. LAWS AND REGULATIONS. The Lessee agrees to conform to and abide by all lawful rules, codes, laws and regulations of the United States, the State of Washington, and any municipality or agency of any of said entities, including rules and regulations of Lessor, where applicable to the Lessee's use and operation of said premises, including the construction of any improvements thereon, and not to permit said premises to be used in violation of any said rules, codes, laws or regulations.

21. ALTERATIONS. Lessee shall not make material alterations to the leased premises without first obtaining the written consent of the Lessor.

22. COMMIT NO WASTE. Lessee agrees not to allow conditions of waste and refuse to exist on the premises and to keep the premises in a neat, clean, and orderly condition.

23. COSTS AND ATTORNEYS' FEES. In the event it is necessary for either party herein to bring an action to enforce the terms, conditions or covenants of this lease, then

the prevailing party shall be entitled to reasonable attorneys' fees, costs and necessary disbursements.

24. EQUAL OPPORTUNITY. Lessee agrees that in the conduct of activities on the premises it will be an equal opportunity employer in accordance with Title 6 of the 1964 Civil Rights Act.

25. TERMINATION. Upon termination of this lease or any extension thereof, whether by expiration of the stated term or sooner termination thereon as herein provided, Lessee shall surrender to Lessor said premises peaceably and quietly and in the restored condition required under paragraph 12 herein.

26. DEFAULT AND RE-ENTRY. Time is of the essence of this agreement. If (i) (a) any rent or other payment due from Lessee hereunder remains unpaid for more than thirty (30) days after the date it is due; (b) Lessee files a voluntary petition in bankruptcy or makes a general assignment to the benefit of, or a general arrangement with, creditors; (c) there is an involuntary bankruptcy filed against Lessee that has not been dismissed within thirty (30) days of filing; (d) Lessee becomes insolvent; or (e) a receiver, trustee, or liquidating officer is appointed for Lessee's business; or (ii) Lessee violates or breaches any of the other covenants, agreements, stipulations or conditions herein, and such violation of breach shall continue for a period of forty-five (45) days after written notice of such violation or breach is sent to Lessee, then Lessor may at its option, declare this lease forfeited and the term hereof ended, or without terminating this lease elect to re-enter and attempt to relet, in which event Lessee authorizes Lessor to relet the premises or any part thereof for such term or terms (which may be for a term, extending beyond the term of this lease) and at such rental or rentals and upon

such other terms and conditions as Lessor in its sole discretion deems advisable. Upon each such reletting, all rentals received by Lessor from such reletting shall be applied, first, to the payment of any amounts other than rent due hereunder from Lessee to Lessor; second, to the payment of any costs and expenses of such reletting and renovation, including brokerage fees and attorneys' fees; third, to the payment of rent due and unpaid hereunder, and the residue, if any shall be held by Lessor and applied to payment of future rent as the same may become due and payable hereunder. If rental received from such reletting during any month are less than that to be paid during that month by Lessee hereunder, Lessee shall pay any such deficiency to Lessor, and Lessee covenants and agrees to pay Lessor for all other expenses resulting from its default, including, but not

limited to, brokerage commissions, attorneys fees and the reasonable cost of converting the premises for the benefit of the next Lessee. Delinquent rental and other payments shall bear interest at the rate of twelve percent (12%) per annum from the date due until paid. In the event of any default hereunder and entry in, or taking possession of, the premises, Lessor shall have the right, but not the obligation, to remove from the premises all personal property located therein, and may store the same in any place selected by Lessor, including but not limited to a public warehouse, at the expense and risk of the owners thereof, with the right to sell such stored property, without notice to Lessee, after it has been stored for a period of thirty (30) days or more, with the proceeds of such sale to be applied to the cost of such sale and to the payment of charges for storage, and to the payment of any other sums of money which may then be due from Lessee to Lessor under any of the terms hereof.

27. ASSIGNMENT AND SUBLEASE. Lessee shall not, by operation of law or otherwise, assign or sublease any portion of the premises without Lessor's prior written consent, which consent shall not be unreasonably withheld, provided, as a condition to any assignment or sublease, Lessor may revise the rental to be consistent with its then current rental policy. The consent of Lessor to any assignment or sublease shall not in any manner be construed to relieve Lessee from obtaining Lessor's express written consent to any other or further assignment or sublease.

28. LESSOR'S RIGHT TO ENTER PREMISES. Lessor and/or its authorized representatives shall have the right to enter the premises upon three days written notice for any of the following purposes:

a. To determine whether or not the premises are in good condition or whether the Lessee is complying with its obligations under this lease;

b. To do any necessary maintenance and to make any restoration to the premises that the Lessor has the right or obligation to perform;

c. To post "For Rent" or "For Lease" signs during any period that the Lessee is in default; and

d. To repair, maintain or improve the premises;

and upon reasonable notice to do any other act or thing necessary for the immediate safety or preservation of the premises.

Lessor shall not be liable in any manner for any inconvenience, disturbance, loss of business, nuisance, or other damage arising out of the Lessor's entry onto the premises as provided in this paragraph. Lessor shall conduct its activities on the premises as provided herein in a manner that will cause the least inconvenience, annoyance or disturbance to the Lessee.

29. RIGHT OF QUIET ENJOYMENT. Lessor acknowledges that it has ownership of the premises heretofore described and that it has the legal authority to lease said premises unto Lessee. Lessor covenants that Lessee's right of occupancy shall not be disturbed during the term of this lease so long as the terms are complied with by Lessee and subject to the provisions of paragraph 28.

30. TIME IS OF THE ESSENCE. It is mutually agreed and understood that time is of the essence of this lease and that a waiver of any default of Lessee shall not be construed as a waiver of any subsequent default, and that any notice required to be given under this lease may be given in accordance with that which is set forth in paragraph 34 of this lease.

31. WAIVER OF SUBROGATION. Lessor hereby releases Lessee from any and all right, claim and demand that Lessor may hereafter have against Lessee, or Lessee's successors or assigns, arising out of or in connection with any loss or losses occasioned by fire and such items as are included under the normal

extended coverage clauses of fire insurance policies, and does hereby waive all rights of subrogation in favor of insurance carriers against Lessee arising out of any losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies and sustained by Lessor in or around the premises. Lessee hereby releases Lessor from any and all right, claim and demand that Lessee may hereafter have against Lessor or Lessor's successors or assigns, arising out of or in connection with any loss or losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies, and does hereby waive all rights of subrogation in favor of insurance carriers against Lessor arising out of any losses occasioned by fire and such items as are included under the normal extended coverage clauses of fire insurance policies and sustained by Lessee in or around the premises. The waivers provided for in this

paragraph shall be applicable and effective only in the event such waivers are obtained from the insurance carriers concerned.

32. FEDERAL AVIATION ADMINISTRATION REQUIREMENTS.

Lessee agrees:

a. To prevent any operation on the leased premises which would produce electromagnetic radiations of a nature which would cause interference with any existing or future navigational aid or communication serving Skagit Regional Airport, or which would create any interfering or confusing light or in any way restrict visibility at the Airport.

b. To prevent any use of the leased premises which would interfere with landing or taking off of aircraft at Skagit Regional Airport, or otherwise constitute an airport hazard.

33. RETENTION OF AIRSPACE RIGHTS BY LESSOR. Lessor retains the public and private right of flight for the passage of aircraft in the airspace above the surface of the premises hereinbefore described, together with the right to cause in said airspace such noise as may be inherent in the operation of aircraft, now known or as hereinafter used, for navigation of or flight in said airspace and for use of said airspace for taking off from, landing on or operating at Skagit Regional Airport.

34. NOTICE. All notices and payments hereunder may be delivered or mailed. If delivered by messenger, courier (including overnight air courier) or facsimile transmittal, they shall be deemed delivered when received at the street addresses or facsimile numbers listed below. All notices and payments mailed, whether sent by regular post or by certified or registered mail, shall be deemed to have been given on the third business day following the date of mailing, if properly mailed to the mailing addresses provided below, and shall be conclusive evidence of the date of mailing. The parties may designate new or additional addresses for mail or delivery by providing notice to the other party as provided in this section.

TO LESSOR:

Street Address:	Mailing Address:
Port of Skagit County Attention: Executive Director 1180 Airport Drive Burlington, WA 98233	Port of Skagit County Attention: Executive Director P.O. Box 348 Burlington, WA 98233

Phone No.: (360) 757-0011
FAX No.: (360) 757-0014

TO LESSEE:

Street Address:	Mailing Address:
Pacific Circuits, Inc. Attention: Trey Coley, President Pacific Circuits, Inc. 17550 N.E. 67th Court Redmond, WA 98052	Pacific Circuits, Inc. Attention: Trey Coley, President Pacific Circuits, Inc. 17550 N.E. 67th Court Redmond, WA 98052

Phone No.: (206) 883-7575
FAX No.: (206) 882-1268

and to

Don E. Dascenzo
Inslee, Best, Doezie & Ryder, P.S.
777 - l08th Avenue N.E., Suite 1900, P.0. Box C-90016
Bellevue, WA 98009-9016

Phone No.: (206) 455-1234
Fax No.: (206) 635-7720

35. LESSEE'S FIRE INSURANCE COVERAGE. Lessee shall at Lessee's expense maintain on all of Lessee's personal property and leasehold improvements and alterations on the premises, a policy of standard fire insurance, with extended coverage in the amount of their replacement value.

36. BAYVIEW BUSINESS AND INDUSTRIAL PARK COVENANTS, ORDINANCES AND REGULATIONS. Lessee understands that the area leased is within the Lessor's Bayview Business and Industrial Park, situated in Industrial Development District No. 1. Lessor has or may promulgate and adopt ordinances, regulations and covenants for the orderly care, maintenance, development

and control of all property within said district and all Lessee's use thereof. Lessee agrees to comply with such covenants, ordinances and regulations in force as of the date of this lease and all other covenants, ordinances and regulations which may be promulgated by Lessor.

37. VALIDATION. IN WITNESS WHEREOF, Lessor has caused this instrument to be signed by its President and Secretary, on the date and year first above written.

LESSOR:

PORT OF SKAGIT COUNTY

/s/ Brian J. Rolfson

Brian J. Rolfson, Commission President

/s/ Thomas F. Perkins

Thomas F. Perkins, Commission Secretary

LESSEE:

PACIFIC CIRCUITS, INC.

By: /s/ Lewis O. Coley

Lewis O. Coley, III (Trey), Its President

STATE OF WASHINGTON)
) SS
COUNTY OF King)

On this 19th day of July, 1995, before me personally appeared Lewis O. Coley, III (Trey) to me known to be the President of the corporation that executed the within and foregoing instrument, and acknowledged said instrument to be free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said corporation.

IN WITNESS WHEREOF I have hereunto set my hand and affixed my official seal the day and year first above written.

/s/ ANITA K. WEBSTER

(Signature)

ANITA K. WEBSTER

(Print Name)

NOTARY PUBLIC in and for the State of Washington
Residing at Redmond/King
My appointment expires: 3-30-98

[SEAL]

EXHIBIT "A"

[LETTERHEAD]

September 16, 1994 Job No. 94234

LEGAL DESCRIPTION FOR: Port of Skagit County

Lot 37 of "Skagit Regional Airport Binding Site Plan" recorded in Book 7 of Short Plats, Pages 111 through 120, records of Skagit County, Washington, under Auditor's File No. 860825002.

TOGETHER WITH that portion of Lot 36 of said "Skagit Regional Airport Binding Site Plan" described as follows:

> Beginning at the Southeast corner of said Lot 36; thence North 1" 01' 59" East, along the East line of said Lot 36, a distance of 640,000 feet to the Northeast corner of said Lot 36; thence North 88" 58' 01" West, along the North line of said Lot 36, a distance of 63.59 feet; thence South 7" 47' 51" West 544.49 feet to a point on the South line of said Lot 36; thence South 88" 56' 01" East, along said South line of Lot 36, a distance of 139.49 feet to the POINT OF BEGINNING.

SITUATE in the County of Skagit, State of Washington.

EXHIBIT "B"

[SITE PLAN]

Exhibit 10.17

AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION

STANDARD INDUSTRIAL/COMMERCIAL SINGLE-TENANT LEASE - NET
(DO NOT USE THIS FORM FOR MULTI-TENANT BUILDINGS)

1. BASIC PROVISIONS ("BASIC PROVISIONS")

1.1 PARTIES: This Lease ("Lease"), dated for reference purposes only MARCH 9, 1998, is made by and between HARBOR BUILDING, LLC ("LESSOR") and POWER CIRCUITS, INC. ("LESSEE"), (collectively the "PARTIES," or individually a "PARTY").

1.2 PREMISES: That certain real property, including all improvements therein or to be provided by Lessor under the terms of this Lease, and commonly known as 2630-2640 SOUTH HARBOR BOULEVARD, SANTA ANA, located in the County of ORANGE, State of CALIFORNIA, and generally described as (describe briefly the nature of the property and, if applicable, the "PROJECT", if the property is located within a Project) THE PARCEL OF LAND LOCATED AT THE SOUTHWEST CORNER OF SOUTH HARBOR BOULEVARD AND CRODDY WAY, WITH TWO COMMERCIAL BUILDINGS AND RELATED IMPROVEMENTS. ("PREMISES"). (See also Paragraph 2)

1.3 TERM: TWENTY (20) years and 0 months ("ORIGINAL TERM") commencing MARCH 9, 1998 ("COMMENCEMENT DATE") and ending MARCH 9, 2018 ("EXPIRATION DATE"). (See also Paragraph 3)

1.4 EARLY POSSESSION: NONE ("EARLY POSSESSION DATE"). (See also Paragraphs 3.2 and 3.3)

1.5 BASE RENT: $ SEE EXHIBIT A per month ("BASE RENT"), payable on the_____day of each month commencing_____(See also Paragraph 4)

/ / If this box is checked, there are provisions in this Lease for the Base Rent to be adjusted.

1.6 BASE RENT PAID UPON EXECUTION: $ 17,064.52 as Base Rent for the period MARCH 9 - MARCH 31, 1998

1.7 SECURITY DEPOSIT: $ NONE ("SECURITY DEPOSIT") (See also Paragraph 5)

1.8 AGREED USE: COMMERCIAL, LIGHT INDUSTRIAL, WAREHOUSING AND OFFICE USES, CONSISTENT WITH APPLICABLE LAW, REGULATION OR ADMINISTRATIVE DECISION. (See also Paragraph 6)

1.9 INSURING PARTY. Lessor is the "INSURING PARTY" unless otherwise stated herein. (See also Paragraph 8)

1.10 REAL ESTATE BROKERS: (See also Paragraph 15)

(a) REPRESENTATION: The following real estate brokers (collectively, the "BROKERS") and brokerage relationships exist in this transaction (check applicable boxes):

/ / _____ represents Lessor exclusively ("LESSOR'S BROKER");
/ / _____ represents Lessee exclusively ("LESSEE'S BROKER");
/ / _____ represents both Lessor and Lessee ("DUAL AGENCY").

(b) PAYMENT TO BROKERS: Upon execution and delivery of this Lease by both Parties, Lessor shall pay to the Broker the fee agreed to in their separate written agreement (or if there is no such agreement, the sum of % of the total Base Rent for the brokerage services rendered by said Broker).

1.11 GUARANTOR. The obligations of the Lessee under this Lease are to be guaranteed by ----- ("GUARANTOR"). (See also Paragraph 37)

1.12 ADDENDA AND EXHIBITS. Attached hereto is an Addendum or Addenda consisting of Paragraphs_____through_____and Exhibit A, BASE RENT, all of which constitute a part of this Lease.

2. PREMISES.

2.1 LETTING. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, the Premises, for the term, at the rental, and upon all of the terms, covenants and conditions set forth in this Lease. Unless otherwise provided herein, any statement of size set forth in this Lease, or that may have been used in calculating rental, is an approximation which the Parties agree is reasonable and the rental based thereon is not subject to revision whether or not the actual size is more or less.

2.2 CONDITION. Lessor shall deliver the Premises to Lessee broom clean

and free of debris on the Commencement Date or the Early Possession Date, whichever first occurs ("START DATE"), and, so long as the required service contracts described in Paragraph 7.1(b) below are obtained by Lessee within thirty (30) days following the Start Date, warrants that the existing electrical, plumbing, fire sprinkler, lighting, heating, ventilating and air conditioning systems ("HVAC"), loading doors, if any, and all other such elements in the Premises, other than those constructed by Lessee, shall be in good operating condition on said date and that the structural elements of the roof, bearing walls and foundation of any buildings on the Premises (the "BUILDING") shall be free of material defects. If a non-compliance with said warranty exists as of the Start Date, Lessor shall, as Lessor's sole obligation with respect to such matter, except as otherwise provided in this Lease, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify same at Lessor's expense. If, after the Start Date, Lessee does not give Lessor written notice of any non-compliance with this warranty within: (i) one year as to the surface of the roof and the structural portions of the roof, foundations and bearing walls, (ii) six (6) months as to the HVAC systems, (iii) thirty (30) days as to the remaining systems and other elements of the Building, correction of such non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense.

2.3 COMPLIANCE. Lessor warrants that the improvements on the Premises comply with all applicable laws, covenants or restrictions of record, building codes, regulations and ordinances ("APPLICABLE REQUIREMENTS") in effect on the Start Date. Said warranty does not apply to the use to which Lessee will put the Premises or to any Alterations or Utility Installations (as defined in Paragraph 7.3(a)) made or to be made by Lessee. NOTE: Lessee is responsible for determining whether or not the zoning is appropriate for Lessee's intended use, and acknowledges that past uses of the Premises may no longer be allowed. If the Premises do not comply with said warranty, Lessor shall, except as otherwise provided, promptly after receipt of written notice from Lessee setting forth with specificity the nature and extent of such non-compliance, rectify the same at Lessor's expense. If Lessee does not give Lessor written notice of a non-compliance with this warranty within six (6) months following the Start Date, correction of that non-compliance shall be the obligation of Lessee at Lessee's sole cost and expense. If the Applicable Requirements are hereafter changed (as opposed to being in existence at the Start Date, which is addressed in Paragraph 6.2(e) below) so as to require during the term of this Lease the construction of an addition to or an alteration of the Building, the remediation of any Hazardous Substance, or the reinforcement or other physical modification of the Building ("CAPITAL EXPENDITURE"), Lessor and Lessee shall allocate the cost of such work as follows:

(a) Subject to Paragraph 2.3(c) below, if such Capital Expenditures are required as a result of the specific and unique use of the Premises by Lessee as compared with uses by tenants in general, Lessee shall be fully responsible for the cost thereof, provided, however that if such Capital Expenditure is required during the last two (2) years of this Lease and the cost thereof exceeds six (6) months' Base Rent, Lessee may instead terminate this Lease unless Lessor notifies Lessee, in writing, within ten (10) days after receipt of Lessee's termination notice that Lessor has elected to pay the difference between the actual cost thereof and the amount equal to six (6) months' Base Rent. If Lessee elects termination, Lessee shall immediately cease the use of the Premises which requires such Capital Expenditure and deliver to Lessor written notice specifying a termination date at least ninety (90) days thereafter. Such termination date shall, however, in no event be earlier than the last day that Lessee could legally utilize the Premises without commencing such Capital Expenditure.

(b) If such Capital Expenditure is not the result of the specific and unique use of the Premises by Lessee (such as, governmentally mandated seismic modifications), then Lessor and Lessee shall allocate the obligation to pay for such costs pursuant to the provisions of Paragraph 7.1(c); provided, however, that if such Capital Expenditure is required during the last two years of this Lease or if Lessor reasonably determines that it is not economically feasible to pay its share thereof, Lessor shall have the option to terminate this Lease upon ninety (90) days prior written notice to Lessee unless Lessee notifies Lessor, in writing, within ten (10) days after receipt of Lessor's termination notice that Lessee will pay for such Capital Expenditure. If Lessor does not elect to terminate, and fails to tender its share of any such Capital Expenditure, Lessee may advance such funds and deduct same, with Interest, from Rent until Lessor's share of such costs have been fully paid. If Lessee is unable to finance Lessor's share, or if the balance of the Rent due and payable for the remainder of this Lease is not sufficient to fully reimburse Lessee on an offset basis, Lessee shall have the right to terminate this Lease upon thirty (30) days written notice to Lessor.

(c) Notwithstanding the above, the provisions concerning Capital Expenditures are intended to apply only to non-voluntary, unexpected, and new Applicable Requirements. If the Capital Expenditures are instead

triggered by Lessee as a result of an actual or proposed change in use, change in intensity of use, or modification to the Premises then, and in that event, Lessee shall be fully responsible for the cost thereof, and Lessee shall not have any right to terminate this Lease.

2.4 ACKNOWLEDGEMENTS. Lessee acknowledges that: (a) it has been advised by Lessor and/or Brokers to satisfy itself with respect to the condition of the Premises (including but not limited to the electrical, HVAC and fire sprinkler systems, security, environmental aspects, and compliance with Applicable Requirements), and their suitability for Lessee's Intended use, (b) Lessee has made such investigation as it deems necessary with reference to such matters and assumes all responsibility therefor as the same relate to its occupancy of the Premises, and (c) neither Lessor, Lessor's agents, nor any Broker has made any oral or written representations or warranties with respect to said matters other than as set forth in this Lease. In addition, Lessor acknowledges that: (a) Broker has made no representations, promises or warranties concerning Lessee's ability to honor the Lease or suitability to occupy the Premises, and (b) it is Lessor's sole responsibility to investigate the financial capability and/or suitability of all proposed tenants.

2.5 LESSEE AS PRIOR OWNER/OCCUPANT. The warranties made by Lessor in Paragraph 2 shall be of no force or effect if immediately prior to the Start Date Lessee was the owner or occupant of the Premises. In such event, Lessee shall be responsible for any necessary corrective work.

3. TERM.

3.1 TERM. The Commencement Date, Expiration Date and Original Term of this Lease are as specified in Paragraph 1.3.

3.2 EARLY POSESSION. If Lessee totally or partially occupies the Premises prior to the Commencement Date, the obligation to pay Base Rent shall be abated for the period of such early possession. All other terms of this Lease (including but not limited to the obligations to pay Real Property Taxes and insurance premiums and to maintain the Premises) shall, however, be in effect during such period. Any such early possession shall not affect the Expiration Date.

3.3 DELAY IN POSSESSION. Lessor agrees to use its best commercially reasonable efforts to deliver possession of the Premises to Lessee by the Commencement Date. If, despite said efforts, Lessor is unable to deliver possession as agreed, Lessor shall not be subject to any liability therefor, nor shall such failure affect the validity of this Lease. Lessee shall not, however, be obligated to pay Rent or perform its other obligations until it receives possession of the Premises. If possession is not delivered within sixty (60) days after the Commencement Date, Lessee may, at its option, by notice in writing within ten (10) days after the end of such sixty (60) day period, cancel this Lease, in which event the Parties shall be discharged from all obligations hereunder. If such written notice is not received by Lessor within said ten (10) day period, Lessee's right to cancel shall terminate. Except as otherwise provided, if possession is not tendered to Lessee by the Start Date and Lessee does not terminate this Lease, as aforesaid, any period of rent abatement that Lessee would otherwise have enjoyed shall run from the date of delivery of possession and continue for a period equal to what Lessee would otherwise have enjoyed under the terms hereof, but minus any days of delay caused by the acts or omissions of Lessee. If possession of the Premises is not delivered within four (4) months after the Commencement Date, this Lease shall terminate unless other agreements are reached between Lessor and Lessee, in writing.

3.4 LESSEE COMPLIANCE. Lessor shall not be required to tender possession of the Premises to Lessee until Lessee complies with its obligation to provide evidence of insurance (Paragraph 8.5). Pending delivery of such evidence, Lessee shall be required to perform all of its obligations under this Lease from and after the Start Date, including the payment of Rent, notwithstanding Lessor's election to withhold possession pending receipt of such evidence of insurance. Further, if Lessee is required to perform any other conditions prior to or concurrent with the Start Date, the Start Date shall occur but Lessor may elect to withhold possession until such conditions are satisfied.

4. RENT.

4.1 RENT DEFINED. All monetary obligations of Lessee to Lessor under the terms of this Lease (except for the Security Deposit) are deemed to be rent ("RENT").

4.2 PAYMENT. Lessee shall cause payment of Rent to be received by Lessor in lawful money of the United States, without offset or deduction (except as specifically permitted in this Lease), on or before the day on which it is due. Rent for any period during the term hereof which is for less than one (1) full calendar month shall be prorated based upon the actual number of days of said month. Payment of Rent shall be made to Lessor at its address stated herein or to such other persons or place as Lessor may from time to time designate in writing. Acceptance of a payment which is less than the amount then due shall not be a waiver of Lessor's rights to the balance of such Rent, regardless of

Lessor's endorsement of any check so stating.

5. SECURITY DEPOSIT. Lessee shall deposit with Lessor upon execution hereof the Security Deposit as security for Lessee's faithful performance of its obligations under this Lease. If Lessee fails to pay Rent, or otherwise Defaults under this Lease, Lessor may use, apply or retain all or any portion of said Security Deposit for the payment of any amount due Lessor or to reimburse or compensate Lessor for any liability, expense, loss or damage which Lessor may suffer or incur by reason thereof. If Lessor uses or applies all or any portion of said Security Deposit, Lessee shall within ten (10) days after written request therefor deposit monies with Lessor sufficient to restore said Security Deposit to the full amount required by this Lease. If the Base Rent increases during the term of this Lease, Lessee shall, upon written request from Lessor, deposit additional moneys with Lessor so that the total amount of the Security Deposit shall at all times bear the same proportion to the increased Base Rent as the initial Security Deposit bore to the initial Base Rent. Should the Agreed Use be amended to accommodate a material change in the business of Lessee or to accommodate a sublessee or assignee, Lessor shall have the right to increase the Security Deposit to the extent necessary, in Lessor's reasonable judgment, to account for any increased wear and tear that the Premises may suffer as a result thereof. If a change in control of Lessee occurs during this Lease and following such change the financial condition of Lessee is, in Lessor's reasonable judgment, significantly reduced, Lessee shall deposit such additional monies with Lessor as shall be sufficient to cause the Security Deposit to be at a commercially reasonable level based on said change in financial condition. Lessor shall not be required to keep the Security Deposit separate from its general accounts. Within fourteen (14) days after the expiration or termination of this Lease, if Lessor elects to apply the Security Deposit only to unpaid Rent, and otherwise within thirty (30) days after the Premises have been vacated pursuant to Paragraph 7.4(c) below, Lessor shall return that portion of the Security Deposit not used or applied by Lessor. No part of the Security Deposit shall be considered to be held in trust, to bear interest or to be prepayment for any monies to be paid by Lessee under this Lease.

6. USE.

6.1 USE. Lessee shall use and occupy the Premises only for the Agreed Use, or any other legal use which is reasonably comparable thereto, and for no other purpose. Lessee shall not use or permit the use of the Premises in a manner that is unlawful, creates damage, waste or a nuisance, or that disturbs owners and/or occupants of, or causes damage to neighboring properties. Lessor shall not unreasonably withhold or delay its consent to any written request for a modification of the Agreed Use, so long as the same will not impair the structural integrity of the improvements on the Premises or the mechanical or electrical systems therein, is not significantly more burdensome to the Premises. If Lessor elects to withhold consent, Lessor shall within five (5) business days after such request give written notification of same, which notice shall include an explanation of Lessor's objections to the change in use.

6.2 HAZARDOUS SUBSTANCES.

(a) REPORTABLE USES REQUIRE CONSENT. The term "HAZARDOUS SUBSTANCE" as used in this Lease shall mean any product, substance, or waste whose presence, use, manufacture, disposal, transportation, or release, either by itself or in combination with other materials expected to be on the Premises, is either: (i) potentially injurious to the public health, safety or welfare, the environment or the Premises, (ii) regulated or monitored by any governmental authority, or (iii) a basis for potential liability of Lessor to any governmental agency or third party under any applicable statute or common law theory. Hazardous Substances shall include, but not be limited to, hydrocarbons, petroleum, gasoline, and/or crude oil or any products, by-products or fractions thereof. Lessee shall not engage in any activity in or on the Premises which constitutes a Reportable Use of Hazardous Substances without the express prior written consent of Lessor and timely compliance (at Lessee's expense) with all Applicable Requirements. "REPORTABLE USE" shall mean (i) the installation or use of any above or below ground storage tank, (ii) the generation, possession, storage, use, transportation, or disposal of a Hazardous Substance that requires a permit from, or with respect to which a report, notice, registration or business plan is required to be filed with, any governmental authority, and/or (iii) the presence at the Premises of a Hazardous Substance with respect to which any Applicable Requirements requires that a notice be given to persons entering or occupying the Premises or neighboring properties. Notwithstanding the foregoing, Lessee may use any ordinary and customary materials reasonably required to be used in the normal course of the Agreed Use, so long as such use is in compliance with all Applicable Requirements, is not a Reportable Use, and does not expose the Premises or neighboring property to any meaningful risk of contamination or damage or expose Lessor to any liability therefor. In addition, Lessor may condition its consent to any Reportable Use upon receiving such additional assurances as Lessor reasonably deems necessary to protect itself, the public, the Premises and/or

the environment against damage, contamination, injury and/or liability, including, but not limited to, the installation (and removal on or before Lease expiration or termination) of protective modifications (such as concrete encasements) and/or increasing the Security Deposit.

(b) DUTY TO INFORM LESSOR. If Lessee knows, or has reasonable cause to believe, that a Hazardous Substance has come to be located in, on, under or about the Premises, other than as previously consented to by Lessor, Lessee shall immediately give written notice of such fact to Lessor, and provide Lessor with a copy of any report, notice, claim or other documentation which it has concerning the presence of such Hazardous Substance.

(c) LESSEE REMEDIATION. Lessee shall not cause or permit any Hazardous Substance to be spilled or released in, on, under, or about the Premises (including through the plumbing or sanitary sewer system) and shall promptly, at Lessee's expense, take all investigatory and/or remedial action reasonably recommended, whether or not formally ordered or required, for the cleanup of any contamination of, and for the maintenance, security and/or monitoring of the Premises or neighboring properties, that was caused or materially contributed to by Lessee, or pertaining to or involving any Hazardous Substance brought onto the Premises during the term of this Lease, by or for Lessee, or any third party.

(d) LESSEE INDEMNIFICATION. Lessee shall indemnify, defend and hold Lessor, its agents, employees, lenders and ground lessor, if any, harmless from and against any and all loss of rents and/or damages, liabilities, judgments, claims, expenses, penalties, and attorneys' and consultants' fees arising out of or involving any Hazardous Substance brought onto the Premises by or for Lessee, or any third party (provided, however, that Lessee shall have no liability under this Lease with respect to underground migration of any Hazardous Substance under the Premises from adjacent properties). Lessee's obligations shall include, but not be limited to, the effects of any contamination or injury to person, property or the environment created or suffered by Lessee, and the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease. NO TERMINATION, CANCELLATION OR RELEASE AGREEMENT ENTERED INTO BY LESSOR AND LESSEE SHALL RELEASE LESSEE FROM ITS OBLIGATIONS UNDER THIS LEASE WITH RESPECT TO HAZARDOUS SUBSTANCES, UNLESS SPECIFICALLY SO AGREED BY LESSOR IN WRITING AT THE TIME OF SUCH AGREEMENT.

(e) LESSOR INDEMNIFICATION. Lessor and its successors and assigns shall indemnify, defend, reimburse and hold Lessee, its employees and lenders, harmless from and against any and all environmental damages, including the cost of remediation, which existed as a result of Hazardous Substances on the Premises prior to the Start Date or which are caused by the gross negligence or willful misconduct of Lessor, its agents or employees. Lessor's obligations, as and when required by the Applicable Requirements, shall include, but not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or termination of this Lease.

(f) INVESTIGATIONS AND REMEDIATIONS. Lessor shall retain the responsibility and pay for any investigations or remediation measures required by governmental entities having jurisdiction with respect to the existence of Hazardous Substances on the Premises prior to the Start Date, unless such remediation measure is required as a result of Lessee's use (including "Alterations", as defined in paragraph 7.3(a) below) of the Premises, in which event Lessee shall be responsible for such payment. Lessee shall cooperate fully in any such activities at the request of Lessor, including allowing Lessor and Lessor's agents to have reasonable access to the Premises at reasonable times in order to carry out Lessor's investigative and remedial responsibilities.

(g) LESSOR TERMINATION OPTION. If a Hazardous Substance Condition occurs during the term of this Lease, unless Lessee is legally responsible therefor (in which case Lessee shall make the investigation and remediation thereof required by the Applicable Requirements and this Lease shall continue in full force and effect, but subject to Lessor's rights under Paragraph 6.2(d) and Paragraph 13), Lessor may, at Lessor's option, either (i) investigate and remediate such Hazardous Substance Condition, if required, as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) if the estimated cost to remediate such condition exceeds twelve (12) times the then monthly Base Rent or $100,000, whichever is greater, give written notice to Lessee, within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such Hazardous Substance Condition, of Lessor's desire to terminate this Lease as of the date sixty (60) days following the date of such notice. In the event Lessor elects to give a termination notice, Lessee may, within ten (10) days thereafter, give written notice to Lessor of Lessee's commitment to pay the amount by which the cost of the remediation of such Hazardous Substance Condition exceeds an amount equal to twelve (12) times the then monthly Base Rent or $100,000, whichever is greater. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days following such commitment. In such event, this Lease shall continue in full force and effect, and Lessor shall proceed to make such remediation as soon as reasonably possible after the required funds are available. If Lessee does not give such notice and provide the required funds or

assurance thereof within the time provided, this Lease shall terminate as of the date specified in Lessor's notice of termination.

6.3 LESSEE'S COMPLIANCE WITH APPLICABLE REQUIREMENTS. Except as otherwise provided in this Lease, Lessee shall, at Lessee's sole expense, fully, diligently and in a timely manner, materially comply with all Applicable Requirements, the requirements of any applicable fire insurance underwriter or rating bureau, and the recommendations of Lessor's engineers and/or consultants which relate in any manner to the Premises, without regard to whether said requirements are now in effect or become effective after the Start Date. Lessee shall, within ten (10) days after receipt of Lessor's written request, provide Lessor with copies of all permits and other documents, and other information evidencing Lessee's compliance with any Applicable Requirements specified by Lessor, and shall immediately upon receipt, notify Lessor in writing (with copies of any documents involved) of any threatened or actual claim, notice, citation, warning, complaint or report pertaining to or involving the failure of Lessee or the Premises to comply with any Applicable Requirements.

6.4 INSPECTION; COMPLIANCE. Lessor and Lessor's "Lender" (as defined in Paragraph 30 below) and consultants shall have the right to enter into Premises at any time, in the case of an emergency, and otherwise at reasonable times, for the purpose of inspecting the condition of the Premises and for verifying compliance by Lessee with this Lease. The cost of any such inspections shall be paid by Lessor, unless a violation of Applicable Requirements, or a contamination is found to exist or be imminent, or the inspection is requested or ordered by a governmental authority. In such case, Lessee shall upon request reimburse Lessor for the cost of such inspections, so long as such inspection is reasonably related to the violation or contamination.

7. MAINTENANCE; REPAIRS, UTILITY INSTALLATIONS; TRADE FIXTURES AND ALTERATIONS.

7.1 LESSEE'S OBLIGATIONS.

(a) IN GENERAL. Subject to the provisions of Paragraph 2.2 (Condition), 2.3 (Compliance), 6.3 (Lessee's Compliance with Applicable Requirements), 7.2 (Lessor's Obligations), 9 (Damage or Destruction), and 14 (Condemnation), Lessee shall, at Lessee's sole expense, keep the Premises, Utility Installations, and Alterations in good order, condition and repair (whether or not the portion of the Premises requiring repairs, or the means of repairing the same, are reasonably or readily accessible to Lessee, and whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements or the age of such portion of the Premises), including, but not limited to, all equipment or facilities, such as plumbing, heating, ventilating, air-conditioning, electrical, lighting facilities, boilers, pressure vessels, fire protection system, fixtures, walls (interior and exterior), foundations, ceilings, roofs, floors, windows, doors, plate glass, skylights, landscaping, driveways, parking lots, fences, retaining walls, signs, sidewalks and parkways located in, on, or adjacent to the Premises. Lessee, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices, specifically including the procurement and maintenance of the service contracts required by Paragraph 7.1(b) below. Lessee's obligations shall include restorations, replacements or renewals when necessary to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair. Lessee shall, during the term of this Lease, keep the exterior appearance of the Building in a first-class condition consistent with the exterior appearance of other similar facilities of comparable age and size in the vicinity, including, when necessary, the exterior repainting of the Building.

(b) SERVICE CONTRACTS. Lessee shall, at Lessee's sole expense, procure and maintain contracts, with copies to Lessor, in customary form and substance for, and with contractors specializing and experienced in the maintenance of the following equipment and improvements ("Basic Elements"), if any, if and when installed on the Premises: (i) HVAC equipment, (ii) boiler, and pressure vessels, (iii) fire extinguishing systems, including fire alarm and/or smoke detection, (iv) landscaping and irrigation systems, (v) roof covering and drains, (vi) driveways and parking lots, (vii) clarifiers (viii) basic utility feed to the perimeter of the Building, and (ix) any other equipment, if reasonably required by Lessor.

(c) REPLACEMENT. Subject to Lessee's indemnification of Lessor as set forth in Paragraph 8.7 below, and without relieving Lessee of liability resulting from Lessee's failure to exercise and perform good maintenance practices, if the Basic Elements described in Paragraph 7.1(b) cannot be repaired other than at a cost which is in excess of 50% of the cost of replacing such Basic Elements, then such Basic Elements shall be replaced by Lessor, and the cost thereof shall be prorated between the Parties and Lessee shall only be obligated to pay, each month during the remainder of the term of this Lease, on the date on which Base Rent is due, an amount equal to the

product of multiplying the cost of such replacement by a fraction, the numerator of which is one, and the denominator of which is the number of months of the useful life of such replacement as such useful life is specified pursuant to Federal income tax regulations or guidelines for depreciation thereof (including interest on the unamortized balance as is then commercially reasonable in the judgment of Lessor's accountants), with Lessee reserving the right to prepay its obligation at any time.

7.2 LESSOR'S OBLIGATIONS. Subject to the provisions of Paragraphs 2.2 (Condition), 2.3 (Compliance), 9 (Damage or Destruction) and 14 (Condemnation), it is intended by the Parties hereto that Lessor have no obligation, in any manner whatsoever, to repair and maintain the Premises, or the equipment therein, all of which obligations are intended to be that of the Lessee. It is the intention of the Parties that the terms of this Lease govern the respective obligations of the Parties as to maintenance and repair of the Premises, and they expressly waive the benefit of any statute now or hereafter in effect to the extent it is inconsistent with the terms of this Lease.

7.3 UTILITY INSTALLATIONS; TRADE FIXTURES; ALTERATIONS.

(a) DEFINITIONS; CONSENT REQUIRED. The term "UTILITY INSTALLATIONS" refers to all floor and window coverings, air lines, power panels, electrical distribution, security and fire protection systems, communication systems, lighting fixtures, HVAC equipment, plumbing, and fencing in or on the Premises. The term "TRADE FIXTURES" shall mean Lessee's machinery and equipment that can be removed without doing material damage to the Premises. The term "ALTERATIONS" shall mean any modification of the Improvements, other than Utility Installations or Trade Fixtures, whether by addition or deletion. "LESSEE OWNED ALTERATIONS AND/OR UTILITY INSTALLATIONS" are defined as Alterations and/or Utility Installations made by Lessee that are not yet owned by Lessor pursuant to Paragraph 7.4(a). Lessee shall not make any Alterations or Utility Installations to the Premises without Lessor's prior written consent. Lessee may, however, make non-structural Utility Installations to the Interior of the Premises (excluding the roof) without such consent but upon notice to Lessor, as long as they are not visible from the outside, do not involve puncturing, relocating or removing the roof or any existing walls, and the cumulative cost thereof during this Lease as extended does not exceed $50,000 in the aggregate or $10,000 in any one year.

(b) CONSENT. Any Alterations or Utility Installations that Lessee shall desire to make and which require the consent of the Lessor shall be presented to Lessor in written form with detailed plans. Consent shall be deemed conditioned upon Lessee's: (i) acquiring all applicable governmental permits, (ii) furnishing Lessor with copies of both the permits and the plans and specifications prior to commencement of the work, and (iii) compliance with all conditions of said permits and other Applicable Requirements in a prompt and expeditious manner. Any Alterations or Utility Installations shall be performed in a workmanlike manner with good and sufficient materials. Lessee shall promptly upon completion furnish Lessor with as-built plans and specifications. For work which costs an amount equal to the greater of one month's Base Rent, or $10,000. Lessor may condition its consent upon Lessee providing a lien and completion bond in an amount equal to one and one-half times the estimated cost of such Alteration or Utility Installation and/or upon Lessee's posting an additional Security Deposit with Lessor.

(c) INDEMNIFICATION. Lessee shall pay, when due, all claims for labor or materials furnished or alleged to have been furnished to or for Lessee at or for use on the Premises, which claims are or may be secured by any mechanic's or materialmen's lien against the Premises or any interest therein. Lessee shall give Lessor not less than ten (10) days' notice prior to the commencement of any work in, on or about the Premises, and Lessor shall have the right to post notices of non-responsibility. If Lessee shall contest the validity of any such lien, claim or demand, then Lessee shall, at its sole expense defend and protect itself, Lessor and the Premises against the same and shall pay and satisfy any such adverse judgment that may be rendered thereon before the enforcement thereof. If Lessor shall require, Lessee shall furnish a surety bond in an amount equal to one and one-half times the amount of such contested lien, claim or demand, indemnifying Lessor against liability for the same. If Lessor elects to participate in any such action, Lessee shall pay Lessor's attorneys' fees and costs.

7.4 OWNERSHIP; REMOVAL; SURRENDER; AND RESTORATION.

(a) OWNERSHIP. Subject to Lessor's right to require removal or elect ownership as hereinafter provided, all Alterations and Utility Installations made by Lessee shall be the property of Lessee, but considered a part of the Premises. Lessor may, at any time, elect in writing to be the owner of all or any specified part of the Lessee Owned Alterations and Utility Installations. Unless otherwise instructed per Paragraph 7.4(b) hereof, all Lessee Owned Alterations and Utility Installations shall, at the expiration or termination of this Lease, become the property of Lessor and be surrendered by Lessee with the Premises.

(b) REMOVAL. By delivery to Lessee of written notice from Lessor not earlier than ninety (90) and not later than thirty (30) days prior to the end of

the term of this Lease, Lessor may require that any or all Lessee Owned Alterations or Utility Installations be removed by the expiration or termination of this Lease. Lessor may require the removal at any time of all or any part of any Lessee Owned Alterations or Utility Installations made without the required consent.

(c) SURRENDER/RESTORATION. Lessee shall surrender the Premises by the Expiration Date or any earlier termination date, with all of the improvements, parts and surfaces thereof broom clean and free of debris, and in good operating order, condition and state of repair, ordinary wear and tear excepted. "Ordinary wear and tear" shall not include any damage or deterioration that would have been prevented by good maintenance practice. Lessee shall repair any damage occasioned by the installation, maintenance or removal of Trade Fixtures, Lessee Owned Alterations and/or Utility Installations, furnishings, and equipment as well as the removal of any storage tank installed by or for Lessee, and the removal, replacement, or remediation of any soil, material or groundwater contaminated by Lessee. Trade Fixtures shall remain the property of Lessee and shall be removed by Lessee. The failure by Lessee to timely vacate the Premises pursuant to this Paragraph 7.4(c) without the express written consent of Lessor shall constitute a holdover under the provisions of Paragraph 26 below.

8. INSURANCE; INDEMNITY.

8.1 PAYMENT FOR INSURANCE. Lessee shall pay for all insurance required under Paragraph 8 except to the extent of the cost attributable to liability insurance carried by Lessor under Paragraph 8.2(b) in excess of $2,000,000 per occurrence. Premiums for policy periods commencing prior to or extending beyond the Lease term shall be prorated to correspond to the Lease term. Payment shall be made by Lessee to Lessor within ten (10) days following receipt of an invoice.

8.2 LIABILITY INSURANCE.

(a) CARRIED BY LESSEE. Lessee shall obtain and keep in force a Commercial General Liability Policy of insurance protecting Lessee and Lessor against claims for bodily injury, personal injury and property damage based upon or arising out of the ownership, use, occupancy or maintenance of the Premises and all areas appurtenant thereto. Such insurance shall be on an occurrence basis providing single limit coverage in an amount not less than $2,000,000 per occurrence with an "ADDITIONAL INSURED-MANAGERS OR LESSORS OF PREMISES ENDORSEMENT" and contain the "AMENDMENT OF THE POLLUTION EXCLUSION ENDORSEMENT" for damage caused by heat, smoke or fumes from a hostile fire. The Policy shall not contain any intra-insured exclusions as between insured persons or organizations, but shall include coverage for liability assumed under this Lease as an "insured contract" for the performance of Lessee's indemnity obligations under this Lease. The limits of said insurance shall not, however, limit the liability of Lessee nor relieve Lessee of any obligation hereunder. All insurance carried by Lessee shall be primary to and not contributory with any similar insurance carried by Lessor, whose insurance shall be considered excess insurance only.

(b) CARRIED BY LESSOR. Lessor shall maintain liability insurance as described in Paragraph 8.2(a), in addition to, and not in lieu of, the insurance required to be maintained by Lessee. Lessee shall not be named as an additional insured therein.

8.3 PROPERTY INSURANCE - BUILDING, IMPROVEMENTS AND RENTAL VALUE.

(a) BUILDING AND IMPROVEMENTS. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor, with loss payable to Lessor, any groundlessor, and to any Lender(s) insuring loss or damage to the Premises. The amount of such insurance shall be equal to the full replacement cost of the Premises, as the same shall exist from time to time, or the amount required by any Lenders, but in no event more than the commercially reasonable and available insurable value thereof. If Lessor is the insuring Party, however, Lessee Owned Alterations and Utility Installations, Trade Fixtures, and Lessee's personal property shall be insured by Lessee under Paragraph 8.4 rather than by Lessor. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage (except the perils of flood and/or earthquake unless required by a Lender), including coverage for debris removal and the enforcement of any Applicable Requirements requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as the result of a covered loss. Said policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause, waiver of subrogation, and inflation guard protection causing an increase in the annual property insurance coverage amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for the city nearest to where the Premises are located. If such insurance coverage has a deductible clause, the deductible amount shall not exceed $1,000 per occurrence, and Lessee shall be liable for such deductible

amount in the event of an Insured Loss.

(b) RENTAL VALUE. The Insuring Party shall obtain and keep in force a policy or policies in the name of Lessor with loss payable to Lessor and any Lender, insuring the loss of the full Rent for one (1) year. Said insurance shall provide that in the event the Lease is terminated by reason of an insured loss, the period of indemnity for such coverage shall be extended beyond the date of the completion of repairs or replacement of the Premises, to provide for one full year's loss of Rent from the date of any such loss. Said insurance shall contain an agreed valuation provision in lieu of any coinsurance clause, and the amount of coverage shall be adjusted annually to reflect the projected Rent otherwise payable by Lessee, for the next twelve (12) month period. Lessee shall be liable for any deductible amount in the event of such loss.

(c) ADJACENT PREMISES. If the Premises are part of a larger building, or of a group of buildings owned by Lessor which are adjacent to the Premises, the Lessee shall pay for any increase in the premiums for the property insurance of such building or buildings if said increase is caused by Lessee's acts, omissions, use or occupancy of the Premises.

8.4 LESSEE'S PROPERTY/BUSINESS INTERRUPTION INSURANCE.

(a) PROPERTY DAMAGE. Lessee shall obtain and maintain insurance coverage on all of Lessee's personal property, Trade Fixtures, and Lessee Owned Alterations and Utility Installations. Such insurance shall be full replacement cost coverage with a deductible of not to exceed $1,000 per occurrence. The proceeds from any such insurance shall be used by Lessee for the replacement of personal property, Trade Fixtures and Lessee Owned Alterations and Utility Installations. Lessee shall provide Lessor with written evidence that such insurance is in force.

(b) BUSINESS INTERRUPTION. Lessee shall obtain and maintain loss of income and extra expense insurance in amounts as will reimburse Lessee for direct or indirect loss of earnings attributable to all perils commonly insured against by prudent lessees in the business of Lessee or attributable to prevention of access to the Premises as a result of such perils.

(c) NO REPRESENTATION OF ADEQUATE COVERAGE. Lessor makes no representation that the limits or forms of coverage of insurance specified herein are adequate to cover Lessee's property, business operations or obligations under this Lease.

8.5 INSURANCE POLICIES. Insurance required herein shall be by companies duly licensed or admitted to transact business in the state where the Premises are located, and maintaining during the policy term a "General Policyholders Rating" of at least B+, V, as set forth in the most current issue of "Best's Insurance Guide", or such other rating as may be required by a Lender. Lessee shall not do or permit to be done anything which invalidates the required insurance polices. Lessee shall, prior to the Start Date, deliver to Lessor certified copies of policies of such insurance or certificates evidencing the existence and amounts of the required insurance. No such policy shall be cancelable or subject to modification except after thirty (30) days prior written notice to Lessor. Lessee shall, at least thirty (30) days prior to the expiration of such policies, furnish Lessor with evidence of renewals or "insurance binders" evidencing renewal thereof, or Lessor may order such insurance and charge the cost thereof to Lessee, which amount shall be payable by Lessee to Lessor upon demand. Such policies shall be for a term of at least one year, or the length of the remaining term of this Lease, whichever is less. If either Party shall fail to procure and maintain the insurance required to be carried by it, the other Party may, but shall not be required to, procure and maintain the same.

8.6 WAIVER OF SUBROGATION. Without affecting any other rights or remedies, Lessee and Lessor each hereby release and relieve the other, and waive their entire right to recover damages against the other, for loss or damage to its property arising out of or incident to the perils required to be insured against herein. The effect of such releases and waivers is not limited by the amount of insurance carried or required, or by any deductibles applicable hereto. The Parties agree to have their respective property damage insurance carriers waive any right to subrogation that such companies may have against Lessor or Lessee, as the case may be, so long as the insurance is not invalidated thereby.

8.7 INDEMNITY. Except for Lessor's gross negligence or willful misconduct, Lessee shall indemnify, protect, defend and hold harmless the Premises, Lessor and its agents, Lessor's master or ground lessor, partners and Lenders, from and against any and all claims, loss of rents and/or damages, liens, judgments, penalties, attorneys' and consultants' fees, expenses and/or liabilities arising out of, involving, or in connection with, the use and/or occupancy of the Premises by Lessee. If any action or proceeding is brought against Lessor by reason of any of the foregoing matters, Lessee shall upon notice defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and Lessor shall cooperate with Lessee in such defense. Lessor need not have first paid any such claim in order to be defended or indemnified.

8.8 EXEMPTION OF LESSOR FROM LIABILITY. Lessor shall not be liable for injury or damage to the person or goods, wares, merchandise or other property of Lessee, Lessee's employees, contractors, invitees, customers, or any other person in or about the Premises, whether such damage or injury is caused by or results from fire, steam, electricity, gas, water or rain, or from the breakage, leakage, obstruction or other defects of pipes, fire sprinklers, wires, appliances, plumbing, HVAC or lighting fixtures, or from any other cause, whether the said injury or damage results from conditions arising upon the Premises or upon other portions of the Building of which the Premises are a part, or from other sources or places. Lessor shall not be liable for any damages arising from any act or neglect of any other tenant of Lessor. Notwithstanding Lessor's negligence or breach of this Lease, Lessor shall under no circumstances be liable for injury to Lessee's business or for any loss of income or profit therefrom.

9. DAMAGE OR DESTRUCTION.

9.1 DEFINITIONS.

(a) "PREMISES PARTIAL DAMAGE" shall mean damage or destruction to the improvements on the Premises, other than Lessee Owned Alterations and Utility Installations, which can reasonably be repaired in six (6) months or less from the date of the damage or destruction.

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Lessor shall notify Lessee in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(b) "PREMISES TOTAL DESTRUCTION" shall mean damage or destruction to the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Lessor shall notify Lessee in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total.

(c) "INSURED LOSS" shall mean damage or destruction to improvements on the Premises, other than Lessee Owned Alterations and Utility Installations and Trade Fixtures, which was caused by an event required to be covered by the insurance described in Paragraph 8.3(a), irrespective of any deductible amounts or coverage limits involved.

(d) "REPLACEMENT COST" shall mean the cost to repair or rebuild the improvements owned by Lessor at the time of the occurrence to their condition existing immediately prior thereto, including demolition, debris removal and upgrading required by the operation of Applicable Requirements, and without deduction for depreciation.

(e) "HAZARDOUS SUBSTANCE CONDITION" shall mean the occurrence or discovery of a condition involving the presence of, or a contamination by, a Hazardous Substance as defined in Paragraph 6.2(a), in, on, or under the Premises.

9.2 PARTIAL DAMAGE - INSURED LOSS. If a Premises Partial Damage that is an Insured Loss occurs, then Lessor shall, at Lessor's expense, repair such damage (but not Lessee's Trade Fixtures or Lessee Owned Alterations and Utility Installations) as soon as reasonably possible and this Lease shall continue in full force and effect; provided, however, that Lessee shall, at Lessor's election, make the repair of any damage or destruction the total cost to repair of which is $10,000 or less, and, in such event, Lessor shall make any applicable insurance proceeds available to Lessee on a reasonable basis for that purpose. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, the Insuring Party shall promptly contribute the shortage in proceeds (except as to the deductible which is Lessee's responsibility) as and when required to complete said repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Lessor shall have no obligation to pay for the shortage in insurance proceeds or to fully restore the unique aspects of the Premises unless Lessee provides Lessor with the funds to cover same, or adequate assurance thereof, within ten (10) days following receipt of written notice of such shortage and request therefor. If Lessor receives said funds or adequate assurance thereof within said ten (10) day period, the party responsible for making the repairs shall complete them as soon as reasonably possible and this Lease shall remain in full force and effect. If such funds or assurance are not received, Lessor may nevertheless elect by written notice to Lessee within ten (10) days thereafter to: (i) make such restoration and repair as is commercially reasonable with Lessor paying any shortage in proceeds, in which case this Lease shall remain in full force and effect; or (ii) have this Lease terminate thirty (30) days thereafter. Lessee

shall not be entitled to reimbursement of any funds contributed by Lessee to repair any such damage or destruction. Premises Partial Damage due to flood or earthquake shall be subject to Paragraph 9.3, notwithstanding that there may be some insurance coverage, but the net proceeds of any such insurance shall be made available for the repairs if made by either Party.

9.3 PARTIAL DAMAGE - UNINSURED LOSS. If a Premises Partial Damage that is not an Insured Loss occurs, unless caused by a negligent or willful act of Lessee (in which event Lessee shall make the repairs at Lessee's expense), Lessor may either: (i) repair such damage as soon as reasonably possible at Lessor's expense, in which event this Lease shall continue in full force and effect, or (ii) terminate this Lease by giving written notice to Lessee within thirty (30) days after receipt by Lessor of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice. In the event Lessor elects to terminate this Lease, Lessee shall have the right within ten (10) days after receipt of the termination notice to give written notice to Lessor of Lessee's commitment to pay for the repair of such damage without reimbursement from Lessor. Lessee shall provide Lessor with said funds or satisfactory assurance thereof within thirty (30) days after making such commitment. In such event this Lease shall continue in full force and effect, and Lessor shall proceed to make such repairs as soon as reasonably possible after the required funds are available. If Lessee does not make the required commitment, this Lease shall terminate as of the date specified in the termination notice.

9.4 TOTAL DESTRUCTION. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, this Lease shall terminate sixty (60) days following such Destruction. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in Paragraph 8.6.

9.5 DAMAGE NEAR END OF TERM. If at any time during the last six (6) months of this Lease there is damage for which the cost to repair exceeds one (1) month's Base Rent, whether or not an Insured Loss, Lessor may terminate this Lease effective sixty (60) days following the date of occurrence of such damage by giving a written termination notice to Lessee within thirty (30) days after the date of occurrence of such damage. Notwithstanding the foregoing, if Lessee at that time has an exercisable option to extend this Lease or to purchase the Premises, then Lessee may preserve this Lease by, (a) exercising such option and (b) providing Lessor with any shortage in insurance proceeds (or adequate assurance thereof) needed to make the repairs on or before the earlier of (i) the date which is ten days after Lessee's receipt of Lessor's written notice purporting to terminate this Lease, or (ii) the day prior to the date upon which such option expires. If Lessee duly exercises such option during such period and provides Lessor with funds (or adequate assurance thereof) to cover any shortage in insurance proceeds, Lessor shall, at Lessor's commercially reasonable expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. If Lessee fails to exercise such option and provide such funds or assurance during such period, then this Lease shall terminate on the date specified in the termination notice and Lessee's option shall be extinguished.

9.6 ABATEMENT OF RENT; LESSEE'S REMEDIES.

(a) ABATEMENT. In the event of Premises Partial Damage or Premises Total Destruction or a Hazardous Substance Condition for which Lessee is not responsible under this Lease, the Rent payable by Lessee for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Lessee's use of the Premises is impaired, but not to exceed the proceeds received from the Rental Value insurance. All other obligations of Lessee hereunder shall be performed by Lessee, and Lessor shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

(b) REMEDIES. If Lessor shall be obligated to repair or restore the Premises and does not commence, in a substantial and meaningful way, such repair or restoration within ninety (90) days after such obligation shall accrue, Lessee may, at any time prior to the commencement of such repair or restoration, give written notice to Lessor and to any Lenders of which Lessee has actual notice, of Lessee's election to terminate this Lease on a date not less than sixty (60) days following the giving of such notice. If Lessee gives such notice and such repair or restoration is not commenced within thirty (30) days thereafter, this Lease shall terminate as of the date specified in said notice. If the repair or restoration is commenced within said thirty (30) days, this Lease shall continue in full force and effect. "COMMENCE" shall mean either the unconditional authorization of the preparation of the required plans, or the beginning of the actual work on the Premises, whichever first occurs.

9.7 TERMINATION-ADVANCE PAYMENTS. Upon termination of this Lease pursuant to Paragraph 6.2(g) or Paragraph 9, an equitable adjustment shall be made concerning advance Base Rent and any other advance payments made by Lessee to Lessor. Lessor shall, in addition, return to Lessee so much of Lessee's Security Deposit as has not been, or is not then required to be, used by Lessor.

9.8 WAIVE STATUTES. Lessor and Lessee agree that the terms of this Lease shall govern the effect of any damage to or destruction of the Premises with respect to the termination of this Lease and hereby waive the provisions of any present or future statute to the extent inconsistent herewith.

10. REAL PROPERTY TAXES.

10.1 DEFINITION OF "REAL PROPERTY TAXES." As used herein, the term "REAL PROPERTY TAXES" shall include any form of assessment; real estate, general, special, ordinary or extraordinary, or rental levy or tax (other than inheritance, personal income or estate taxes); improvement bond; and/or license fee imposed upon or levied against any legal or equitable interest of Lessor in the Premises, Lessor's right to other income therefrom, and/or Lessor's business of leasing, by any authority having the direct or indirect power to tax and where the funds are generated

with reference to the Building address and where the proceeds so generated are to be applied by the city, county or other local taxing authority of a jurisdiction within which the Premises are located. The term "REAL PROPERTY TAXES" shall also include any tax, fee, levy, assessment or charge, or any increase therein, imposed by reason of events occurring during the term of this Lease, including but not limited to, a change in the ownership of the Premises.

10.2

(a) PAYMENT OF TAXES. Lessee shall pay the Real Property Taxes applicable to the Premises during the term of this Lease. Subject to Paragraph 10.2(b), all such payments shall be made at least ten (10) days prior to any delinquency date. Lessee shall promptly furnish Lessor with satisfactory evidence that such taxes have been paid. If any such taxes shall cover any period of time prior to or after the expiration or termination of this Lease, Lessee's share of such taxes shall be prorated to cover only that portion of the tax bill applicable to the period that this Lease is in effect, and Lessor shall reimburse Lessee for any overpayment. If Lessee shall fail to pay any required Real Property Taxes, Lessor shall have the right to pay the same, and Lessee shall reimburse Lessor therefor upon demand.

(b) ADVANCE PAYMENT. In the event Lessee incurs a late charge on any Rent payment, Lessor may, at Lessor's option, estimate the current Real Property Taxes, and require that such taxes be paid in advance to Lessor by Lessee, either: (i) in a lump sum amount equal to the installment due, at least twenty (20) days prior to the applicable delinquency date, or (ii) monthly in advance with the payment of the Base Rent. If Lessor elects to require payment monthly in advance, the monthly payment shall be an amount equal to the amount of the estimated installment of taxes divided by the number of months remaining before the month in which said Installment becomes delinquent. When the actual amount of the applicable tax bill is known, the amount of such equal monthly advance payments shall be adjusted as required to provide the funds needed to pay the applicable taxes. If the amount collected by Lessor is insufficient to pay such Real Property Taxes when due, Lessee shall pay Lessor, upon demand, such additional sums as are necessary to pay such obligations. All moneys paid to Lessor under this Paragraph may be intermingled with other moneys of Lessor and shall not bear interest. In the event of a Breach by Lessee in the performance of its obligations under this Lease, then any balance of funds paid to Lessor under the provisions of this Paragraph may at the option of Lessor, be treated as an additional Security Deposit.

10.3 JOINT ASSESSMENT. If the Premises are not separately assessed, Lessee's liability shall be an equitable proportion of the Real Property Taxes for all of the land and improvements included within the tax parcel assessed, such proportion to be conclusively determined by Lessor from the respective valuations assigned in the assessor's work sheets or such other information as may be reasonably available.

10.4 PERSONAL PROPERTY TAXES. Lessee shall pay, prior to delinquency, all taxes assessed against and levied upon Lessee Owned Alterations, Utility Installations, Trade Fixtures, furnishings, equipment and all personal property of Lessee. When possible, Lessee shall cause such property to be assessed and billed separately from the real property of Lessor. If any of Lessee's said personal property shall be assessed with Lessor's real property. Lessee shall pay Lessor the taxes attributable to Lessee's property within ten (10) days after receipt of a written statement.

11. UTILITIES. Lessee shall pay for all water, gas, heat, light, power, telephone, trash disposal and other utilities and services supplied to the Premises, together with any taxes thereon. If any such services are not separately metered to Lessee, Lessee shall pay a reasonable proportion, to be determined by Lessor, of all charges jointly metered.

12. ASSIGNMENT AND SUBLETTING.

12.1 LESSOR'S CONSENT REQUIRED.

(a) Lessee shall not voluntarily or by operation of law assign, transfer, mortgage or encumber (collectively, "ASSIGN OR ASSIGNMENT") or sublet all or any part of Lessee's interest in this Lease or in the Premises without Lessor's prior written consent.

(b) A change in the control of Lessee shall constitute an assignment requiring consent. The transfer, on a cumulative basis, of twenty-five percent (25%) or more of the voting control of Lessee shall constitute a change in control for this purpose.

(c) The involvement of Lessee or its assets in any transaction, or series of transactions (by way of merger, sale, acquisition, financing, transfer, leveraged buy-out or otherwise), whether or not a formal assignment or hypothecation of this Lease or Lessee's assets occurs, which results or will result in a reduction of the Net Worth of Lessee by an amount greater than twenty-five percent (25%) of such Net Worth as it was represented at the time of the execution of this Lease or at the time of the most recent assignment to which Lessor has consented, or as it exists immediately prior to said transaction or transactions constituting such reduction, whichever was or is greater, shall be considered an assignment of this Lease to which Lessor may withhold its consent. "NET WORTH OF LESSEE" shall mean the net worth of Lessee (excluding any guarantors) established under generally accepted accounting principles.

(d) An assignment or subletting without consent shall, at Lessor's option, be a Default curable after notice per Paragraph 13.1(c), or a noncurable Breach without the necessity of any notice and grace period. If Lessor elects to treat such unapproved assignment or subletting as a noncurable Breach, Lessor may either: (i) terminate this Lease, or (ii) upon thirty (30) days written notice, increase the monthly Base Rent to one hundred ten percent (110%) of the Base Rent then in effect. Further, in the event of such Breach and rental adjustment, (i) the purchase price of any option to purchase the Premises held by Lessee shall be subject to similar adjustment to one hundred ten percent (110%) of the price previously in effect, and (ii) all fixed and non-fixed rental adjustments scheduled during the remainder of the Lease term shall be increased to One Hundred Ten Percent (110%) of the scheduled adjusted rent.

(e) Lessee's remedy for any breach of Paragraph 12.1 by Lessor shall be limited to compensatory damages and/or injunctive relief.

12.2 TERMS AND CONDITIONS APPLICABLE TO ASSIGNMENT AND SUBLETTING.

(a) Regardless of Lessor's consent, any assignment or subletting shall not: (i) be effective without the express written assumption by such assignee or sublessee of the obligations of Lessee under this Lease, (ii) release Lessee of any obligations hereunder, or (iii) alter the primary liability of Lessee for the payment of Rent or for the performance of any other obligations to be performed by Lessee.

(b) Lessor may accept Rent or performance of Lessee's obligations from any person other than Lessee pending approval or disapproval of an assignment. Neither a delay in the approval or disapproval of such assignment nor the acceptance of Rent or performance shall constitute a waiver or estoppel of Lessor's right to exercise its remedies for Lessee's Default or Breach.

(c) Lessor's consent to any assignment or subletting shall not constitute a consent to any subsequent assignment or subletting.

(d) In the event of any Default or Breach by Lessee, Lessor may proceed directly against Lessee, any Guarantors or anyone else responsible for the performance of Lessee's obligations under this Lease, including any assignee or sublessee, without first exhausting Lessor's remedies against any other person or entity responsible therefore to Lessor, or any security held by Lessor.

(e) Each request for consent to an assignment or subletting shall be in writing, accompanied by information relevant to Lessor's determination as to the financial and operational responsibility and appropriateness of the proposed assignee or sublessee, including but not limited to the intended use and/or required modification of the Premises, if any, together with a fee of $1,000 or ten percent (10%) of the current monthly Base Rent applicable to the portion of the Premises which is the subject of the proposed assignment or sublease, whichever is greater, as consideration for Lessor's considering and processing said request. Lessee agrees to provide Lessor with such other or additional information and/or documentation as may be reasonably requested.

(f) Any assignee of, or sublessee under, this Lease shall, by reason of accepting such assignment or entering into such sublease, be deemed to have assumed and agreed to conform and comply with each and every term, covenant, condition and obligation herein to be observed or performed by Lessee during the term of said assignment or sublease, other than such obligations as are contrary to or inconsistent with provisions of an

assignment or sublease to which Lessor has specifically consented to in writing.

12.3 ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO SUBLETTING. The following terms and conditions shall apply to any subletting by Lessee of all or any part of the Premises and shall be deemed included in all subleases under this Lease whether or not expressly incorporated therein:

(a) Lessee hereby assigns and transfers to Lessor all of Lessee's interest in all Rent payable on any sublease, and Lessor may collect such Rent and apply same toward Lessee's obligations under this Lease; provided, however, that until a Breach shall occur in the performance of Lessee's obligations, Lessee may collect said Rent. Lessor shall not, by reason of the foregoing or any assignment of such sublease, nor by reason of the collection of Rent, be deemed liable to the sublessee for any failure of Lessee to perform and comply with any of Lessee's obligations to such sublessee. Lessee hereby irrevocably authorizes and directs any such sublessee, upon receipt of a written notice

from Lessor stating that a Breach exists in the performance of Lessee's obligations under this Lease, to pay to Lessor all Rent due and to become due under the sublease. Sublessee shall rely upon any such notice from Lessor and shall pay all Rents to Lessor without any obligation or right to inquire as to whether such Breach exists, notwithstanding any claim from Lessee to the contrary.

(b) In the event of a Breach by Lessee, Lessor may, at its option, require sublessee to attorn to Lessor, in which event Lessor shall undertake the obligations of the sublessor under such sublease from the time of the exercise of said option to the expiration of such sublease; provided, however, Lessor shall not be liable for any prepaid rents or security deposit paid by such sublessee to such sublessor or for any prior Defaults or Breaches of such sublessor.

(c) Any matter requiring the consent of the sublessor under a sublease shall also require the consent of Lessor.

(d) No sublessee shall further assign or sublet all or any part of the Premises without Lessor's prior written consent.

(e) Lessor shall deliver a copy of any notice of Default or Breach by Lessee to the sublessee, who shall have the right to cure the Default of Lessee within the grace period, if any, specified in such notice. The sublessee shall have a right of reimbursement and offset from and against Lessee for any such Defaults cured by the sublessee.

13. DEFAULT; BREACH; REMEDIES.

13.1 DEFAULT; BREACH. A "DEFAULT" is defined as a failure by the Lessee to comply with or perform any of the terms, covenants, conditions or rules under this Lease. A "BREACH" is defined as the occurrence of one or more of the following Defaults, and the failure of Lessee to cure such Default within any applicable grace period.

(a) The abandonment of the Premises; or the vacating of the Premises without providing a commercially reasonable level of security, or where the coverage of the property insurance described in Paragraph 8.3 is jeopardized as a result thereof, or without providing reasonable assurances to minimize potential vandalism.

(b) The failure of Lessee to make any payment of Rent or any Security Deposit required to be made by Lessee hereunder, whether to Lessor or to a third party, when due, to provide reasonable evidence of insurance or surety bond, or to fulfill any obligation under this Lease which endangers or threatens life or property, where such failure continues for a period of three (3) business days following written notice to Lessee.

(c) The failure by Lessee to provide (i) reasonable written evidence of compliance with Applicable Requirements, (ii) the service contracts, (iii) the rescission of an unauthorized assignment or subletting, (iv) a Estoppel Certificate, (v) a requested subordination, (vi) evidence concerning any guaranty and/or Guarantor, (vii) any document requested under Paragraph 42 (easements), or (viii) any other documentation or information which Lessor may reasonably require of Lessee under the terms of this Lease, where any such failure continues for a period of ten (10) days following written notice to Lessee.

(d) A Default by Lessee as to the terms, convenants, conditions or provisions of this Lease, or of the rules adopted under Paragraph 40 hereof, other than those described in subparagraphs 13.1(a),(b) or (c), above, where such Default continues for a period of thirty (30) days

after written notice; provided, however, that if the nature of Lessee's Default is such that more than thirty (30) days are reasonably required for its cure, then it shall not be deemed to be a Breach if Lessee commences such cure within said thirty (30) day period and thereafter diligently prosecutes such cure to completion.

(e) The occurrence of any of the following events: (i) the making of any general arrangement or assignment for the benefit of creditors; (ii) becoming a "DEBTOR" as defined in 11 U.S.C. Section 101 or any successor statute thereto (unless, in the case of a petition filed against Lessee, the same is dismissed within sixty (60) days); (iii) the appointment of a trustee or receiver to take possession of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where possession is not restored to Lessee within thirty (30) days; or (iv) the attachment, execution or other judicial seizure of substantially all of Lessee's assets located at the Premises or of Lessee's interest in this Lease, where such seizure is not discharged within thirty (30) days; provided, however, in the event that any provision of this subparagraph (e) is contrary to any applicable law, such provision shall be of no force or effect, and not affect the validity of the remaining provisions.

(f) The discovery that any financial statement of Lessee or of any Guarantor given to Lessor was materially false.

(g) If the performance of Lessee's obligations under this Lease is guaranteed: (i) the death of a Guarantor, (ii) the termination of a Guarantor's liability with respect to this Lease other than in accordance with the terms of such guaranty, (iii) a Guarantor's becoming Insolvent or the subject of a bankruptcy filing, (iv) a Guarantor's refusal to honor the guaranty, or (v) a Guarantor's breach of its guaranty obligation on an anticipatory basis, and Lessee's failure, within sixty (60) days following written notice of any such event, to provide written alternative assurance or security, which, when coupled with the then existing resources of Lessee, equals or exceeds the combined financial resources of Lessee and the Guarantors that existed at the time of execution of this Lease.

13.2 REMEDIES. If Lessee fails to perform any of its affirmative duties or obligations, within ten (10) days after written notice (or in case of an emergency, without notice), Lessor may, at its option, perform such duty or obligation on Lessee's behalf, including but not limited to the obtaining of reasonably required bonds, Insurance policies, or governmental licenses, permits or approvals. The costs and expenses of any such performance by Lessor shall be due and payable by Lessee upon receipt of Invoice therefor. If any check given to Lessor by Lessee shall not be honored by the bank upon which it is drawn, Lessor, at its option, may require all future payments to be made by Lessee to be by cashier's check. In the event of a Breach, Lessor may, with or without further notice or demand, and without limiting Lessor in the exercise of any right or remedy which Lessor may have by reason of such Breach:

(a) Terminate Lessee's right to possession of the Premises by any lawful means, in which case this Lease shall terminate and Lessee shall immediately surrender possession to Lessor. In such event Lessor shall be entitled to recover from Lessee: (i) the unpaid Rent which had been earned at the time of termination; (ii) the worth at the time of award of the amount by which the unpaid rent which would have been earned after termination until the time of award exceeds the amount of such rental loss that the Lessee proves could have been reasonably avoided; (iii) the worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of such rental loss that the Lessee proves could be reasonably avoided; and (iv) any other amount necessary to compensate Lessor for all the detriment proximately caused by the Lessee's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom, including but not limited to the cost of recovering possession of the Premises, expenses of reletting, including necessary renovation and alteration of the Premises, reasonable attorneys' fees, and that portion of any leasing commission paid by Lessor in connection with this Lease applicable to the unexpired term of this Lease. The worth at the time of award of the amount referred to in provision (iii) of the immediately preceding sentence shall be computed by discounting such amount at the discount rate of the Federal Reserve Bank of the District within which the Premises are located at the time of award plus one percent (1%). Efforts by Lessor to mitigate damages caused by Lessee's Breach of this Lease shall not waive Lessor's right to recover damages under Paragraph 12. If termination of this Lease is obtained through the provisional remedy of unlawful detainer, Lessor shall have the right to recover in such proceeding any unpaid Rent and damages as are recoverable therein, or Lessor may reserve the right to recover all or any part thereof in a separate suit. If a notice and grace period required under Paragraph 13.1 was not previously given, a notice to pay rent or quit, or to perform or quit given to Lessee under the unlawful detainer statute shall also constitute the notice required by Paragraph 13.1. In such case, the applicable grace period required by Paragraph 13.1 and the unlawful detainer statute shall run concurrently, and the failure of Lessee to cure the Default within the greater of the two such grace periods shall constitute both an unlawful detainer and a Breach of this Lease entitling Lessor to the remedies provided for in this

Lease and/or by said statute.

(b) Continue the Lease and Lessee's right to possession and recover the Rent as it becomes due, in which event Lessee may sublet or assign, subject only to reasonable limitations. Acts of maintenance, efforts to relet, and/or the appointment of a receiver to protect the Lessor's Interests, shall not constitute a termination of the Lessee's right to possession.

(c) Pursue any other remedy now or hereafter available under the laws or judicial decisions of the state wherein the Premises are located. The expiration or termination of this Lease and/or the termination of Lessee's right to possession shall not relieve Lessee from liability

under any indemnity provisions of this Lease as to matters occurring or accruing during the term hereof or by reason of Lessee's occupancy of the Premises.

13.3 INDUCEMENT RECAPTURE. Any agreement for free or abated rent or other charges, or for the giving or paying by Lessor to or for Lessee of any cash or other bonus, inducement or consideration for Lessee's entering into this Lease, all of which concessions are hereinafter referred to as "INDUCEMENT PROVISIONS," shall be deemed conditioned upon Lessee's full and faithful performance of all of the terms, covenants and conditions of this Lease. Upon Breach of this Lease by Lessee, any such Inducement Provision shall automatically be deemed deleted from this Lease and of no further force or effect, and any rent, other charge, bonus, inducement or consideration theretofore abated, given or paid by Lessor under such an Inducement Provision shall be immediately due and payable by Lessee to Lessor, notwithstanding any subsequent cure of said Breach by Lessee. The acceptance by Lessor of rent or the cure of the Breach which initiated the operation of this paragraph shall not be deemed a waiver by Lessor of the provisions of this paragraph unless specifically so stated in writing by Lessor at the time of such acceptance.

13.4 LATE CHARGES. Lessee hereby acknowledges that late payment by Lessee of Rent will cause Lessor to incur costs not contemplated by this Lease, the exact amount of which will be extremely difficult to ascertain. Such costs include, but are not limited to, processing and accounting charges, and late charges which may be imposed upon Lessor by any Lender. Accordingly, if any Rent shall not be received by Lessor within five (5) days after such amount shall be due, then, without any requirement for notice to Lessee, Lessee shall pay to Lessor a one-time late charge equal to ten percent (10%) of each such overdue amount. The parties hereby agree that such late charge represents a fair and reasonable estimate of the costs Lessor will incur by reason of such late payment. Acceptance of such late charge by Lessor shall in no event constitute a waiver of Lessee's Default or Breach with respect to such overdue amount, nor prevent the exercise of any of the other rights and remedies granted hereunder. In the event that a late charge is payable hereunder, whether or not collected, for three (3) consecutive installments of Base Rent, then notwithstanding any provision of this Lease to the contrary, Base Rent shall, at Lessor's option, become due and payable quarterly in advance.

13.5 INTEREST. Any monetary payment due Lessor hereunder, other than late charges, not received by Lessor, when due as to scheduled payments (such as Base Rent) or within thirty (30) days following the date on which it was due for non-scheduled payment, shall bear interest from the date when due, as to scheduled payments, or the thirty-first (31st) day after it was due as to non-scheduled payments. The interest ("INTEREST") charged shall be equal to the prime rate reported in the Wall Street Journal as published closest prior to the date when due plus four percent (4%), but shall not exceed the maximum rate allowed by law. Interest is payable in addition to the potential late charge provided for in Paragraph 13.4.

13.6 BREACH BY LESSOR.

(a) NOTICE OF BREACH. Lessor shall not be deemed in breach of this Lease unless Lessor fails within a reasonable time to perform an obligation required to be performed by Lessor. For purposes of this Paragraph, a reasonable time shall in no event be less than thirty (30) days after receipt by Lessor, and any Lender whose name and address shall have been furnished Lessee in writing for such purpose, of written notice specifying wherein such obligation of Lessor has not been performed; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for its performance, then Lessor shall not be in breach if performance is commenced within such thirty (30) day period and thereafter diligently pursued to completion.

(b) PERFORMANCE BY LESSEE ON BEHALF OF LESSOR. In the event that neither Lessor nor Lender cures said breach within thirty (30) days after receipt of said notice, or if having commenced said cure they do not diligently pursue it to completion, then Lessee may elect to cure said breach at Lessee's expense and offset from Rent an amount equal to the

greater of one month's Base Rent or the Security Deposit, and to pay an excess of such expense under protest, reserving Lessee's right to reimbursement from Lessor. Lessee shall document the cost of said cure and supply said documentation to Lessor.

14. CONDEMNATION. If the Premises or any portion thereof are taken under the power of eminent domain or sold under the threat of the exercise of said power (collectively "CONDEMNATION"), this Lease shall terminate as to the part taken as of the date the condemning authority takes title or possession, whichever first occurs. If more than ten percent (10%) of any building portion of the premises, or more than twenty-five percent (25%) of the land area portion of the premises not occupied by any building, is taken by Condemnation, Lessee may, at Lessee's option, to be exercised in writing within ten (10) days after Lessor shall have given Lessee written notice of such taking (or in the absence of such notice, within ten (10) days after the condemning authority shall have taken possession) terminate this Lease as of the date the condemning authority takes such possession. If Lessee does not terminate this Lease in accordance with the foregoing, this Lease shall remain in full force and effect as to the portion of the Premises remaining, except that the Base Rent shall be reduced in proportion to the reduction in utility of the Premises caused by such Condemnation. Condemnation awards and/or payments shall be the property of Lessor, whether such award shall be made as compensation for diminution in value of the leasehold, the value of the part taken, or for severance damages; provided, however, that Lessee shall be entitled to any compensation for Lessee's relocation expenses, loss of business goodwill and/or Trade Fixtures, without regard to whether or not this Lease is terminated pursuant to the provisions of this Paragraph. All Alterations and Utility Installations made to the Premises by Lessee, for purposes of Condemnation only, shall be considered the property of the Lessee and Lessee shall be entitled to any and all compensation which is payable therefor. In the event that this Lease is not terminated by reason of the Condemnation, Lessor shall repair any damage to the Premises caused by such Condemnation.

15. BROKERS' FEE.

15.1 ADDITIONAL COMMISSION. In addition to the payments owed pursuant to Paragraph 1.10 above, and unless Lessor and the Brokers otherwise agree in writing, Lessor agrees that: (a) if Lessee exercises any Option, (b) if Lessee acquires any rights to the Premises or other premises owned by Lessor and located within the same Project, if any, within which the Premises is located, (c) if Lessee remains in possession of the Premises, with the consent of Lessor, after the expiration of this Lease, or (d) if Base Rent is increased, whether by agreement or operation of an escalation clause herein, then, Lessor shall pay Brokers a fee in accordance with the schedule of said Brokers in effect at the time of the execution of this Lease.

15.2 ASSUMPTION OF OBLIGATIONS. Any buyer or transferee of Lessor's interest in this Lease shall be deemed to have assumed Lessor's obligation hereunder. Each Broker shall be a third party beneficiary of the provisions of Paragraph 1.10, 15, 22 and 31. If Lessor fails to pay to a Broker any amounts due as and for commissions pertaining to this Lease when due, then such amounts shall accrue interest. In addition, if Lessor fails to pay any amounts to Lessee's Broker when due, Lessee's Broker may send written notice to Lessor and Lessee of such failure and if Lessor fails to pay such amounts within ten (10) days after said notice, Lessee shall pay said monies to its Broker and offset such amounts against Rent. In addition, Lessee's Broker shall be deemed to be a third party beneficiary of any commission agreement entered into by and/or between Lessor and Lessor's Broker.

15.3 REPRESENTATIONS AND INDEMNITIES OF BROKER RELATIONSHIPS. Lessee and Lessor each represent and warrant to the other that it has had no dealings with any person, firm, broker or finder (other than the Brokers, if any) in connection with this Lease, and that no one other than said named Brokers is entitled to any commission or finder's fee in connection herewith. Lessee and Lessor do each hereby agree to indemnify, protect, defend and hold the other harmless from and against liability for compensation or charges which may be claimed by any such unnamed broker, finder or other similar party by reason of any dealings or actions of the indemnifying Party, including any costs, expenses, attorneys' fees reasonably incurred with respect thereto.

16. ESTOPPEL CERTIFICATES.

(a) Each Party (as "RESPONDING PARTY") shall within ten (10) days after written notice from the other Party (the "REQUESTING PARTY") execute, acknowledge and deliver to the Requesting Party a statement in writing in form similar to the then most current "ESTOPPEL CERTIFICATE" form published by the American Industrial Real Estate Association, plus such additional information, confirmation and/or statements as may be reasonably requested by the Requesting Party.

(b) If the Responding Party shall fail to execute or deliver the Estoppel Certificate within such ten day period, the Requesting Party may execute an Estoppel Certificate stating that: (i) the Lease is in full force

and effect without modification except as may be represented by the Requesting Party, (ii) there are no uncured defaults in the Requesting Party's performance, and (iii) if Lessor is the Requesting Party, not more than one month's rent has been paid in advance. Prospective purchasers and encumbrancers may rely upon the Requesting Party's Estoppel Certificate, and the Responding Party shall be estopped from denying the truth of the facts contained in said Certificate.

(c) If Lessor desires to finance, refinance, or sell the Premises, or any part thereof, Lessee and all Guarantors shall deliver to any potential lender or purchaser designated by Lessor such financial statements as may be reasonably required by such lender or purchaser, including but not limited to Lessee's financial statements for the past three (3) years. All such financial statements shall be received by Lessor and such lender or purchaser in confidence and shall be used only for the purposes herein set forth.

17. DEFINITION OF LESSOR. The term "LESSOR" as used herein shall mean the owner or owners at the time in question of the fee title to the Premises, or, if this is a sublease, of the Lessee's interest in the prior lease. In the event of a transfer of Lessor's title or interest in the Premises or this Lease, Lessor shall deliver to the transferee or assignee (in cash or by credit) any unused Security Deposit held by Lessor. Except as provided in Paragraph 15, upon such transfer or assignment and delivery of the Security Deposit, as aforesaid, the prior Lessor shall be relieved of all liability with respect to the obligations and/or covenants under this Lease thereafter to be performed by the Lessor. Subject to the foregoing, the obligations and/or covenants in this Lease to be performed by the Lessor shall be binding only upon the Lessor as hereinabove defined. Notwithstanding the above, and subject to the provisions of Paragraph 20 below, the original Lessor under this Lease, and all subsequent holders of the Lessor's interest in this Lease shall remain liable and responsible with regard to the potential duties and liabilities of Lessor pertaining to Hazardous Substances as outlined in Paragraph 6 above.

18. SEVERABILITY. The invalidity of any provision of this Lease, as determined by a court of competent jurisdiction, shall in no way affect the validity of any other provision thereof.

19. DAYS. Unless otherwise specifically indicated to the contrary, the word "days" as used in this Lease shall mean and refer to calendar days.

20. LIMITATION ON LIABILITY. Subject to the provisions of Paragraph 17 above, the obligations of Lessor under this Lease shall not constitute personal obligations of Lessor, the individual partners of Lessor or its or their individual partners, directors, officers or shareholders, and Lessee shall look to the Premises, and to no other assets of Lessor, for the satisfaction of any liability of Lessor with respect to this Lease, and shall not seek recourse against the individual partners of Lessor, or its or their individual partners, directors, officers or shareholders, or any of their personal assets for such satisfaction.

21. TIME OF ESSENCE. Time is of the essence with respect to the performance of all obligations to be performed or observed by the Parties under this Lease.

22. NO PRIOR OR OTHER AGREEMENTS; BROKER DISCLAIMER. This Lease contains all agreements between the Parties with respect to any matter mentioned herein, and no other prior or contemporaneous agreement or understanding shall be effective. Lessor and Lessee each represents and warrants to the Brokers that it has made, and is relying solely upon, its own investigation as to the nature, quality, character and financial responsibility of the other Party to this Lease and as to the nature, quality and character of the Premises. Brokers have no responsibility with respect thereto or with respect to any default or breach hereof by either Party. The liability (including court costs and Attorneys' fees), of any Broker with respect to negotiation, execution, delivery or performance by either Lessor or Lessee under this Lease or any amendment or modification hereto shall be limited to an amount up to the fee received by such Broker pursuant to this Lease; provided, however, that the foregoing limitation on each Broker's liability shall not be applicable to any gross negligence or willful misconduct of such Broker.

23. NOTICES.

23.1 NOTICE REQUIREMENTS. All notices required or permitted by this Lease shall be in writing and may be delivered in person (by hand or by courier) or may be sent by regular, certified or registered mail or U.S. Postal Service Express Mail, with postage prepaid, or by facsimile transmission, and shall be deemed sufficiently given if served in a manner specified in this Paragraph 23. The addresses noted adjacent to a Party's signature on this Lease shall be that Party's address for delivery or mailing of notices. Either Party may by written notice to the other specify a

different address for notice, except that upon Lessee's taking possession of the Premises, the Premises shall constitute Lessee's address for notice. A copy of all notices to Lessor shall be concurrently transmitted to such party or parties at such addresses as Lessor may from time to time hereafter designate in writing.

23.2 DATE OF NOTICE. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon. If sent by regular mail the notice shall be deemed given forty-eight (48) hours after the same is addressed as required herein and mailed with postage prepaid. Notices delivered by United States Express Mail or overnight courier that guarantee next day delivery shall be deemed given twenty-four (24) hours after delivery of the same to the Postal Service or courier. Notices transmitted by facsimile transmission or similar means shall be deemed delivered upon telephone confirmation of receipt, provided a copy is also delivered via delivery or mail. If notice is received on a Saturday, Sunday or legal holiday, it shall be deemed received on the next business day.

24. WAIVERS. No waiver by Lessor of the Default or Breach of any term, covenant or condition hereof by Lessee, shall be deemed a waiver of any other term, covenant or condition hereof, or of any subsequent Default or Breach by Lessee of the same or of any other term, covenant or condition hereof. Lessor's consent to, or approval of, any act shall not be deemed to render unnecessary the obtaining of Lessor's consent to, or approval of, any subsequent or similar act by Lessee, or be construed as the basis of an estoppel to enforce the provision or provisions of this Lease requiring such consent. The acceptance of Rent by Lessor shall not be a waiver of any Default or Breach by Lessee. Any payment by Lessee may be accepted by Lessor on account of moneys or damages due Lessor, notwithstanding any qualifying statements or conditions made by Lessee in connection therewith, which such statements and/or conditions shall be of no force or effect whatsoever unless specifically agreed to in writing by Lessor at or before the time of deposit of such payment.

25. RECORDING. Either Lessor or Lessee shall, upon request of the other, execute, acknowledge and deliver to the other a short form memorandum of this Lease for recording purposes. The Party requesting recordation shall be responsible for payment of any fees applicable thereto.

26. NO RIGHT TO HOLDOVER. Lessee has no right to retain possession of the Premises or any part thereof beyond the expiration or termination of this Lease. In the event that Lessee holds over, then the Base Rent shall be increased to one hundred fifty percent (150%) of the Base Rent applicable during the month immediately preceding the expiration or termination. Nothing contained herein shall be construed as consent by Lessor to any holding over by Lessee.

27. CUMULATIVE REMEDIES. No remedy or election hereunder shall be deemed exclusive but shall, whenever possible, be cumulative with all other remedies at law or in equity.

28. COVENANTS AND CONDITIONS; CONSTRUCTION OF AGREEMENT. All provisions of this Lease to be observed or performed by Lessee are both covenants and conditions. In construing this Lease, all headings and titles are for the convenience of the parties only and shall not be considered a part of this Lease. Whenever required by the context, the singular shall include the plural and vice versa. This Lease shall not be construed as if prepared by one of the parties, but rather according to its fair meaning as a whole, as if both parties had prepared it.

29. BINDING EFFECT; CHOICE OF LAW. This Lease shall be binding upon the parties, their personal representatives, successors and assigns and be governed by the laws of the State in which the Premises are located. Any litigation between the Parties hereto concerning this Lease shall be initiated in the county in which the Premises are located.

30. SUBORDINATION; ATTORNMENT; NON-DISTURBANCE.

30.1 SUBORDINATION. This Lease and any Option granted hereby shall be subject and subordinate to any ground lease, mortgage, deed of trust, or other hypothecation or security device (collectively, "SECURITY DEVICE"), now or hereafter placed upon the Premises, to any and all advances made on the security thereof, and to all renewals, modifications, and extensions thereof. Lessee agrees that the holders of any such Security Devices (in this Lease together referred to as "Lender") shall have no liability or obligation to perform any of the obligations of Lessor under this Lease. Any Lender may elect to have this Lease and/or any Option granted hereby superior to the lien of its Security Device by giving written notice thereof to Lessee, whereupon this Lease and such Options shall be deemed prior to such Security Device, notwithstanding the relative dates of the documentation or recordation thereof.

30.2 ATTORNMENT. Subject to the non-disturbance provisions of Paragraph 30.3, Lessee agrees to attorn to a Lender or any other party who acquires ownership of the Premises by reason of a foreclosure of a Security Device, and that in the event of such foreclosure, such new

owner shall not: (i) be liable for any act or omission of any prior lessor or with respect to events occurring prior to acquisition of ownership; (ii) be subject to any offsets or defenses which Lessee might have against any prior lessor, or (iii) be bound by prepayment of more than one (1) month's rent.

30.3 NON-DISTURBANCE. With respect to Security Devices entered into by Lessor after the execution of this Lease, Lessee's subordination of this Lease shall be subject to receiving a commercially reasonable non-disturbance agreement (a "NON-DISTURBANCE AGREEMENT") from the Lender which Non-Disturbance Agreement provides that Lessee's possession of the Premises, and this Lease, including any options to extend the term hereof, will not be disturbed so long as Lessee is not in Breach hereof and attorns to the record owner of the Premises. Further, within sixty (60) days after the execution of this Lease, Lessor shall use its commercially reasonable efforts to obtain a Non-Disturbance Agreement from the holder of any pre-existing Security Device which is secured by the Premises. In the event that Lessor is unable to provide the Non-Disturbance Agreement within said sixty (60) days, then Lessee may, at Lessee's option, directly contact Lessor's lender and attempt to negotiate for the execution and delivery of a Non-Disturbance Agreement.

30.4 SELF-EXECUTING. The agreements contained in this Paragraph 30 shall be effective without the execution of any further documents; provided, however, that, upon written request from Lessor or a Lender in connection with a sale, financing or refinancing of the Premises, Lessee and Lessor shall execute such further writings as may be reasonably required to separately document any subordination, attornment and/or Non-Disturbance Agreement provided for herein.

31. ATTORNEYS' FEES. If any Party or Broker brings an action or proceeding involving the Premises to enforce the terms hereof or to declare rights hereunder, the Prevailing Party (as hereafter defined) in any such proceeding, action, or appeal thereon, shall be entitled to reasonable attorneys' fees. Such fees may be awarded in the same suit or recovered in a separate suit, whether or not such action or proceeding is pursued to decision or judgment. The term, "PREVAILING PARTY" shall include, without limitation, a Party or Broker who substantially obtains or defeats the relief sought, as the case may be, whether by compromise, settlement, judgment, or the abandonment by the other Party or Broker of its claim or defense. The attorneys' fees award shall not be computed in accordance with any court fee schedule, but shall be such as to fully reimburse all attorneys' fees reasonably incurred. In addition, Lessor shall be entitled to attorneys' fees, costs and expenses incurred in the preparation and service of notices of Default and consultations in connection therewith, whether or not a legal action is subsequently commenced in connection with such Default or resulting Breach.

32. LESSOR'S ACCESS; SHOWING PREMISES; REPAIRS. Lessor and Lessor's agents shall have the right to enter the Premises at any time, in the case of an emergency, and otherwise at reasonable times for the purpose of showing the same to prospective purchasers, lenders, or lessees, and making such alterations, repairs, improvements or additions to the Premises as Lessor may deem necessary. All such activities shall be without abatement of rent or liability to Lessee. Lessor may at any time place on the Premises any ordinary "FOR SALE" signs and Lessor may during the last six (6) months of the term hereof place on the Premises any ordinary "FOR LEASE" signs. Lessee may at any time place on or about the Premises any ordinary "FOR SUBLEASE" sign.

33. AUCTIONS. Lessee shall not conduct, nor permit to be conducted, any auction upon the Premises without Lessor's prior written consent. Lessor shall not be obligated to exercise any standard of reasonableness in determining whether to permit an auction.

34. SIGNS. Except for ordinary "For Sublease" signs, Lessee shall not place any sign upon the Premises without Lessor's prior written consent. All signs must comply with all Applicable Requirements.

35. TERMINATION; MERGER. Unless specifically stated otherwise in writing by Lessor, the voluntary or other surrender of this Lease by Lessee, the mutual termination or cancellation hereof, or a termination hereof by Lessor for Breach by Lessee, shall automatically terminate any sublease or lesser estate in the Premises; provided, however, that Lessor may elect to continue any one or all existing sublenancies. Lessor's failure within ten (10) days following any such event to elect to the contrary by written notice to the holder of any such lesser interest, shall constitute Lessor's election to have such event constitute the termination of such interest.

36. CONSENTS. Except as otherwise provided herein, wherever in this Lease the consent of a Party is required to an act by or for the other Party, such

consent shall not be unreasonably withheld or delayed. Lessor's actual reasonable costs and expenses (including but not limited to architects', attorneys', engineers' and other consultants' fees) incurred in the consideration of, or response to, a request by Lessee for any Lessor consent, including but not limited to consents to an assignment, a subletting or the presence or use of a Hazardous Substance, shall be paid by Lessee upon receipt of an invoice and supporting documentation therefor. Lessor's consent to any act, assignment of subletting shall not constitute an acknowledgment that no Default or Breach by Lessee of this Lease exists, nor shall such consent be deemed a waiver of any then existing Default or Breach, except as may be otherwise specifically stated in writing by Lessor at the time of such consent. The failure to specify herein any particular condition to Lessor's consent shall not preclude the imposition by Lessor at the time of consent of such further or other conditions as are then reasonable with reference to the particular matter for which consent is being given. In the event that either Party disagrees with any determination made by the other hereunder and reasonably requests the reasons for such determination, the determining party shall furnish its reasons in writing and in reasonable detail within ten (10) business days following such request.

37. GUARANTOR.

37.1 EXECUTION. The Guarantors, if any, shall each execute a guaranty in the form most recently published by the American Industrial Real Estate Association, and each such Guarantor shall have the same obligations as Lessee under this Lease.

37.2 DEFAULT. It shall constitute a Default of the Lessee if any Guarantor fails or refuses, upon request to provide: (a) evidence of the execution of the guaranty, including the authority of the party signing on Guarantor's behalf to obligate Guarantor, and in the case of a corporate Guarantor, a certified copy of a resolution of its board of directors authorizing the making of such guaranty, (b) current financial statements, (c) a Estoppel Certificate, or (d) written confirmation that the guaranty is still in effect.

38. QUIET POSSESSION. Subject to payment by Lessee of the Rent and performance of all of the covenants, conditions and provisions on Lessee's part to be observed and performed under this Lease, Lessee shall have quiet possession and quiet enjoyment of the Premises during the term hereof.

39. OPTIONS.

39.1 DEFINITION. "OPTION" shall mean: (a) the right to extend the term of or renew this Lease or to extend or renew any lease that Lessee has on other property of Lessor; (b) the right of first refusal or first offer to lease either the Premises or other property of Lessor; (c) the right to purchase or the right of first refusal to purchase the Premises or other property of Lessor.

39.2 OPTIONS PERSONAL TO ORIGINAL LESSEE. Each Option granted to Lessee in this Lease is personal to the original Lessee, and cannot be assigned or exercised by anyone other than said original Lessee and only while the original Lessee is in full possession of the Premises and, if requested by Lessor, with Lessee certifying that Lessee has no intention of thereafter assigning or subletting.

39.3 MULTIPLE OPTIONS. In the event that Lessee has any multiple Options to extend or renew this Lease, a later Option cannot be exercised unless the prior Options have been validly exercised.

39.4 EFFECT OF DEFAULT ON OPTIONS.

(a) Lessee shall have no right to exercise an Option: (i) during the period commencing with the giving of any notice of Default and continuing until said Default is cured, (ii) during the period of time any Rent is unpaid (without regard to whether notice thereof is given Lessee), (iii) during the time Lessee is in Breach of this Lease, or (iv) in the event that Lessee has been given three (3) or more notices of separate Default, whether or not the Defaults are cured, during the twelve (12) month period immediately preceding the exercise of the Option.

(b) The period of time within which an Option may be exercised shall not be extended or enlarged by reason of Lessee's inability to exercise an Option because of the provisions of Paragraph 39.4(a).

(c) An Option shall terminate and be of no further force or effect, notwithstanding Lessee's due and timely exercise of the Option, if, after such exercise and prior to the commencement of the extended term, (i) Lessee fails to pay Rent for a period of thirty (30) days after such Rent becomes due (without any necessity of Lessor to give notice thereof), (ii) Lessor gives to Lessee three (3) or more notices of separate Default during any twelve (12) month period, whether or not the Defaults are cured, or (iii) if

Lessee commits a Breach of this Lease.

40. MULTIPLE BUILDINGS. If the Premises are a part of a group of buildings controlled by Lessor, Lessee agrees that if will observe all reasonable rules and regulations which Lessor may make from time to time for the management, safety, and care of said properties including

Initials JW

the care and cleanliness of the grounds and including the parking, loading and unloading of vehicles, and that Lessee will pay its fair share of common expenses incurred in connection therewith.

41. SECURITY MEASURES. Lessee hereby acknowledges that the rental payable to Lessor hereunder does not include the cost of guard service or other security measures, and that Lessor shall have no obligation whatsoever to provide same. Lessee assumes all responsibility for the protection of the Premises, Lessee, its agents and invitees and their property from the acts of third parties.

42. RESERVATIONS. Lessor reserves to itself the right, from time to time, to grant, without the consent or joinder of Lessee, such easements, rights and dedications that Lessor deems necessary, and to cause the recordation of parcel maps and restrictions, so long as such easements, rights, dedications, maps and restrictions do not unreasonably interfere with the use of the Premises by Lessee. Lessee agrees to sign any documents reasonably requested by Lessor to effectuate any such easement rights, dedication, map or restrictions.

43. PERFORMANCE UNDER PROTEST. If at any time a dispute shall arise as to any amount or sum of money to be paid by one Party to the other under the provisions hereof, the Party against whom the obligation to pay the money is asserted shall have the right to make payment "under protest" and such payment shall not be regarded as a voluntary payment and there shall survive the right on the part of said Party to institute suit for recovery of such sum. If it shall be adjudged that there was no legal obligation on the part of said Party to pay such sum or any part thereof, said Party shall be entitled to recover such sum or so much thereof as it was not legally required to pay.

44. AUTHORITY. If either Party hereto is a corporation, trust, limited liability company, partnership, or similar entity, each individual executing this Lease on behalf of such entity represents and warrants that he or she is duly authorized to execute and deliver this Lease on its behalf. Each party shall, within thirty (30) days after request, deliver to the other party satisfactory evidence of such authority.

45. CONFLICT. Any conflict between the printed provisions of this Lease and the typewritten or handwritten provisions shall be controlled by the typewritten or handwritten provisions.

46. OFFER. Preparation of this Lease by either Party or their agent and submission of same to the other Party shall not be deemed an offer to lease to the other Party. This Lease is not intended to be binding until executed and delivered by all Parties hereto.

47. AMENDMENTS. This Lease may be modified only in writing, signed by the Parties in interest at the time of the modification. As long as they do not materially change Lessee's obligations hereunder, Lessee agrees to make such reasonable non-monetary modifications to this Lease as may be reasonably required by a Lender in connection with the obtaining of normal financing or refinancing of the Premises.

48. MULTIPLE PARTIES. If more than one person or entity is named herein as either Lessor or Lessee, such multiple Parties shall have joint and several responsibility to comply with the terms of this Lease.

49. MEDIATION AND ARBITRATION OF DISPUTES. An Addendum requiring the Mediation and/or the Arbitration of all disputes between the Parties and/or Brokers arising out of this Lease / / IS / / IS NOT attached to this Lease.

LESSOR AND LESSEE HAVE CAREFULLY READ AND REVIEWED THIS LEASE AND EACH TERM AND PROVISION CONTAINED HEREIN, AND BY THE EXECUTION OF THIS LEASE SHOW THEIR INFORMED AND VOLUNTARY CONSENT THERETO. THE PARTIES HEREBY AGREE THAT, AT THE TIME THIS LEASE IS EXECUTED. THE TERMS OF THIS LEASE ARE COMMERCIALLY REASONABLE AND EFFECTUATE THE INTENT AND PURPOSE OF LESSOR AND LESSEE WITH RESPECT TO THE PREMISES

ATTENTION: NO REPRESENTATION OR RECOMMENDATION IS MADE BY THE AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION OR BY ANY BROKER AS TO THE LEGAL SUFFICIENCY, LEGAL EFFECT, OR TAX CONSEQUENCES OF THIS LEASE OR THE TRANSACTION TO WHICH IT RELATES. THE PARTIES ARE URGED TO:

1. SEEK ADVICE OF COUNSEL AS TO THE LEGAL AND TAX CONSEQUENCES OF THIS LEASE.
2. RETAIN APPROPRIATE CONSULTANTS TO REVIEW AND INVESTIGATE THE CONDITION OF THE PREMISES. SAID INVESTIGATION SHOULD INCLUDE BUT NOT BE LIMITED TO: THE POSSIBLE PRESENCE OF HAZARDOUS SUBSTANCES, THE ZONING OF THE PREMISES, THE STRUCTURAL INTEGRITY, THE CONDITION OF THE ROOF AND OPERATING SYSTEMS, AND THE SUITABILITY OF THE PREMISES FOR LESSEE'S INTENDED USE.

WARNING: IF THE PREMISES IS LOCATED IN A STATE OTHER THAN CALIFORNIA, CERTAIN PROVISIONS OF THE LEASE MAY NEED TO BE REVISED TO COMPLY WITH THE LAWS OF THE STATE IN WHICH THE PREMISES IS LOCATED.

The parties hereto have executed this Lease at the place and on the dates specified above their respective signatures.

Executed at: _____	Executed at: _____
on: _____	on: _____
By LESSOR:	By LESSEE:
_____	_____
By: /s/ James Eisenberg _____	By: /s/ James Eisenberg _____
Name Printed: James Eisenberg _____	Name Printed: James Eisenberg _____
Title: _____	Title: _____
By: _____	By: _____
Name Printed: _____	Name Printed: _____
Title: _____	Title: _____
Address: _____	Address: _____
_____	_____
Telephone:( ) _____	Telephone:( ) _____
Facsimile:( ) _____	Facsimile:( ) _____
Federal ID No. _____	Federal ID No. _____

NOTE: These forms are often modified to meet changing requirements of law and Industry needs. Always write or call to make sure you are utilizing the most current form: AMERICAN INDUSTRIAL REAL ESTATE ASSOCIATION, 700 So. Flower Street, Suite 600, Los Angeles, California 90017. (213) 687-8777. Fax No. (213) 687-8616

EXHIBIT A

BASE RENT

The Base Rent ("Base Rent") for the Premises shall be as follows:

In years One (1) through Five (5), Base Rent shall be Twenty-three Thousand Dollars ($23,000) per month, payable on the first day of each month commencing April 1, 1998.

In years Six (6) through Ten (10), Base Rent shall be Twenty-five Thousand Three Hundred Dollars ($25,300) per month, payable on the first day of each month commencing March 1, 2003.

In years Eleven (11) through Fifteen (15), Base Rent shall be Twenty-eight Thousand Dollars ($28,000) per month, payable on the first day of each month commencing March 1, 2008.

In years Sixteen (16) through Twenty (20), Base Rent shall be Thirty-Thousand Eight Hundred Dollars ($30,800) per month, payable on the first day of each month commencing March 1, 2013 and continuing through the Expiration Date.

Exhibit 10.18

FIRST AMENDMENT TO LEASE

This First Amendment to Lease ("Amendment") is made as of February 1999 by Harbor Building, LLC ("Lessor") and Power Circuits, Inc. ("Lessee") with respect to the following:

A. Lessor and Lessee are parties to the Standard Industrial/Commercial Single-Tenant Lease-Net dated as of March 9, 1998 (the "Lease"); and

B. Lessor and Lessee desire to amend the Lease in certain respects.

For good and valuable consideration, the receipt and sufficiency of which are acknowledged, Lessor and Lessee agree as follows:

1. The Lease is hereby amended as follows:

(a) Paragraphs (a), (b) and (c) of Section 2.2 of the Lease are deleted in their entirety and replaced with the following:

"100% of the cost of such Capital Expenditures shall be borne by Lessee, unless such Capital Expenditure is required during the last two (2) years of the term of this Lease (including options, if any), in which case Lessor and Lessee shall allocate the cost of such Capital Expenditure based on the useful life of such Capital Expenditure, as reasonably determined by Lessor, as compared to the remaining term of the Lease (including options, if any); provided, however, that Lessee shall be responsible for 100% of the cost of any Capital Expenditures required as a result of Lessee's use."

(b) Section 6.2(d) of the Lease is amended by deleting the language "(provided, however ... adjacent properties) ...", and replacing that language with the following: "including without limitation underground migration of any Hazardous Substances under the Premises from adjacent properties".

(c) The following is added to the end of each of Section 6.2(d) and Section 6.2(e) of the Lease:

"Any Hazardous Substances which are found on, under or about the Premises during the term of this Lease shall be presumed to have been brought onto the Premises by or for Lessee, unless Lessee proves by conclusive evidence that they were on, under or about the Premises prior to the commencement of the term of the Lease."

(d) Section 7.1(c) of the Lease is deleted in its entirety.

(e) Section 9.4 of the Lease is deleted and replaced in its entirety with the following:

"9.4 TOTAL DESTRUCTION. Notwithstanding any other provision hereof, if a Premises Total Destruction occurs, then, at Lessor's option, to be exercised within ninety (90) days after the occurrence of such Premises Total Destruction, this Lease shall terminate within thirty (30) days following such notice. If the damage or destruction was caused by the gross negligence or willful misconduct of Lessee, Lessor shall have the right to recover Lessor's damages from Lessee, except as provided in paragraph 8.6."

(f) The following paragraph (f) is added to the end of Section 12.3 of the Lease:

"(f) Notwithstanding anything to the contrary provided elsewhere herein, Lessor shall be entitled to 100% of any subletting profits."

(g) The last sentence of paragraph 17 of the Lease is deleted

in its entirety.

2. If there is any inconsistency between this Lease and the Amendment, this Amendment shall govern.

3. Except as amended hereby, the Lease remains in full force and effect.

4. This Amendment may be executed in one or more counterparts and facsimile signatures will be binding for all purposes.

The parties hereby have executed this Amendment as of the date first written above.

LESSOR

HARBOR BUILDING, LLC

By: /s/ James Eisenberg

James Eisenberg, Co-Manager

By: /s/ Dale Anderson

Dale Anderson, Co-Manager

LESSEE

POWER CIRCUITS, INC.

By: /s/ James Eisenberg

James Eisenberg, President

By: /s/ Dale Anderson

Dale Anderson, Secretary

Exhibit 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our reports (and to all references to our Firm) included in or made a part of this registration statement.

/s/ Arthur Andersen LLP
Salt Lake City, Utah
June 22, 2000

Exhibit 23.2

CONSENT OF INDEPENDENT AUDITORS

We consent to the reference to our firm under the caption "Experts" and to the use of our report dated January 28, 1999, with respect to the financial statements of Power Circuits, Inc. included in this Registration Statement and related Prospectus.

/s/ ERNST & YOUNG LLP

Newport Beach, California
June 22, 2000

Exhibit 23.3

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TTM Technologies, Inc.:

We consent to the reference to our firm under the caption "Experts" in the Prospectus.

/s/ SIMON DADOUN & CO., P.S.

June 21, 2000
Bellevue, Washington