

MPD 7-1-98

FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027

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07-06-1998



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FORM COVER SHEET

BOOKS ONLY

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

RECEIVED
RECEIPT ACCEPTING DEPOSIT

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID # _____
- Correction of PTO Error
Reel # _____ Frame # _____
- Corrective Document
Reel # _____ Frame # _____

Conveyance Type

- Assignment
- License
- Security Agreement
- Nunc Pro Tunc Assignment
- Merger
Effective Date
Month Day Year

- Change of Name
- Other _____

Conveying Party

Mark if additional names of conveying parties attached

Name GSI GROUP, INC. THE Execution Date
Month Day Year
11 05 97

Formerly GRAIN SYSTEMS, INC.

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____
- Citizenship/State of Incorporation/Organization DELAWARE

Receiving Party

Mark if additional names of receiving parties attached

Name LASALLE NATIONAL BANK

DBA/AKA/TA _____

Composed of _____

Address (line 1) 135 S. LASALLE ST.

Address (line 2) ATTN: METROPOLITAN DIVISION

Address (line 3) CHICAGO IL 60603

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association
- Other _____

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

Citizenship/State of Incorporation/Organization NATIONAL BANKING ASSOCIATION

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet information to
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

REEL 1747 FRAME 0246

MPD 3-25-98

Domestic Representative Name and Address Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages Enter the total number of pages of the attached conveyance document including any attachments. #

Trademark Application Number(s) or Registration Number(s) Mark if additional numbers attached
Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)			Registration Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1221295"/>	<input type="text" value="1089133"/>	<input type="text" value="1345631"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1225839"/>	<input type="text" value="1939175"/>	<input type="text" value="1219884"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="1954422"/>	<input type="text" value="1939356"/>	<input type="text" value="1208117"/>

Number of Properties Enter the total number of properties involved. #

Fee Amount Fee Amount for Properties Listed (37 CFR 3.41): \$

Method of Payment: Enclosed Deposit Account

Deposit Account
(Enter for payment by deposit account or if additional fees can be charged to the account.)
Deposit Account Number: #

Authorization to charge additional fees: Yes No

Statement and Signature
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

JANET A. STIVEN *Janet A. Stiven* 3/23/98
Name of Person Signing Signature Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached (Designation must be a separate document from the Assignment.)

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

1347244

1391379

November 4, 1997 (10:00AM)

SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of November 5, 1997, is entered into by and between THE GSI GROUP, INC., a Delaware corporation (the "Borrower"), and LASALLE NATIONAL BANK (the "Bank").

WITNESSETH:

WHEREAS, the Borrower and the Bank are party to a Loan and Security Agreement dated April 26, 1995 (as amended and restated as of June 6, 1996, and as further amended prior to the date hereof, the "Original Loan Agreement"); and

WHEREAS, the Borrower and the Bank desire to amend and restate the Original Loan Agreement as set forth herein;

NOW, THEREFORE, in consideration of the premises, the mutual agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby amend and restate the Original Loan Agreement to provide as follows:

ARTICLE I. DEFINITIONS.

1.01 The following words and phrases, as used herein, shall have the following respective meanings:

"Accounts" shall mean any and all accounts, contract rights, notes, drafts, chattel paper, instruments, documents and general intangibles consisting of rights to payment (all as defined in the UCC).

"Account Debtor" shall mean any party who is obligated on any Account.

"Acquisition" shall mean any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests, membership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other business combination with another Person (other than a Person that is a Subsidiary).

25232.4

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"Adjusted LIBOR Rate" shall mean a rate per annum determined pursuant to the following formula:

$$\text{Adjusted LIBOR Rate} = \frac{\text{LIBOR}}{100\% - \text{Reserve Percentage}}$$

"Affiliate" shall mean any Person which, directly or indirectly, owns or controls, on an aggregate basis, including all beneficial ownership and ownership or control as a trustee, guardian or other fiduciary, Stock having ordinary voting power to elect a majority of the board of directors (irrespective of whether, at the time, Stock of any other class or classes of such corporation have or might have voting power by reason of the happening of any contingency) of the Borrower, or which controls, is controlled by or is under common control with the Borrower or any stockholders of the Borrower. For purposes hereof, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of management and policies, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Margin" shall mean with respect to Euro-Dollar Loans and the Facility Fee, the rate per annum determined as set forth below:

<u>Funded Debt to EBITDA Ratio</u>		<u>Applicable Margin for Euro-Dollar Loans</u>	<u>Applicable Margin for Facility Fee</u>
<u>Greater than or equal to</u>	<u>And Less than</u>		
4.00 to 1		1.45%	.30%
3.50 to 1	3.99 to 1	1.25%	.25%
3.00 to 1	3.49 to 1	1.00%	.25%
2.50 to 1	2.99 to 1	0.75%	.25%
	2.49 to 1	0.55%	.20%

provided that for the period from November 5, 1997 through the date the Bank receives the Borrower's compliance certificate for the fiscal quarter ending December 31, 1997, the Applicable Margin for Euro-Dollar Loans shall be 1.25% and the Applicable Margin for the Facility Fee shall be .25%. Any change in the Applicable Margin for Euro-Dollar Loans and the Facility Fee due to a change in the Borrower's Debt to EBITDA Ratio shall take place upon receipt by the Bank of the compliance certificate indicating such change in the Debt to EBITDA Ratio. For purposes of this definition (a) Debt shall be measured as at the end of the most recent fiscal quarter of the Borrower and (b) EBITDA shall be measured as at the end of the most recent fiscal quarter of the Borrower for the four-fiscal-quarter period then ended.

"Authorized Borrower Representative" shall mean any officer of Borrower designated as such by resolution of the Board of Directors of the Borrower from time to time, a certified copy of which resolution shall be delivered to the Bank.

"Bank" shall mean LaSalle National Bank, a national banking association.

"Borrower" shall mean The GSI Group, Inc., a Delaware corporation.

"Business Day" shall mean any day, other than a Saturday or Sunday, on which commercial banks are open for domestic business in Chicago, Illinois.

"Capital Expenditures" shall mean, for the period of four (4) consecutive fiscal quarters most recently ended on or prior to the date of determination, Borrower's capital expenditures (including capital lease expense), determined in accordance with GAAP.

"Closing" shall have the meaning specified in Section 3.01.

"Collateral" shall have the meaning specified in Section 4.01.

"Debt" shall mean, with respect to the subject Person, all items of indebtedness, obligation or liability, whether matured or unmatured, liquidated or unliquidated, direct or indirect, or joint or several, including:

(A) All Obligations of such Person;

(B) All indebtedness in effect guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse;

(C) All indebtedness in effect guaranteed, directly or indirectly through agreements, contingent or otherwise: (1) to purchase such indebtedness, or (2) to purchase, sell or lease (as lessee or lessor) property, products, materials or supplies or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such indebtedness or to assure the owner of the indebtedness against loss, or (3) to supply funds to or in any other manner invest in any Person;

(D) All indebtedness secured (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured) by any mortgage, trust deed, deed of trust, pledge, lien, security interest or other charge or encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed; and

(E) All indebtedness incurred as the lessee of goods or services under leases that, in accordance with GAAP, are or should be reflected on the lessee's balance sheet as a capital lease.

"DMC" shall mean David Manufacturing Co., an Iowa corporation whose headquarters is located in Mason City, Iowa.

"DMC Acquisition Agreement" shall mean the Stock Purchase Agreement between Borrower and Sellers named therein dated as of October 10, 1997 regarding DMC and DSC.

"DMC Revolving Credit Loans" shall mean Revolving Credit Loans advanced to DMC and DSC pursuant to section 2.01 below.

"DMC Revolving Credit Note" shall mean the note of DMC and DSC delivered in accordance with Section 2.01 below.

"DMC Seller" shall mean selling shareholders executing the DMC Acquisition Agreement.

"Documents" shall mean this Agreement, the Notes and any other documents, instruments or certificates to be executed and delivered hereunder or in connection herewith by or on behalf of the Borrower or any of its Affiliates.

"DSC" shall mean David Service Company, an Iowa corporation whose headquarters is located in Mason City, Iowa.

"EBITDA" shall mean, for the period of four (4) consecutive fiscal quarters most recently ended on or prior to the date of determination, Borrower's earnings before interest, taxes, depreciation and amortization, and notwithstanding any non-cash charge for increase in value of stock appreciation rights (or similar rights), but accounting for same as a charge against earnings when paid, determined in accordance with GAAP. Prior to the first anniversary of the consummation of an Acquisition, the historical financial results of the acquired Person or assets for the relevant period will be included for purposes of calculating EBITDA (but without any adjustment to such historical results for cost savings or other synergies).

"Environmental Laws" shall mean any federal, state or local law, statute, ordinance, order, decree, rule or regulation relating to releases, discharges, emissions or disposals to air, water, land or groundwater, to the withdrawal or use of groundwater, to the use, handling or disposal of polychlorinated biphenyls, asbestos or urea formaldehyde, to the treatment, storage, disposal or management of Hazardous Substances, to exposure to toxic, hazardous or other controlled, prohibited or regulated substances and to the transportation, storage, disposal, management or release of gaseous or other liquid substances, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC §9601 *et seq.*, the Resource, Conservation and Recovery Act of 1976, as amended by the Hazardous Solid Waste Amendments of 1984, 42 USC §6901 *et seq.*, the Toxic Substances Control Act, 15 USC §2601 *et seq.*, the Occupational Safety and Health Act of 1970, 29 USC §651 *et seq.*, the Clean Air Act of 1966, as amended, 42 USC §7401 *et seq.*, and the Federal Water Pollution Control Act, as amended by the Clean Water Act

of 1977, 33 USC §1251 et seq., and all rules, regulations and guidance documents promulgated pursuant thereto or published thereunder.

"Equipment" shall mean all equipment, machinery, fixtures and supplies and any and all parts, accessories, attachments, fittings, special tools, additions and accessories thereto and any renewals, substitutions or replacements thereof, including licensed vehicles, plant trucks, furniture, office equipment and minor plant equipment.

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

"ERISA Affiliate" shall mean (i) any corporation which is now, or was at any time, a member of the same controlled group of corporations (within the meaning of Section 414(b) of the Internal Revenue Code) as the Borrower or any predecessor thereof; (ii) any partnership, trade or business (whether or not incorporated) which is now, or was at any time, under common control (within the meaning of Section 414(c) of the Internal Revenue Code) with the Borrower or any predecessor thereof; and (iii) any entity, which is now, or was at any time, a member of the same affiliated service group (within the meaning of Section 414(m) of the Internal Revenue Code) as either the Borrower or any predecessor thereof, or any corporation described in clause (i) or any partnership, trade or business described in clause (ii).

"Euro-Dollar Business Day" shall mean any day on which commercial banks are open for domestic and international business (including dealing in dollar deposits) in London and Chicago.

"Euro-Dollar Lending Office" shall mean as to the Bank such branch or affiliate of the Bank as it may designate from time to time as its Euro-Dollar Lending Office.

"Euro-Dollar Loans" shall mean Loans which bear interest at a Euro-Dollar Rate.

"Euro-Dollar Rate" shall mean, at the time of determination, the Adjusted LIBOR Rate then in effect plus the Applicable Margin.

"Event of Default" shall have the meaning specified in Section 9.01.

"Facility Fee" shall have the meaning given to it in Section 2.06(B) below.

"Financial Statements" shall mean, at any time, the audited financial statements of the Borrower for its most recently ended fiscal year, the unaudited financial statements for the most recently ended accounting period of the Borrower, and the unaudited pro forma condensed combined balance sheet dated as of September 30, 1997 contained in the Offering Memorandum, copies of which have been furnished to the Bank.

"Fixed Charge Coverage Ratio" shall mean, for any period, the ratio of (A) EBITDA minus Capital Expenditures (to the extent not financed by sources other than the Bank), in respect

of such period, to (B) Borrower's interest expense plus scheduled debt amortization including without limitation under the Subordinated Notes (both determined in accordance with GAAP), in respect of such period.

"Floating Rate" shall mean, at the time of determination, a floating per-annum rate equal to the Prime Rate then in effect.

"Funded Debt" of any Person shall mean (i) all Debt of such Person for borrowed money or which has been incurred in connection with the acquisition of assets in each case having a final maturity or more than one year from the date of origin thereof (or which is renewable or extendible at the option of the obligor for a period or periods of more than one year from the date of origin), including all payments in respect thereof that are required to be made within one year from the date of any determination of Funded Debt, whether or not the obligation to make such payments shall constitute a current liability of the obligor under GAAP, but in any event including the Debt outstanding hereunder from time to time and under the Subordinated Notes, (ii) all capitalized rentals of such Person, and (iii) all guaranties by such Person of Funded Debt of others.

"Funded Debt to EBITDA Ratio" shall mean the ratio of (A) Borrower's total Funded Debt determined in accordance with GAAP to (B) EBITDA for the period of four (4) consecutive fiscal quarters most recently ended on or prior to such date.

"GAAP" shall mean generally accepted accounting principles consistently applied throughout the period involved; provided, however, that the FIFO method (rather than LIFO, which is the method applied with respect to Borrower's audited financial statements) shall be applied with respect to (i) interim financial statements, and (ii) the calculation of all financial covenants and compliance with other monetary restrictions in this Agreement; and provided, further, that so long as Borrower is not legally responsible for obligations to Larry Sloan in respect of his non-competition agreement, such obligations shall be disregarded in the calculation of all financial covenants.

"General Intangibles" shall mean all general intangibles, including choses in action, designs, patents, trademarks, service marks, trade names, good will, applications for registration, registrations, licenses, franchises, customer lists, and all other intangible property of every nature (other than Accounts).

"Governmental Authority" shall mean the United States of America, any state, territory or district thereof, and any other political subdivision or body politic created pursuant to any applicable Law, and any court, agency, department, commission, board, bureau or instrumentality of any of the foregoing.

"Hazardous Substances" shall mean (i) any hazardous or toxic substance, chemical or waste, or any pollutant or contaminant defined as such in any now or hereafter existing

Environmental Law, (ii) asbestos, (iii) radon, (iv) petroleum, its derivative by-products and other hydrocarbons, (v) polychlorinated biphenyls, (vi) explosives, (vii) radioactive materials and (viii) any additional substances or materials which at any time are classified or considered to be hazardous or toxic under any Environmental Laws.

"Indenture" shall mean the Indenture dated as of November 5, 1997 between the Borrower and LaSalle National Trust, N.A., as trustee, relating to the Subordinated Notes.

"Interest Period" shall mean with respect to each Euro-Dollar Loan:

- (i) initially, the period commencing on the date of such Euro-Dollar Loan and ending 30, 60 or 90 days thereafter, as the Borrower may elect, or at any other maturity mutually agreed upon by the Bank and Borrower; and
- (ii) thereafter, each period commencing on the last day of the next preceding Interest Period for such Euro-Dollar Loan and ending 30, 60 or 90 days thereafter, as the Borrower may elect or as otherwise mutually agreed by the Bank and Borrower;

provided that:

(A) any Interest Period which would otherwise end on a day which is not a Euro-Dollar Business Day shall be extended to the next succeeding Euro-Dollar Business Day, unless such Euro-Dollar Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Euro-Dollar Business Day;

(B) any Interest Period which begins on the last Euro-Dollar Business Day, of the 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, subject to clause (C) below, end on the last Euro-Dollar Business Day of a calendar month;

(C) any Interest Period in respect of a Revolving Credit Loan which begins prior to the Revolving Credit Loan Termination Date and would otherwise end after the Revolving Credit Loan Termination Date shall end on such date; and

"Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended.

"Inventory" shall mean all inventory, goods, merchandise and other personal property held for sale or lease, or furnished or to be furnished under any contract of service, or held as raw materials, work in process or material used or consumed, or to be used or consumed, in business.

"Laws" shall mean any federal, state or local law, statute, ordinance, order, decree, rule or regulation.

"Letter of Credit" shall mean a commercial letter of credit issued pursuant to the Revolving Credit Loan Commitment.

"Letter of Credit Obligations" shall have the meaning specified in Section 2.01(C).

"Loans" shall mean the Revolving Credit Loans.

"London Interbank Offered Rate" or "LIBOR Rate" applicable to any Interest Period shall mean the rate per annum (rounded upward, if necessary, to the nearest 1/16 of 1%) at which deposits in dollars are offered by the Euro-Dollar Lending Office of the Bank to other prime banks in the London interbank market at approximately 11:00 A.M. two (2) Euro-Dollar Business Days prior to the first day of such Interest Period in an amount approximately equal to the aggregate principal amount of the Euro-Dollar Loan to which such Interest Period is to apply and for a period of time comparable to such Interest Period.

"Multiemployer Plan" shall have the meaning ascribed to it in Section 4001(a)(3) of ERISA.

"Note" or "Notes" shall mean the Revolving Credit Note and the DMC Revolving Credit Note.

"Obligations" shall mean, with respect to any Person, all of such Person's liabilities, obligations and indebtedness to the Bank of any and every kind and nature, including the Loans, such Person's other liabilities and obligations to the Bank under this Agreement, such Person's reimbursement obligations in respect of letters of credit issued for the account of such Person, and such Person's liabilities and obligations to the Bank under any other agreement, document or instrument, (including any guaranty of another Person's Obligations), whether heretofore, now or hereafter owing, arising, due or payable by or from such Person to the Bank, howsoever evidenced, created, incurred, acquired or owing, and whether joint, several, primary, secondary, direct, contingent, fixed or otherwise.

"Offering Memorandum" shall mean that certain Offering Memorandum of Borrower dated November 5, 1997 regarding the Subordinated Notes.

"Payment Date" means the last day of an Interest Period.

"PBGC" shall mean the Pension Benefit Guaranty Corporation.

"Permitted Liens" shall mean:

(A) liens for taxes, assessments or other governmental charges for the then current year which are not yet due or delinquent;

(B) liens for taxes, assessments or other governmental charges already due, but the validity of which is being contested at the time in good faith by appropriate proceedings and for which adequate reserve is maintained in accordance with GAAP, and as to which no notice or claim of lien has been filed;

(C) statutory liens in favor of landlords, carriers, warehousemen and other suppliers of services or materials for sums incurred in the ordinary course of business, provided such sums are not delinquent and do not exceed the sum of \$250,000.00 in the aggregate at any time, and other liens of such type which have been improperly asserted and which the Borrower is contesting in good faith;

(D) liens for worker's compensation awards not due or delinquent, and other liens of such type which have been improperly asserted and which the Borrower is contesting in good faith;

(E) pledges or deposits to secure obligations under worker's compensation laws or similar legislation;

(F) deposits to secure public, statutory or insurance-related obligations of the Person whose assets are subject to such liens;

(G) liens securing purchase money financing for Equipment acquired by Borrower after the date hereof, provided that (i) each such lien secures only the purchase price of the Equipment so encumbered thereby, (ii) the aggregate amount of new financing secured thereby and incurred after the date of this Agreement does not exceed \$500,000.00 in any calendar year, and (iii) neither the aggregate amount secured by all such liens nor the aggregate value of the Equipment so encumbered exceeds \$2,500,000.00 at any time.

(H) mortgages, pledges, encumbrances, security interests, assignments and liens listed on Schedule 1, or approved in writing by the Bank subsequent to the date hereof, mortgages securing only refinancings of the real estate comprising Borrower's existing facilities in Assumption, Illinois and Paris, Illinois (provided that the aggregate amount secured does not exceed 75% of the appraised fair market value of such real estate); and

(I) mortgages, pledges, encumbrances, security interests, assignments or liens in favor of the Bank.

"Permitted Holders" means J. Craig Sloan, Jorge Andrade, John W. Funk and Howard G. Buffett or their successors and assigns who are Affiliates of the Permitted Holders, members of their families and their heirs or executors.

"Person" shall mean any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association, joint venture, court, Governmental Authority, or any other similar entity.

"Plan" shall mean any employee benefit plan or other plan for any employees of the Borrower or any employees of any Subsidiary of the Borrower or any ERISA Affiliate.

"Prime Rate" shall mean the rate of interest referred to by the Bank from time to time as its prime rate, as fixed by the management of the Bank for the guidance of its loan officers, whether or not such rate is otherwise published, with each change in such prime rate to take effect on the same day as the determination of each change by the Bank. Such rate is not necessarily the most favorable rate offered by the Bank to its borrowers.

"Prime Rate Loan" means a Loan which is not a Euro-Dollar Loan.

"Reportable Event" shall mean any of the events described in Section 4043 of ERISA, excluding subsections 4043(b)(2) and (b)(3) thereof.

"Reserve Percentage" shall mean, for the purpose of computing the Adjusted LIBOR Rate the reserve requirement imposed by the Board of Governors of the Federal Reserve System (or any successor) under Regulation D on Eurocurrency liabilities (as such term is defined in Regulation D) for the applicable Interest Period as of the first day of such Interest Period, but subject to any amendments of such reserve requirement by such Board or its successor, and taking into account any transitional adjustments thereto becoming effective during such Interest Period. For purposes of this definition, Euro-Dollar Loans shall be deemed to be Eurocurrency liabilities as defined in Regulation D without benefit of or credit for prorations, exemptions or offsets under Regulation D.

"Revolving Credit Loan" shall have the meaning specified in Section 2.01(A).

"Revolving Credit Loan Commitment" shall have the meaning specified in Section 2.01(A).

"Revolving Credit Loan Termination Date" shall have the meaning specified in Section 2.01(A).

"Revolving Credit Note" shall have the meaning specified in Section 2.01(E).

"Side Letter" shall have the meaning specified in Section 4.08(I)(ii).

"Special Collateral" shall have the meaning specified in Section 4.06.

"Stock" shall mean all shares, options, interests, participations or other equivalents, howsoever designated, of or in a corporation, partnership or similar entity, whether voting or nonvoting, including common stock, warrants, preferred stock, convertible debentures, partnership interests and all agreements, instruments and documents convertible, in whole or in part, into any one or more of the foregoing.

"Stockholder Agreements" means each of the Stock Restriction and Buy-Sell Agreements, made as of June 6, 1996 by and between each of the Permitted Holders of the Borrower with respect to the Borrower's voting Stock, as amended, and the Stock Restriction and Buy-Sell Agreement made as of January 1, 1997 among the Borrower, the Permitted Holders and other persons named therein with respect to the Borrower's non-voting Stock, as amended.

"Stockholders" shall mean those parties named as the stockholders of the Borrower on Schedule 5 hereto.

"Stock Redemption Agreement" shall mean, collectively, the three Stock Redemption Agreements, each dated as of May 21, 1996, each between a Seller and the Borrower, providing for the redemption of certain of the outstanding Stock of the Borrower.

"Subordinated Debt" shall mean any Debt of the Borrower which is expressly subordinated to the Obligations of the Borrower pursuant to the terms of a written agreement among the Borrower, the Person to whom such Debt is owed and the Bank, the terms of which are satisfactory to the Bank in all respects; including without limitation, the Debt evidenced by the Subordinated Notes.

"Subordinated Notes" shall mean the \$100,000,000 aggregate principal amount of 10.25% Senior Subordinated Notes due 2007 issued under the Indenture.

"Subsidiary" shall mean, with respect to any Person, any corporation, partnership or similar entity of which fifty percent (50%) or more of the outstanding Stock having ordinary voting power is at the time, directly or indirectly, owned by such Person and/or one or more of such Person's Subsidiaries (irrespective of whether, at the time, Stock of any other class or classes of such entity shall have or might have voting power by reason of the happening of any contingency).

"Subsidiary Borrowers" shall mean DMC and DSC.

"Supplemental Documentation" means all agreements, instruments, documents, financing statements, warehouse receipts, schedules of accounts assigned, mortgages, certificates of title and other written matter necessary or requested by the Bank to create, evidence, enforce, perfect or maintain perfected the Bank's security interest in the Collateral and to consummate the transactions contemplated in or by this Agreement and the other Documents.

"UCC" shall mean the Uniform Commercial Code as in effect in Illinois.

1.02 Except as otherwise specifically indicated herein, all references to Article, Section and Sub-Section numbers and letters shall refer to Articles, Sections and Sub-Sections of this Agreement; all references to Exhibits and Schedules shall refer to the Exhibits and Schedules attached to this Agreement. The words "hereby", "hereof", "hereto", "herein" and "hereunder" and any similar terms shall refer to this Agreement as a whole and not to any particular Article, Section or Sub-Section. The word "hereafter" shall mean after the date this Agreement is executed and delivered by the parties hereto, and the word "heretofore" shall mean before such date. Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders, and words importing the singular number shall mean and include the plural number and vice versa. The Article headings are inserted in this Agreement for convenience only and are not intended to, and shall not be construed to limit, enlarge or affect the scope or intent of this Agreement or the meaning of any provision hereof.

1.03 Any accounting terms used in this Agreement which are not specifically defined shall have the meaning customarily given them in accordance with GAAP; provided, however, that, in the event that changes in generally accepted accounting principles shall be mandated by the Financial Accounting Standards Board, or any similar accounting body of comparable standing, or shall be recommended by the Borrower's certified public accountants, to the extent that such changes would modify such accounting terms or the interpretation or computation thereof, such changes shall be followed in defining such accounting terms only from and after such date as the Borrower and the Bank shall have amended this Agreement to the extent necessary to reflect any such changes in the financial covenants and other terms and conditions of this Agreement.

1.04 All other terms contained in this Agreement shall, when the context so indicates, have the meanings provided for by the UCC to the extent the same are used or defined therein.

ARTICLE II. THE LOANS.

2.01(A) Subject to the terms and conditions of this Agreement, the Bank will make a revolving credit facility (the "Revolving Credit Loan Commitment") in an aggregate amount not to exceed \$40,000,000 available to the Borrower, pursuant to which the Bank may from time to time: (i) make revolving credit advances, (ii) issue Letters of Credit to the Borrower or, (iii) make revolving credit advances (a "DMC Revolving Credit Loan") to the Subsidiary Borrowers (each a "Revolving Credit Loan"). The amount otherwise available for borrowing under the Revolving Credit Loan Commitment shall be reduced by: (i) the aggregate face amounts of all Letters of Credit issued by Bank for the account of Borrower and outstanding or drawn but unreimbursed from time to time, which shall in no event exceed \$20,000,000 at any time, (ii) the amount of DMC Revolving Credit Loans outstanding which in no event shall exceed \$5,000,000 at any time, (iii) the amount of Debt of FarmPro, Inc. guaranteed by Borrower and (iv) the amount of

(C) No material adverse change shall have occurred in the financial condition of the Borrower since the date of this Agreement.

(D) All liens on Collateral granted to Bank are and remain valid first priority liens (subject only to Permitted Liens) in full force and effect.

ARTICLE IV. COLLATERAL SECURITY

4.01 The property in which a security interest is granted pursuant to the provisions of Sections 4.02 and 4.03 is herein collectively called the "Collateral." The Collateral, together with all of the Borrower's other property of any kind held by the Bank, shall stand as one general, continuing collateral security for all Obligations of the Borrower and may be retained by the Bank until all such Obligations have been satisfied in full, and this Agreement shall have been terminated.

4.02 As security for the prompt satisfaction of all Obligations of the Borrower, the Borrower hereby assigns, transfers and sets over to the Bank all of its right, title and interest in and to, and grants the Bank a lien on and a security interest in, all amounts that may be owing from time to time by the Bank to the Borrower in any capacity, including, but without limitation, any balance or share belonging to the Borrower of any deposit or other account with the Bank, which lien and security interest shall be independent of any right of set-off which the Bank may have.

4.03 As further security for the prompt satisfaction of all Obligations of the Borrower, the Borrower hereby assigns, transfers and sets over to the Bank all of its right, title and interest in and to, and grants to the Bank a lien on and security interest in, all of its right, title and interest in and to the following, wherever located, whether now owned or hereafter acquired or arising, together with all replacements therefor, proceeds, including insurance proceeds, thereof and products thereof:

- (A) Accounts;
- (B) Inventory;
- (C) Equipment;
- (D) rights as seller of goods and rights to returned, rejected or repossessed goods;
- (E) General Intangibles, including without limitation those described on Schedule 4 hereto; and
- (F) all books and records pertaining to any of the foregoing.

In addition and as further security, the Borrower will execute and deliver to the Bank security agreements and such other documents, including financing statements, in connection herewith as shall be required by the Bank.

4.04 The liens created in Sections 4.02 and 4.03 shall be first and prior liens, subject only to Permitted Liens.

4.05 The Borrower represents and warrants to the Bank as follows:

(A) The Borrower is the owner of the Collateral and grants the security interest made in Sections 4.02 and 4.03 in consideration of value given by the Bank, the sufficiency of which the Borrower hereby acknowledges.

(B) Other than the security interests granted in Sections 4.02 and 4.03, the Collateral is free from any lien, security interest, encumbrance or other right, title or interest of any other Person except for Permitted Liens.

(C) All Collateral is kept solely at the location or locations identified in Schedule 2. Except as specified on Schedule 2, no Collateral is or shall be kept, stored or maintained with a bailee, warehouseman, carrier or similar party without the Bank's prior written consent.

(D) With respect to Accounts, except as otherwise disclosed by the Borrower to the Bank in writing:

- (i) the Accounts are genuine, in all respects what they purport to be and are not evidenced by a judgment;
- (ii) the Accounts represent bona fide transactions completed in accordance with the terms and provisions contained in the invoices and other documents evidencing same;
- (iii) the amounts thereof, which are shown on all such invoices and statements evidencing same, are actually and absolutely owing to the Borrower and are not contingent for any reason;
- (iv) to the best of the Borrower's knowledge, there are no setoffs, counterclaims or disputes existing or asserted with respect to the Accounts and the Borrower has not made any agreement with any Account Debtor thereof for any deduction therefrom;
- (v) to the best of the Borrower's knowledge, there are no facts, events or occurrences which in any way impair the validity or enforceability of the

Subsidiary Borrower under this Agreement or the DMC Revolving Credit Note is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of such Subsidiary Borrower or otherwise, Borrower's obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time.

10.21 Borrower irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against any Subsidiary Borrower or any other Person.

10.22 Notwithstanding any payment made by or for the account of any Subsidiary Borrower pursuant to this Agreement, Borrower shall not be subrogated to any right of the Bank until such time as the Bank shall have received final payment in cash of the full amount of all Obligations.

10.23 If acceleration of the time for payment of any amount payable by any Subsidiary Borrower under this Agreement or the DMC Revolving Credit Note is stayed upon the insolvency, bankruptcy or reorganization of such Subsidiary Borrower, all such amounts otherwise subject to acceleration under the terms of this Agreement shall nonetheless be payable by Borrower hereunder forthwith on demand by the Bank.

[SIGNATURES ON NEXT PAGE]

IN WITNESS WHEREOF, the parties have hereunto caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

THE GSI GROUP, INC.

By: 
Title: CEO

LASALLE NATIONAL BANK

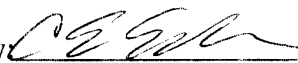
By: 
Title: 1st V.P.

EXHIBIT A
THE GSI GROUP, INC.
Schedule of U.S. Trademarks
Subject to Security Interest
Under Second Amended and Restated Loan Agreement
dated as of November 5, 1997

(Note- This Schedule includes certain U.S. trademark filings which were previously listed in Form PTO -1594 dated as of 6/24/96 and recorded on 6/28/96 on Reel Frame 1476/0564 in connection with the original grant of the security interest. The trademarks which were the subject of the earlier filing are marked with an *.)

<u>Trademark</u>	<u>Reg. Number</u>	<u>Reg. Date</u>	
ADJUST-A-BAFFLE	1221295	Dec. 12, 1982	
AIRSTREAM	1129899	Jan. 29, 1980	*
AUTO-AIR	1225839	Feb. 1, 1983	
CUMBERLAND	1954422	Feb. 6, 1996	
GLASS-PAC	1089133	Apr. 11, 1978	
GRANDSTAND	1172834	Oct. 13, 1981	*
GSI	1939175	Dec. 5, 1995	
GSI and Design	1939356	Dec. 5, 1995	
HI-LO	1880383	Feb. 28, 1995	*
HOG DINER and Design	1345631	July 2, 1985	
MAXI-BRUTE	1219884	Dec. 14, 1982	
MINI-BRUTE	1208117	Sept. 14, 1982	
PIG DINER and Design	1347244	July 9, 1985	
PIGGY DINER and Design	1391379	Apr. 29, 1986	

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