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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 #
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Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

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

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

State/Country

Zip Code

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

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Mark if additional numbers attached

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Trademark Application Number(s)

Registration Number(s)

1591663

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.

James F. Donato

Name of Person Signing



Signature

8/20/2002

Date Signed

LOAN AND SECURITY AGREEMENT

DATED AS OF APRIL 22, 2002,

BETWEEN

LIL' DRUG STORE PRODUCTS, INC.

AND

THE NORTHERN TRUST COMPANY

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LOAN AND SECURITY AGREEMENT

This LOAN AND SECURITY AGREEMENT, dated as of April 22, 2002 (the "Agreement"), is entered into by and between LIL' DRUG STORE PRODUCTS, INC., an Iowa corporation (the "*Company*"), and THE NORTHERN TRUST COMPANY, an Illinois banking corporation, (the "*Lender*").

RECITALS

The Company has requested that the Lender make available a revolving credit facility in the maximum principal amount of \$6,000,000, and an overadvance facility for permitted acquisitions in the maximum principal amount of \$4,000,000, and the Lender has agreed to do so, on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises (each of which is incorporated herein by reference) and the mutual promises contained herein and other valuable consideration, the receipt and adequacy of which are hereby acknowledged, and with the intent to be legally bound hereby, the parties hereto agree as follows:

SECTION 1. DEFINITIONS; INTERPRETATION.

Section 1.1. Definitions. The following terms when used herein shall have the following meanings:

"*Adjusted LIBOR*" means a rate per annum determined by the Lender in accordance with the following formula:

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

Each determination of Adjusted LIBOR made by the Lender shall be conclusive and binding on the Company absent manifest error.

"*Affiliate*" means any Person directly or indirectly controlling or controlled by, or under direct or indirect common control with, another Person. A Person shall be deemed to control another Person for the purposes of this definition if such Person possesses, directly or indirectly, the power to direct, or cause the direction of, the management and policies of the other Person, whether through the ownership of voting securities, common directors, trustees or officers, by contract or otherwise; provided that, in any event for purposes of this definition, any Person that owns, directly or indirectly, 5% or more of the securities having the ordinary voting power for the election of directors or governing body of a corporation or 5% or more of the partnership or other ownership interests of any other Person (other than as a limited partner of such other Person) will be deemed to control such corporation or other Person.

"*Agreement*" means this Loan and Security Agreement, as the same may be amended, modified or restated from time to time in accordance with the terms hereof.

"*Applicable Margin*" means, with respect to the LIBOR Loans, the rate specified in Annex A hereto, subject to quarterly adjustment as hereinafter provided, *provided, however*, that all of the foregoing is subject to the following:

(i) the initial Applicable Margin in effect through the first Margin Determination Date shall be the Applicable Margin for Level I Status;

(ii) on or before the date that is one (1) Business Day after the latest date by which the Company is required to deliver a Compliance Certificate to the Lender pursuant to Section 8.5 hereof for each Fiscal Quarter of the Company (such date that is one (1) Business Day after the latest date by which the Company is required to deliver a compliance certificate to the Lender for such a Fiscal Quarter being herein referred to as the "*Margin Determination Date*" for such Fiscal Quarter) (with the first Margin Determination Date to be set with reference to the Fiscal Quarter of the Company ending on or about June 30, 2002) the Lender shall determine whether Level I Status, Level II Status, or Level III Status exists as of the close of the applicable quarterly accounting period, based upon the Compliance Certificate and financial statements delivered to the Lender under Section 8.5 hereof for such accounting period. Any such change in the Applicable Margin shall be effective as of the related Margin Determination Date, with such new Applicable Margin to continue in effect (subject to interim adjustment in the events and with the effects set forth in the immediately following clause (iii)) until the next Margin Determination Date;

(iii) if the Company has not delivered a Compliance Certificate by the date such Compliance Certificate is required to be delivered under Section 8.5 hereof for a given Margin Determination Date (a "*Late Compliance Certificate*"), the Applicable Margin shall be the Applicable Margin for Level III Status unless and until a Compliance Certificate is delivered for the next Margin Determination Date; *provided, however*, that if the Company subsequently delivers the Late Compliance Certificate before such next Margin Determination Date, the Applicable Margin shall be established by such Late Compliance Certificate, shall take effect from the date of such late delivery and shall remain effective until such next Margin Determination Date; and

(iv) if and so long as any Event of Default has occurred and is continuing hereunder, notwithstanding anything herein to the contrary, the Applicable Margin shall be the Applicable Margin for Level III Status.

"*Authorized Representative*" means those persons shown on the list of officers provided by the Company in its incumbency certificate pursuant to Section 7.2(a)(iii) hereof or on any update of any such incumbency certificate provided by the Company to the Lender, or any further or different officer of the Company so named by any Authorized Representative of the Company in a written notice to the Lender.

"*Borrower*" means the Company, Lil' Drug Store Products, Inc.

"*Borrowing*" means the total of Loans of a single type made to the Company by the Lender on a single date, and if such Loans are to be part of a LIBOR Loan, for a single Interest Period.

"*Borrowing Base*" means for the Revolving Credit Loans the lesser of \$6,000,000, or, the sum of (i) 80% of Eligible Accounts plus (ii) 60% of Inventory other than Branded Drug Inventory plus (iii) 75% of Branded Drug Inventory.

"*Borrowing Base Certificate*" means a borrowing base certificate substantially in the form of Exhibit D which has been executed by an Authorized Representative and delivered to the Lender.

"*Branded Drug Inventory*" means Inventory consisting of branded drugs subject to mandatory repurchase by the manufacturer.

"*Business Day*" means any day other than a Saturday or Sunday on which banks are not authorized or required to close in Chicago, Illinois and, when used with respect to LIBOR Loan, a day on which banks are also dealing in United States Dollar deposits in London, England and Nassau, Bahamas.

"*Capital Expenditures*" means any expenditure which would be classified as a capital expenditure in accordance with GAAP.

"*Capital Lease*" means any lease of Property which in accordance with GAAP is required to be capitalized on the balance sheet of the lessee.

"*Capitalized Lease Obligation*" means the amount of the liability shown on the balance sheet of any Person in respect of a Capital Lease determined in accordance with GAAP.

"*Closing Date*" means the first date on which the parties have (1) executed this Agreement and (2) the Company has complied with all conditions precedent of Section 7 hereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto.

"*Collateral*" means all Property of the Company as identified in Section 5 hereof.

"*Commitments*" means and includes the Revolving Credit Commitment and the Overadvance Commitment.

"*Company*" is defined in the introductory paragraph hereof.

"*Compliance Certificate*" means a certificate submitted to the Lender contemporaneously with the furnishing of each quarterly report and signed by the Chief Financial Officer, President or Chief Executive Officer of the Company and containing a

computation of and showing compliance with each financial ratio or restriction contained in the Agreement.

"Consolidated Net Worth" means for the Company and each of its present and future Subsidiaries the excess of the total assets over total liabilities of the Company as reflected on the Company's most recent balance sheet, with both assets and liabilities determined in accordance with GAAP consistently applied.

"Controlled Group" means all members of a controlled group of corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Company or any of its Subsidiaries, are treated as a single employer under Section 414 of the Code.

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

"Default Rate" is defined in Section 3.2(d) hereof.

"Dollars" means the legal tender of the United States of America.

"Domestic Subsidiary" means any Subsidiary which is incorporated in, or organized pursuant to, the laws of one of the states of the United States of America.

"EBITDA" means, with reference to any period, Net Income for such period plus all amounts deducted in arriving at such Net Income amount in respect of (i) Interest Expense for such period, plus (ii) federal, state and local income taxes for such period, including all compensatory amounts paid for purposes of paying taxes on the taxable income of the Company, plus (iii) all amounts properly charged for depreciation of fixed assets and amortization of intangible assets during such period on the books of the Company and its Subsidiaries.

"Eligible Account" means any account of the Borrower which the Lender, in its sole discretion exercised in good faith, determines to have met all of the following minimum requirements:

(i) The account represents a complete bona fide transaction for goods sold and delivered or services rendered (excluding any amounts in the nature of a service charge added to the amount due on an invoice because the invoice has not been paid when due) which requires no further act under any circumstances on the part of the Borrower to make such account payable by the Account Debtor;

(ii) The account arises from an arm's-length transaction in the ordinary course of the business of the Borrower between the Borrower and an Account Debtor which (unless the Lender otherwise agrees in writing) is not (A) an Affiliate or Subsidiary of the Borrower, (B) a Person Controlled by a Subsidiary or Affiliate of the Borrower, (C) an officer, director, stockholder or employee of the Borrower or any Affiliate or Subsidiary of the Borrower, or (D) a member of the

family of an officer, director, stockholder or employee of the Borrower or a Subsidiary or Affiliate of the Borrower;

(iii) The account shall not (A) be or have been unpaid more than one hundred twenty (120) days from the original due date of the invoice, or (B) be payable by an Account Debtor more than 25% of whose accounts are not deemed Eligible Accounts;

(iv) The goods the sale of which gave rise to the account were shipped or delivered or provided to the Account Debtor on an absolute sale basis and not on a bill-and-hold, consignment sale, guaranteed sale or sale-or-return basis or on the basis of any other similar understanding, and no part of such goods have been returned or rejected;

(v) The Account Debtor with respect to the account (A) is solvent, (B) is not the subject of any bankruptcy or insolvency proceedings of any kind or of any other proceeding or action, threatened or pending, which might have a materially adverse effect on his or its business, operations or properties, (C) has not made an assignment for the benefit of his or its creditors, (D) has not failed, suspended business, ceased to be solvent, dissolved or consented to or suffered the appointment of a receiver, trustee, liquidator or custodian for him or it or for all or a significant portion of his or its assets or affairs, (E) is not, in the sole discretion of the Lender exercised in good faith, deemed ineligible for credit for other reasons (including, without limitations, unsatisfactory past experience of the Borrower, or the Lender with such Account Debtor or the unsatisfactory reputation of such Account Debtor),

(vii) The Account Debtor is not located outside of the United States of America, unless (a) the foreign Account Debtor is a Fortune 1000 company, the Borrower has delivered to the Lender any or all letters of credit and/or cash against documents relating to such foreign account or evidence of credit insurance, as requested by the Lender and deemed adequate and acceptable by the Lender or (b) the foreign account has been deemed eligible by the Lender in its sole discretion;

(viii) The account is a valid, legally enforceable obligation of the Account Debtor with respect thereto and is only that portion of an account which is not subject to any dispute, condition, contingency, offset, recoupment, reduction, claim for credit, allowance, adjustment, counterclaim or defense on the part of such Account Debtor, and the account is not otherwise subject to any right of setoff to the extent of any of the foregoing.

(ix) The account is subject to a valid, perfected, first priority Lien in favor of the Lender, subject only to the Permitted Liens;

(x) The account is evidenced by an invoice or other reasonably appropriate documentation;

(xi) The account is not subject to any provision prohibiting its assignment or requiring notice of or consent to such assignment;

(xii) The goods giving rise to the account were not, at the time of sale thereof, subject to any Lien except a Lien in favor of the Lender;

(xiii) The account is payable in freely transferable Dollars;

(xiv) The Borrower has not made any agreement with the Account Debtor for any deduction therefrom, except for discounts or allowances which are made in the ordinary course of business for prompt payment and which discounts or allowances are reflected in the calculation of the face value of each invoice related to such account;

(xv) The Borrower has not made any agreement with the Account Debtor to extend the time of payment of such account beyond the one hundred twenty (120) day period referred to in (iii) unless the account is supported by an irrevocable letter of credit issued by a bank acceptable to the Lender; and

(xvi) No covenant, representation or warranty contained in this Agreement or any of the other Loan Documents with respect to such account has been breached.

In addition to the foregoing requirements, accounts of any Account Debtor which are otherwise Eligible Accounts shall be reduced to the extent of any accounts payable (including, without limitation, the Lender's good faith estimate of any contingent liabilities) owing by the Borrower to such Account Debtor, which accounts payable are known as "contras".

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

"Event of Default" means any event or condition identified as such in Section 9.1 hereof.

"Fiscal Quarter" means each quarterly fiscal period of the Company established in accordance with the Company's fiscal accounting period .

"Fiscal Year" means each yearly fiscal period of the Company established in accordance with the Company's fiscal accounting period.

"Fixed Rate Loans" is defined in Section 3.1 hereof.

"Fixed Rate Option" means the ability of the Company to elect Fixed Rate Loans, as set forth in Section 3.

"GAAP" means generally accepted accounting principles as in effect from time to time, applied by the Company and its Subsidiaries on a basis consistent with the preparation of the Company's most recent financial statements furnished to the Lender pursuant to Section 8.5 hereof.

"Guaranty" means, as to any Person, any obligation, direct or indirect, by which such Person undertakes to guaranty, assume or remain liable for the payment of the Obligations of the Company.

"Indebtedness" means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all indebtedness for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business which are not more than 60 days past due), (iii) all indebtedness secured by any Lien upon Property of such Person, whether or not such Person has assumed or become liable for the payment of such indebtedness, (iv) all Capitalized Lease Obligations of such Person; (v) all obligations of such Person on or with respect to letters of credit, bankers' acceptances and other extensions of credit whether or not representing obligations for borrowed money; and (vi) all obligations with respect to any interest hedge agreement, including any type of agreement or arrangement designed to provide protection against fluctuations in interest rates.

"Interest Expense" means, with reference to any period, the sum of all interest charges (including imputed interest charges with respect to Capitalized Lease Obligations and all amortization of debt discount and expense) of the Company and its Subsidiaries for such period determined in accordance with GAAP.

"Interest Period" means, with respect to any LIBOR Loan, the period commencing on, as the case may be, the creation, continuation or conversion date with respect to such LIBOR Loan and ending thirty (30), sixty (60), ninety (90) one hundred eighty (180), or three hundred sixty (360) days thereafter as selected by the Company in its notice as provided herein; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall be extended to the next succeeding Business Day, unless in the case of an Interest Period for a LIBOR Loan 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;

(ii) no Interest Period may extend beyond the final maturity date of the relevant Notes;

(iii) the interest rate to be applicable to each Loan for each Interest Period shall apply from and including the first day of such Interest Period to but excluding the last day thereof.

For purposes of determining an Interest Period, a month means a period starting on one day in a calendar month and ending on a numerically corresponding day in the next calendar month, *provided, however*, if an Interest Period begins on the last day of a month or if there is no numerically corresponding day in the month in which an Interest Period is to end, then such Interest Period shall end on the last Business Day of such month.

"Interest Rate Option" means either the Prime Rate Option, the LIBOR Rate Option or the Fixed Rate Option.

"Inventory" means all inventory, as that term is defined in the Uniform Commercial Code, owned by the Company, including but not limited to any and all new or used goods, merchandise or other personal property, including but not limited to goods in transit, and which is or may at any time be held as finished goods, raw materials, work-in-process, supplies or materials used or consumed in the business of the Company or held for sale or lease or furnished under a contract of service in the ordinary course of the business of the Company, including but not limited to all returned and repossessed goods and all supplementary items, packing and shipping supplies and advertising materials, all of the foregoing whether now owned or hereafter acquired and wherever located.

"Lender" means The Northern Trust Company.

"LIBOR Loans" is defined in Section 3.1 hereof.

"LIBOR Rate" means with respect to each Revolving Credit Loan to which the LIBOR Rate Option applies for any Interest Period, the interest rate per annum determined by the Lender by dividing (the resulting quotient rounded upward or downward to the nearest 1/16th of 1% per annum) (i) the rate of interest determined by the Lender in accordance with its usual procedures (which determination shall be conclusive, absent manifest error) to be quoted on the Reuters screen ISDA page to be the average of the rates per annum in Dollars offered to major money center banks in the London interbank market (or if such Reuters quotation is unavailable, determined in good faith by the Lender, after inquiry to three reference banks selected by the Lender, in accordance with its usual procedures when reference banks are consulted), at approximately 11:00 a.m., London time, two Business Days prior to the first day of such Interest Period for delivery on the first day of such Interest Period and in an amount comparable to such Revolving Credit Loan and having a borrowing date and a maturity date comparable to such Interest Period by (ii) a number equal to 1.00 minus the Reserve Percentage.

"LIBOR Rate Option" means the ability of the Company to elect LIBOR Loans, as set forth in Section 3.

"Lien" means any mortgage, lien, security interest, pledge, charge or encumbrance of any kind in respect of any Property, including the interests of a vendor or lessor under any conditional sale, Capital Lease or other title retention arrangement.

"Loans" means all Revolving Credit Loans and all Overadvances.

"Loan Documents" means this Agreement, the Note, the Guaranties, and each other instrument or document to be delivered hereunder or thereunder or otherwise in connection therewith.

"Loan Request" means each request for a Revolving Credit Loan or Overadvance.

"*Net Income*" means, with reference to any period, the net income (or net loss) of the Company for such period as computed in accordance with GAAP, and, without limiting the foregoing, after deduction from gross income of all expenses and reserves, including reserves for all taxes and Sub-S Tax Distributions on or measured by income, but excluding any extraordinary profits and also excluding any taxes on such profits and also excluding the net income of any Subsidiary unless such income is received in cash by the Company or payable to the Company without restriction.

"*Note*" means the Revolving Credit Note.

"*Obligations*" means all obligations of the Company to pay principal and interest on the Loans, all fees and charges payable hereunder, and all other payment obligations of the Company arising under or in relation to any Loan Document, in each case whether now existing or hereafter arising, due or to become due, direct or indirect, absolute or contingent, and howsoever evidenced, held or acquired.

"*Outstanding Revolving Credit Amount*" means the aggregate principal amount of outstanding Revolving Credit Loans.

"*Overadvance*" is defined in Section 2.2.

"*Overadvance Commitment*" means the commitment of the Lender to extend credit under the Overadvance in the amount of \$4,000,000.

"*Overadvance Loan*" is defined in Section 2.2 hereof.

"*Overadvance Termination Date*" means three years after the Closing Date or such earlier date on which the Overadvance Commitment is terminated in whole pursuant to Section 9.2 or 9.3 hereof.

"*PBGC*" means the Pension Benefit Guaranty Corporation or any Person succeeding to any or all of its functions under ERISA.

"*Permitted Acquisitions*" means acquisitions of companies in similar lines of business as the Company and at the time of acquisition the Company has demonstrated pro-forma compliance with all covenants on a combined trailing four quarter basis prior to close of the acquisition.

"*Permitted Liens*" means those liens identified in Section 8.9 and on Schedule 8.9 hereto.

"*Person*" means an individual, partnership, corporation, association, trust, unincorporated organization or any other entity or organization, including a government or agency or political subdivision thereof.

"*Plan*" means any employee pension benefit plan covered by Title IV of ERISA or subject to the minimum funding standards under Section 412 of the Code that either (i) is

maintained by a member of the Controlled Group for employees of a member of the Controlled Group, or (ii) is maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which a member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Prime Rate" means, for any day, the rate of interest announced by the Lender from time to time as its prime commercial rate, as in effect on such day (it being understood and agreed that such rate may not be the Lender's best or lowest rate).

"Prime Rate Loans" is defined in Section 3.1 hereof.

"Prime Rate Option" means the ability of the Company to elect Prime Rate Loans, as set forth in Section 3.1.

"Property" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

"Refunding Borrowing" is defined in Section 2.3 hereof.

"Reserve Percentage" means the maximum percentage (expressed as a decimal rounded upward to the nearest 1/16th of 1%) as determined by the Lender (which determination shall be conclusive, absent manifest error) which is in effect during any relevant period, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the maximum reserve requirements (including supplemental, marginal and emergency reserve requirements) with respect to eurocurrency funding (currently referred to as "Eurocurrency Liabilities") of a member bank in such System. The LIBOR Rate shall be adjusted automatically as of the effective date of each change in the Reserve Percentage. The LIBOR Rate Option shall be calculated in accordance with the foregoing whether or not any Lender is actually required to hold reserves in connection with its eurocurrency funding or, if required to hold such reserves, is required to hold reserves at the "Reserve Percentage" as herein defined.

"Review Period" is defined in Section 3.2(a)(1) hereof.

"Revolving Credit" is defined in Section 2.1 hereof.

"Revolving Credit Commitment" means the commitment of the Lender to extend credit under the Revolving Credit in the amount of \$6,000,000.00.

"Revolving Credit Loan" is defined in Section 2.1 hereof.

"Revolving Credit Note" is defined in Section 2.1b hereof.

"Revolving Credit Termination Date" means three years after the Closing Date, or such earlier date on which the Revolving Credit Commitment is terminated in whole pursuant to Section 9.2 or 9.3 hereof.

"Senior Funded Debt" As of any date of determination, the total amount of the Company's outstanding Indebtedness, reported on a consolidated basis other than Subordinated Debt.

"Senior Funded Debt to EBITDA Ratio" means the ratio of Senior Funded Debt as of the end of a Fiscal Quarter to EBITDA for such Fiscal Quarter, on a rolling four quarter basis; provided that for periods prior to the Closing Date the ratio shall be determined on the basis of the Senior Funded Debt as of the Closing Date and the EBITDA for the relevant period.

"Sub-S Tax Distributions" means distributions in respect of shares of the Company's capital stock in an amount in each fiscal year sufficient to cover the federal and state income tax liabilities of the Company's stockholders arising as a direct result of the Company's reported income.

"Subordinated Debt" means Indebtedness for borrowed money owing to any Person on terms and conditions, and in such amounts, acceptable to the Lender and which is subordinated in right of payment to the prior payment in full of the Obligations pursuant to written subordination provisions approved in writing by the Lender.

"Subsidiary" means any corporation or other Person more than 50% of the outstanding ordinary voting shares or other equity interests of which is at the time directly or indirectly owned by the Company, by one or more of its Subsidiaries, or by the Company and one or more of its Subsidiaries.

"Unfunded Vested Liabilities" means, for any Plan at any time, the amount (if any) by which the present value of all vested nonforfeitable accrued benefits under such Plan exceeds the fair market value of all Plan assets allocable to such benefits, all determined as of the then most recent valuation date for such Plan, but only to the extent that such excess represents a potential liability of a member of the Controlled Group to the PBGC or the Plan under Title IV of ERISA.

"Unused Availability Fee" means that fee described in Subsection 4.2.

"Welfare Plan" means a "welfare plan" as defined in Section 3(1) of ERISA.

"Wholly-Owned Subsidiary" means a Subsidiary of which all of the issued and outstanding shares of capital stock (other than directors' qualifying shares as required by law) or other equity interests are owned by the Company and/or one or more Wholly-Owned Subsidiaries within the meaning of this definition.

Section 1.2. Interpretation. The foregoing definitions are equally applicable to both the singular and plural forms of the terms defined. The words "*hereof*", "*herein*", and "*hereunder*" and words of like import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement. All references to time of day herein are references to Chicago, Illinois time unless otherwise specifically provided. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this

Agreement, it shall be done in accordance with GAAP except where such principles are inconsistent with the specific provisions of this Agreement.

SECTION 2. THE CREDITS.

Section 2.1. Revolving Credit Commitment.

Section 2.1a. Revolving Credit Loans. Subject to the terms and conditions hereof, the Lender agrees to make loans to the Company from time to time from the date of this Agreement through the Revolving Credit Termination Date, at such times and in such amounts, not to exceed in the aggregate at any one time outstanding the lesser of (i) the amount of the Revolving Credit Commitment or (ii) the Borrowing Base, as the Company may request (the "*Revolving Credit Loan(s)*"). During such period, the Company may borrow, repay and reborrow hereunder. The initial borrowing shall be in the amount of at least \$250,000 and each subsequent borrowing shall be in the amount of at least \$50,000 or the remaining unused amount of the Revolving Credit Commitment, *provided, however*, that a borrowing which bears interest with reference to the Adjusted LIBOR shall be in such greater amount as is required by Section 3.4. Notwithstanding the generality of the foregoing, the Lender shall not make any Revolving Credit Loans under this Agreement or the Revolving Credit Note if at any time the aggregate principal amount outstanding under the Revolving Credit Note and due the Lender equals or exceeds the Revolving Credit Commitment.

Section 2.1b. Revolving Credit Note. All Revolving Credit Loans made by the Lender shall be made against and evidenced by a single Revolving Credit Note of the Company (individually a "*Revolving Credit Note*" and collectively the "*Revolving Credit Notes*"), substantially in the form of Exhibit A, with appropriate insertions, dated the date hereof, payable to the order of Lender, in the principal amount of the Revolving Credit Commitment, and with the amounts borrowed and repaid and the balance indorsed on the grid by Lender. As long as Lender is the holder of the Revolving Credit Note it may, at its option, in lieu of endorsing the grid, record the amounts borrowed and repaid under and the balance due on the Revolving Credit Note in Lender's respective books and records, which books and records may treat each borrowing as a separate Revolving Credit Loan; such endorsement or recording by Lender shall be rebuttably presumptive evidence of the principal balance due on the Revolving Credit Note. The Revolving Credit Note shall be expressed to bear interest as set forth in Section 3 hereof, and be expressed to mature on the Revolving Credit Termination Date. Without regard to the principal amount of the Revolving Credit Note stated on its face, the actual principal amount at any time outstanding and owing by the Company on account thereof shall be the sum of all advances then or theretofore made thereon less all payments of principal actually received.

Section 2.1c. Mandatory and Voluntary Reductions of Revolving Credit Commitment: Mandatory and Voluntary Principal Payments.

(i) Borrowing Base Amount. In the event that at any time either any Loan Account or the Borrowing Base Certificate most recently delivered by the Company to the Lender shows that the Outstanding Revolving Credit Amount exceeds the Borrowing Base, the

Company shall repay, upon demand by the Lender, an amount which is sufficient to reduce the Outstanding Revolving Credit Amount so that, after such repayment, the Borrowing Base has not been exceeded. Until such repayment occurs, the Lender shall not be required to make additional Revolving Credit Loans to the Company.

(ii) Voluntary Permanent Reductions. Upon two Business Days' written notice to the Lender, the Company may from time to time voluntarily permanently reduce the Revolving Credit Commitment. Each voluntary reduction shall be in a minimum amount of \$50,000 or, if greater than \$50,000, in integral multiples of \$10,000.

(iii) Effect of Reductions. The portion of the Revolving Credit Commitment so terminated pursuant to the preceding item (ii) shall no longer be available for borrowing. Simultaneously with each voluntary permanent reduction, the Company shall make a payment of the outstanding Revolving Credit Loans equal to the excess, if any, of (A) the aggregate principal amount of the Outstanding Revolving Credit Amount over (B) the Revolving Credit Commitment, as so reduced, and all accrued and unpaid interest thereon. Notice of a reduction, once given, shall be irrevocable. All such reductions shall be without penalty or premium (except for amounts owing pursuant to Section 3.12, if any).

(iv) Application of Reductions and Prepayments. Any and all Revolving Credit Commitment reductions or prepayments (mandatory or voluntary) made pursuant to any particular item of this Section 2.1c shall be made in addition to, and not in lieu of, any and all Revolving Credit Commitment reductions and prepayments (mandatory or voluntary) to be made pursuant to any other item of this Section 2.1c. All such mandatory and voluntary prepayments of Revolving Credit Loans shall be accompanied by all accrued and unpaid interest thereon and all amounts due pursuant to Section 3.12, if any, and, in the case of a permanent reduction of the Revolving Credit Commitment to zero, any other outstanding Obligations relating to the Revolving Credit Commitment which are then due and payable. All such mandatory and voluntary prepayments shall be applied by the Lender to repay Prime Rate Loans first, and then to repay LIBOR Loans.

Section 2.2. Overadvance.

Section 2.2a. Overadvance Loans. The Lender agrees, subject to the terms and conditions hereof and relying upon the representations and warranties herein set forth, to make loans to the Company under the Overadvance (the "Overadvance Loans") which shall not in the aggregate exceed the Overadvance Commitment. The Overadvance Commitment shall be available to the Company and may be availed of by the Company solely for the purpose of making Permitted Acquisitions approved by the Lender in writing prior to the date of the acquisitions.

Section 2.2b. Mandatory Reduction of Overadvance. The Overadvance Commitment shall be reduced \$500,000.00 per annum commencing on the date one year after the Closing Date.

Section 2.3. Manner and Disbursement of Loans. Each request for an Overadvance Loan shall be made to the Lender in writing by an Authorized Representative. Each Overadvance Loan only shall be made upon the prior written approval of the Lender. Each request for a Revolving Credit Loan, and for the election or renewal of or conversion to an Interest Rate Option for a Revolving Credit Loan or an Overadvance Loan, shall be made to the Lender orally or in writing by an Authorized Representative (which notice shall be irrevocable once given and, if given by telephone, shall be promptly confirmed in writing) by no later than **1:00 p.m.** (Chicago time) (i) on the date at least two (2) Business Days prior to the date of each requested Borrowing of LIBOR Loans and (ii) on the same Business Day for each requested Prime Rate Loan or Fixed Rate Loan. Each such notice shall specify the date of the Borrowing, which must be a Business Day, the aggregate amount of the requested Borrowing, and the type of Loans to comprise such Borrowing and, if such Borrowing is to be comprised of LIBOR Loans, the Interest Period applicable thereto. If the foregoing notice requests the Lender to make LIBOR Loans, the Lender shall give notice to the Company of the interest rate applicable thereto promptly after the Lender has made such determination. The Company agrees that the Lender may rely upon any written or telephonic notice given by any person the Lender in good faith believes is an Authorized Representative without the necessity of independent investigation and, in the event any telephonic notice conflicts with the written confirmation, such telephonic notice shall govern if the Lender has acted in reliance thereon. Not later than 2:00 p.m. (Chicago time) on the date specified for any Borrowing of Loans to be made hereunder, Lender shall remit the proceeds of any requested Loan to the Borrower's account, except to the extent such Borrowing is a reborrowing, in whole or in part, of the principal amount of a maturing Borrowing of Loans (a "*Refunding Borrowing*"), in which case Lender shall record the Loan made by it as a part of such Refunding Borrowing on its books or records or on a schedule to the appropriate Note, and shall effect the repayment, in whole or in part, of its maturing Loan through the proceeds of such new Loan. In the event the Borrower fails to give notice pursuant to this Section 2.3 of the reborrowing of the principal amount of any maturing Borrowing and has not notified the Lender by 1:00 p.m. (Chicago time) of the day such Borrowing matures that it intends to repay such Borrowing with funds not borrowed hereunder, the Company shall be deemed to have requested a Borrowing of Prime Rate Loans on such day in the amount of the maturing Borrowing, then such new Borrowing shall be applied to pay the maturing Borrowing then due. Subject to the provisions of Section 6 hereof, the proceeds of each Loan shall be made available to the Company at the principal office of the Lender in Chicago, Illinois, in immediately available funds.

SECTION 3. INTEREST AND CHANGE IN CIRCUMSTANCES.

Section 3.1. Interest Rate Options.

(a) *Interest.* Subject to the terms and conditions of this Section 3.1, the Revolving Credit Loans and Overadvance Loans may, at the election of the Company, be made by means of a Fixed Rate Loan, a Prime Rate Loan or a LIBOR Loan, provided, however, that there shall not be more than ten (10) Borrowings of LIBOR Loans outstanding at any time.

(b) *Fixed Rate Loans.* Each Fixed Rate Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or

otherwise) at a rate per annum equal to the cost of funds of the Lender fixed for the remainder of the applicable loan determined solely by the Lender after taking into consideration related reserve rates and appropriate maturity periods plus the Applicable Margin then in effect. Interest due on all outstanding Fixed Rate Loans shall be payable monthly in arrears on the last day of each month.

(c) *Prime Rate Loans.* Each Prime Rate Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) at a rate per annum equal to the Prime Rate from time to time in effect. Interest due on all outstanding Prime Rate Loans shall be payable monthly in arrears on the last day of each month.

(d) *LIBOR Loans.* Each LIBOR Loan shall bear interest on the unpaid principal amount thereof from the date such Loan is made until maturity (whether by acceleration or otherwise) for each Interest Period selected therefor at a rate per annum equal to the sum of the Adjusted LIBOR plus the Applicable LIBOR Margin as set forth on Annex A, and in all cases the Applicable LIBOR Margin shall fluctuate in accordance with the Senior Funded Debt to EBITDA Ratio as set forth on Annex A. The Applicable LIBOR Margin for the LIBOR Loans effective as of the Closing Date will be at Level I on Annex A. Interest due on all outstanding LIBOR Loans shall be payable on the last day of each Interest Period and, for Interest Periods of 180 or 360 days, also on the 90th day of such Interest Period.

Section 3.2 Adjustments to Interest Rates

(a) *Changes in Senior Funded Debt to EBITDA Ratio.* Interest rate adjustments resulting from changes in the Senior Funded Debt to EBITDA Ratio shall be made without notice to the Company, based on such ratio as of the end of a Fiscal Quarter. The applicable interest rate shall be reduced to a specified level only in the event that (i) no Default or Event of Default exists as of the date of determination and (ii) the required Senior Funded Debt to EBITDA Ratio has been satisfied; *provided, however*, that if a Default or Event of Default has been remedied as provided in Section 9 within any applicable cure period set forth therein or waived by the Lender in writing, the applicable interest rate shall be reduced effective as of the applicable date contemplated by Subsections (1) and (2) below. All adjustments shall be determined by the Lender and shall be effective as follows:

(1) the Lender shall make its interest rate determination within five (5) Business Days of receipt by the Lender (the "*Review Period*") of the Company's consolidated quarterly or annual financial statements and Compliance Certificate indicating that an adjustment in the Applicable LIBOR Margin is warranted:

(2) any reduction or increase in the Applicable LIBOR Margin after the Review Period with respect to a LIBOR Loan shall be effective on the first day following the maturity of the Interest Period.

(3) if any financial statements necessary for calculation of the Senior Funded Debt to EBITDA Ratio provided for in this Section 3.2 are not delivered to the Lender within

the time period specified in Section 8.5 and such statements when ultimately delivered give rise to an increase in the Applicable LIBOR Margin, such increase will be retroactive to the date such financial statements were required to be delivered pursuant to Section 8.5.

(b) *Changes in Prime Rate.* The Prime Rate shall be adjusted from time to time, without notice to the Company, as necessary to reflect any changes in the Prime Rate, which adjustments shall be automatically effective on the day of any such change.

(c) *Changes in LIBOR-Rate Reserve Percentage.* The LIBOR Rate shall be adjusted from time to time, without notice to the Company, as necessary to reflect any changes in the Eurodollar Reserve Percentage, which adjustments shall be automatically effective on the day of such change.

(d) *Default Rate.* Upon the occurrence of and during the continuance of an Event of Default, the outstanding principal amount of the Loans shall bear interest from the date of such occurrence at a rate per annum which is equal to two percent (2%) in excess of the rate then in effect (e.g. Prime Rate plus 2%, or the Adjusted LIBOR plus the Applicable LIBOR Margin plus 2%, or the Fixed Rate plus 2%).

Section 3.3. Interest Rate Elections, Renewals and Conversion. Subject to the provisions of this Agreement, the Company shall have the option to elect to have all or any Revolving Credit Loans or Overadvance Loan bear interest at either the Prime Rate or the LIBOR Rate or the Fixed Rate and shall have the right to renew elections of Interest Rate Options and convert Loans to other Interest Rate Options. Notice of the Company's election shall be made in accordance with Section 2.3. Elections of, conversions to or renewals of Prime Rate or Fixed Rate Loans shall continue in effect until converted to LIBOR Loans. Elections of, conversions to or renewals of LIBOR Loans shall expire as to each LIBOR Loan at the expiration of the applicable LIBOR-Rate Interest Period. Any Loan outstanding for which no election has been made shall bear interest at the Prime Rate.

Section 3.4. Minimum LIBOR Loan Amounts. The initial election of a LIBOR Loan shall be in the minimum principal amount of \$250,000.00. Each subsequent election of a LIBOR Loan or the prepayment of a LIBOR Loan shall be in the minimum principal amount of \$50,000 or, if in excess of \$50,000, in integral multiples of \$10,000. Upon the occurrence of and during the continuance of an Event of Default, the Company's right to elect, renew or convert to LIBOR Loans shall be suspended.

Section 3.5. Minimum Fixed Rate Loan Amounts. Each election of a Fixed Rate Loan shall be in the minimum principal amount of \$1,000,000.

Section 3.6. Calculation of Interest. Interest under the Loans shall be calculated on the actual number of days elapsed, using a year of 360 days. Interest for any period shall be calculated from and including the first day thereof to but not including the last day thereof.

Section 3.7. Change of Law. Notwithstanding any other provisions of this Agreement or any Note, if at any time Lender shall determine in its sole discretion that any change in

applicable laws, treaties or regulations or in the interpretation thereof makes it unlawful for such Lender to create or continue to maintain any LIBOR Loan, it shall promptly so notify the Company and the obligation of Lender to create, continue or maintain any such LIBOR Loan under this Agreement shall terminate until it is no longer unlawful for Lender to create, continue or maintain such LIBOR Loan. The Company, on demand, shall, if the continued maintenance of any such LIBOR Loan is unlawful, thereupon prepay the outstanding principal amount of the affected LIBOR Loan, together with all interest accrued thereon and all other amounts payable to Lender; *provided, however*, that the Company may elect to convert the principal amount of the affected LIBOR Loan into a Prime Rate Loan, subject to the terms and conditions of this Agreement.

Section 3.8. Unavailability of Deposits. In the event that Lender shall determine, in its sole discretion, that it is unable to obtain deposits in the London interbank market in sufficient amounts and with maturities related to the LIBOR Loans which would enable Lender to fund such LIBOR Loans, Lender shall then notify the Company that the right of the Company to borrow under, convert to or renew the LIBOR Rate Option shall be suspended. Following notification of the suspension of the LIBOR Rate Option, the Company agrees to negotiate with Lender for a modified LIBOR Rate which will allow Lender to realize its anticipated and bargained-for yield. In the event that the Company and the Lender cannot agree on a modified LIBOR Rate, any notice of borrowing under, conversion to or renewal of the LIBOR Rate Option which was to become effective during the period of suspension shall be treated as a request to borrow under, convert to or renew the Prime Rate Option with respect to the principal amount specified therein.

Section 3.9. Inability to Ascertain LIBOR Rate. In the event that on any date on which a LIBOR Rate would otherwise be set the Lender shall have determined in good faith (which determination shall be final and conclusive) that, by reason of circumstances affecting the London interbank market, adequate and reasonable means do not exist for ascertaining the LIBOR Rate, the Lender shall give prompt notice of such determination to the Company, and until the Lender notifies the Company that the circumstances giving rise to such determination no longer exist, the right of the Company to borrow under, renew or convert to the LIBOR Rate Option shall be treated as a request to borrow under, renew or convert to the Prime Rate Option.

Section 3.10. Taxes and Increased Costs. With respect to any LIBOR Loan, if Lender shall determine that any change in any applicable law, treaty, regulation or guideline (including, without limitation, Regulation D of the Board of Governors of the Federal Reserve System) or any new law, treaty, regulation or guideline, or any interpretation of any of the foregoing by any governmental authority charged with the administration thereof or any central bank or other fiscal, monetary or other authority having jurisdiction over such Lender or its lending branch or the LIBOR Loans contemplated by this Agreement (whether or not having the force of law), shall:

- (i) impose, increase, or deem applicable any reserve, special deposit or similar requirement against assets held by, or deposits in or for the account of, or loans by, or any other acquisition of funds or disbursements by Lender which is not in any

instance already accounted for in computing the interest rate applicable to such LIBOR Loan;

(ii) subject Lender, any LIBOR Loan or a Note to the extent it evidences such a Loan to any tax (including, without limitation, any United States interest equalization tax or similar tax however named applicable to the acquisition or holding of debt obligations and any interest or penalties with respect thereto), duty, charge, stamp tax, fee, deduction or withholding in respect of this Agreement, any LIBOR Loan or a Note to the extent it evidences such a Loan, except such taxes as may be measured by the overall net income or gross receipts of Lender or its lending branches and imposed by the jurisdiction, or any political subdivision or taxing authority thereof, in which Lender's principal executive office or its lending branch is located;

(iii) change the basis of taxation of payments of principal and interest due from the Company to Lender hereunder or under a Note to the extent it evidences any LIBOR Loan (other than by a change in taxation of the overall net income or gross receipts of such Lender or its lending branches); or

(iv) impose on Lender any penalty with respect to the foregoing or any other condition regarding this Agreement, any LIBOR Loan, or its disbursement, or a Note to the extent it evidences any LIBOR Loan;

and Lender shall determine that the result of any of the foregoing is to increase the cost (whether by incurring a cost or adding to a cost) to Lender of creating or maintaining any LIBOR Loan hereunder or to reduce the amount of principal or interest received or receivable by Lender (without benefit of, or credit for, any prorations, exemption, credits or other offsets available under any such laws, treaties, regulations, guidelines or interpretations thereof), then the Company shall pay on demand to the Lender for the account of Lender from time to time as specified by Lender such additional amounts as Lender shall reasonably determine are sufficient to compensate and indemnify it for such increased cost or reduced amount. If Lender makes such a claim for compensation, it shall provide to the Company a certificate showing the calculation of the increased cost or reduced amount as a result of any event mentioned herein in reasonable detail (which certificate, absent manifest error, shall be conclusive), and the Company shall pay such amount to the Lender within ten (10) days of the Company's receipt of such certificate.

Section 3.11. Change in Capital Adequacy Requirements. If Lender shall determine that the adoption after the date hereof of any applicable law, rule or regulation regarding capital adequacy, or any change in any existing law, rule or regulation, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by Lender (or any of its branches) with any request or directive regarding capital adequacy (whether or not having the force of law) of any such authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on Lender's capital as a consequence of Lender's obligations hereunder or for the credit which is the subject matter hereof to a level below that which Lender could have achieved but for such adoption, change or

compliance (taking into consideration Lender's policies with respect to liquidity and capital adequacy) by an amount deemed by Lender to be material, then from time to time, within fifteen (15) days after demand by Lender, the Company shall pay to the Lender such additional amount or amounts reasonably determined by such Lender as will compensate Lender for such reduction.

Section 3.12. Funding Indemnity. In addition to the other provision of this Section 3, the Company hereby agrees to indemnify the Lender against any loss or expense which the Lender may sustain or incur as a consequence of any default by the Company in failing to make any borrowing, conversion or renewal hereunder to bear interest at the LIBOR Rate Option on the scheduled date, in failing to make when due (whether by declaration, acceleration or otherwise) any payment of any LIBOR Rate Loan or in making any payment or prepayment of any LIBOR Rate Loan or any part thereof on any day other than the last day of the relevant LIBOR Rate Interest Period, including but not limited to any loss, premium or penalty incurred by the Lender in respect of funds borrowed by it for the purpose of making or maintaining any LIBOR Rate Loan as determined in good faith by the Lender in the exercise of its sole but reasonable discretion. The Lender shall furnish to the Company a certificate showing the calculation of the amount of any such loss or expense (which certificate, absent manifest error, shall be conclusive), and the Company shall pay such amount to the Lender within ten (10) days of the Company's receipt of such certificate.

SECTION 4. FEES, PREPAYMENTS, TERMINATIONS, APPLICATIONS, AND GUARANTIES.

Section 4.1. Unused Availability Fee. The Company shall pay to the Lender, a fee in an amount equal to the Revolving Credit Commitment less the sum of the average daily balance of the Revolving Credit Loans during the preceding month multiplied by the applicable Unused Availability Fee (determined on the date such payment is due) in the Pricing Matrix set forth in Annex A hereto, such fee to be calculated quarterly on the basis of a 360 day year for the actual number of days elapsed and to be payable quarterly in arrears on the last day of each Fiscal Quarter following the Closing Date.

Section 4.2. Prepayments. The Company shall have the privilege of prepaying the Revolving Credit Notes in whole or in part (but if in part, then (i) in an amount not less than \$50,000 and in integral multiples of \$10,000 in the case of Prime Rate Loans, Fixed Rate Loans and LIBOR Loans, and (ii) in an amount such that the minimum amount required for a Borrowing pursuant to Section 3 hereof remains outstanding) on any Business Day upon prior notice to the Lender which must be received by the Lender no later than 1:00 p.m. (Chicago time) on the date of such prepayment in the case of Prime Rate or Fixed Rate Loans and by no later than 11:00 a.m. (Chicago Time) on the date two Business Days in advance of the date of such prepayment in the case of LIBOR Loans, such prepayment to be made by the payment of the exact amount to be prepaid and, in the case of LIBOR Loans, any compensation required under Section 3 hereof.

Section 4.3. Place and Application of Payments. All payments of principal, interest, fees and all other Obligations payable hereunder and under the other Loan Documents shall be made to the Lender at its office at 50 South LaSalle Street, Chicago, Illinois (or at such other

place as the Lender may specify) on the date any such payment is due and payable. Payments received by the Lender after 1:00 p.m. (Chicago time) shall be deemed received as of the opening of business on the next Business Day. All such payments shall be made in lawful money of the United States of America, in immediately available funds at the place of payment, without set-off or counterclaim and without reduction for, and free from, any and all present or future taxes, levies, imposts, duties, fees, charges, deductions, withholdings, restrictions and conditions of any nature imposed by any government or any political subdivision or taxing authority thereof (but excluding any taxes imposed on or measured by the net income of any Lender). Unless the Company otherwise directs, principal payments shall be first applied to the applicable Prime Rate Loans until payment in full thereof, with any balance applied to the Fixed Rate Loans, and with any balance thereafter applied to the LIBOR Loans in the order in which their Interest Periods expire.

Anything contained herein to the contrary notwithstanding, all payments and collections received in respect of the Obligations by the Lender after the occurrence of an Event of Default shall be distributed as follows:

(a) first, to the payment of any outstanding costs and expenses incurred by the Lender in protecting, preserving or enforcing rights under this Agreement or any of the other Loan Documents, and in any event including all costs and expenses of a character which the Company has agreed to pay under Section 10.5 hereof ;

(b) second, to the payment of any outstanding interest or other fees or amounts due under this Agreement or any of the other Loan Documents other than for principal;

(c) third, to the payment of the principal of the Notes;

(d) fourth, to the Lender in accord with the amounts of any other indebtedness, obligations or liabilities of the Company owing to Lender unless and until all such indebtedness, obligations and liabilities have been fully paid and satisfied; and

(f) fifth, to the Company or to whoever the Lender reasonably determines to be lawfully entitled thereto.

Section 4.4. Domestic Guaranties. Payment of the Obligations shall at all times be jointly and severally guaranteed by each present or future operating Domestic Subsidiary, or any other Person created by or acquired with the proceeds of this Agreement, pursuant to a guaranty agreement issued by such Domestic Subsidiary in the form attached hereto as Exhibit B (each a "Guaranty").

SECTION 5. SET-OFF AND SECURITY INTERESTS.

Section 5.1. Set-Off. To secure the repayment of the Obligations, the Company hereby gives to Lender a Lien and security interest upon and in any of the Company's property, credits, securities and money which may at any time be delivered to, or be in the possession of, or owed by Lender in any capacity whatever, including the balance of any deposit account maintained by

the Company with Lender. The Company hereby authorizes Lender, at any time and from time to time upon the occurrence and during the continuance of an Event of Default, at Lender's option, to apply (through debit, set-off or otherwise), at the discretion of Lender, to the payment of the Obligations any and all such property, credits, securities or money now or hereafter in the hands of the Lender or belonging or owed to the Company.

Section 5.2. Personal Property Interests. To secure the prompt and full payment and complete performance of all Obligations, the Company hereby grants to the Lender, a security interest, subject only to Permitted Liens, in the following property to the extent of the Company's right, title and interest therein, whether the Company's interest therein is as owner, co-owner, lessee, consignee, secured party or otherwise, whether now owned or existing or hereafter arising or acquired, and wherever located, together with all substitutions, replacements, additions, and accessions therefor or thereto, all replacement and repair parts therefor, all negotiable documents relating thereto, all products thereof and all cash and non-cash proceeds thereof including, but not limited to, notes, drafts, checks, instruments, insurance proceeds, indemnity proceeds, warranty and guaranty proceeds and proceeds arising in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the following property by any governmental body, authority, bureau or agency (or any person acting under color of governmental authority):

(a) all of the Company's presently existing and hereafter created "accounts" (as defined in the Uniform Commercial Code as enacted in the State of Illinois ("UCC")) including, without limitation, accounts receivable, contract rights and general intangibles relating thereto, notes drafts and other forms of obligations owed to or owned by the Company arising or resulting from the sale of goods or the rendering of services, and all guaranties and security therefor, and all goods and rights represented thereby or arising therefrom including the rights of stoppage in transit, replevin and reclamation ("Accounts");

(b) all of the Company's "inventory" (as defined in the UCC), including, without limitation, finished goods, raw materials, work in progress and other materials and supplies used or consumed in the Company's business and goods which are returned or repossessed ("Inventory");

(c) all of the Company's "general intangibles" (as defined in the UCC);

(d) all of the Company's "chattel paper," "instruments," "Documents," "investment property," and goods" (as such terms are defined in the UCC);

(e) all of the Company's "equipment" (as defined in the UCC), including without limitation, all furniture, furnishings, fixtures, machinery, motor vehicles, trucks, trailers, vessels, aircraft and rolling stock and all parts thereof and all additions and accessions thereto and replacements therefor ("Equipment");

(f) all of the Company's "intellectual property," including, without limitation, all of the Company's present and future deigns, patents, patent rights and applications

therefor, trademarks and registrations or applications therefor, trade names, inventions, copyrights and all applications and registrations therefor, software or computer programs, license rights, trade secrets, methods, processes, know-how, drawings, specifications, descriptions, and all memoranda, notes and records with respect to any research and development, whether now owned or hereafter acquired by the Company, all goodwill associated with any of the foregoing, and proceeds of all of the foregoing, including, without limitation, proceeds of insurance policies thereon;

(g) all of the Company's deposit accounts maintained with any bank or financial institution;

(h) all cash and other monies and property of the Company in the possession of or under the control of Lender; and

(i) all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software that at any time evidence or contain information relating to any of the property described above or are otherwise necessary or helpful in the collection thereof or realization thereon.

SECTION 6. REPRESENTATIONS AND WARRANTIES.

The Company represents and warrants to the Lender as follows:

Section 6.1. Organization and Qualification. The Company is duly organized, validly existing and in good standing as a corporation under the laws of the State of Iowa, has full and adequate corporate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying.

Section 6.2. Subsidiaries. Each Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction in which it is incorporated or organized, as the case may be, has full and adequate power to own its Property and conduct its business as now conducted, and is duly licensed or qualified and in good standing in each jurisdiction in which the nature of the business conducted by it or the nature of the Property owned or leased by it requires such licensing or qualifying. Schedule 6.2 hereto identifies each Subsidiary, the jurisdiction of its incorporation or organization, as the case may be, the percentage of issued and outstanding shares of each class of its capital stock or other equity interests owned by the Company and the Subsidiaries and, if such percentage is not 100% (excluding directors' qualifying shares as required by law), a description of each class of its authorized capital stock and other equity interests and the number of shares of each class issued and outstanding. All of the outstanding shares of capital stock and other equity interests of each Subsidiary are validly issued and outstanding and fully paid and nonassessable and all such shares and other equity interests indicated on Schedule 6.2 as owned by the Company or a Subsidiary are owned, beneficially and of record, by the Company or such Subsidiary free and clear of all Liens. There are no outstanding commitments or other obligations of any Subsidiary to issue, and no options,

warrants or other rights of any Person to acquire, any shares of any class of capital stock or other equity interests of any Subsidiary.

Section 6.3. Corporate Authority and Validity of Obligations. The Company has full right and authority to enter into this Agreement and the other Loan Documents, to make the borrowings herein provided for, to issue its Notes in evidence thereof, and to perform all of its obligations hereunder and under the other Loan Documents. The Loan Documents delivered by the Company have been duly authorized, executed and delivered by the Company and constitute valid and binding obligations of the Company enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, fraudulent conveyance or similar laws affecting creditors' rights generally and general principles of equity (regardless of whether the application of such principles is considered in a proceeding in equity or at law); and this Agreement and the other Loan Documents do not, nor does the performance or observance by the Company of any of the matters and things herein or therein provided for, contravene or constitute a default under any provision of law or any judgment, injunction, order or decree binding upon the Company or any provision of the charter, articles of incorporation or by-laws of the Company or any covenant, indenture or agreement of or affecting the Company or any of its Properties, or result in the creation or imposition of any Lien on any Property of the Company.

Section 6.4. Use of Proceeds; Margin Stock. The Company shall use the proceeds of the Loans and other extensions of credit made available hereunder solely for its general working capital purposes and for such other legal and proper purposes as are consistent with all applicable laws. Neither the Company nor any Subsidiary is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any Loan or any other extension of credit made hereunder will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

Section 6.5. Financial Reports. The consolidated annual financial statements of the Company and its Subsidiaries as at December 31, 2001, and the related audited consolidated statements of income, retained earnings and cash flows of the Company and its Subsidiaries for the fiscal year then ended, and accompanying notes thereto, which financial statements are accompanied by the audit report of Deloitte & Touche, independent public accountants, and the unaudited consolidated financial statements of the Company and its Subsidiaries as at March 31, 2002, and the related statements of income, and retained earnings of the Company and its Subsidiaries for the fiscal quarter then ended, heretofore furnished to the Lender, fairly present the financial condition of the Company and its Subsidiaries as at said dates and the consolidated results of their operations for the periods then ended in conformity with generally accepted accounting principles applied on a consistent basis. There is no known contingent liability of the Company or any Subsidiary which is known to be in an amount in excess of \$100,000.00 which is not reflected in the financial reports or in Schedule 6.5 hereto.

Section 6.6. No Material Adverse Change. Since February 28, 2002, there has been no change in the condition (financial or otherwise) or business prospects of the Company or any

Subsidiary except those occurring in the ordinary course of business, none of which individually or in the aggregate have been materially adverse.

Section 6.7. Full Disclosure. The statements and information furnished to the Lender in connection with the negotiation of this Agreement and the other Loan Documents do not contain any untrue statements of a material fact or omit a material fact necessary to make the material statements contained herein or therein not misleading, the Lender acknowledging that as to any projections furnished to Lender, the Company only represents that the same were prepared on the basis of information and estimates the Company believed to be reasonable.

Section 6.8. Good Title. The Company and its Subsidiaries each have good and defensible title to their assets as reflected on the most recent consolidated balance sheet of the Company and its Subsidiaries furnished to the Lender (except for sales of assets by the Company and its Subsidiaries in the ordinary course of business), subject to no Liens other than such thereof as are permitted by Section 8.9 hereof.

Section 6.9. Litigation and Other Controversies. There is no litigation or governmental proceeding or labor controversy pending, nor to the knowledge of the Company threatened, against the Company or any Subsidiary which if adversely determined would (a) impair the validity or enforceability of, or impair the ability of the Company to perform its obligations under, this Agreement or any other Loan Document or (b) result in any material adverse change in the financial condition, Properties, business or operations of the Company or its Subsidiaries taken as a whole.

Section 6.10. Taxes. All tax returns required to be filed by the Company or any Subsidiary in any jurisdiction have, in fact, been filed, and all taxes, assessments, fees and other governmental charges upon the Company or any Subsidiary or upon any of their respective Properties, income or franchises, which are shown to be due and payable in such returns, have been paid. The Company does not know of any proposed additional tax assessment against it or its Subsidiaries for which adequate provision in accordance with GAAP has not been made on its accounts. Adequate provisions in accordance with GAAP for taxes on the books of the Company and each Subsidiary have been made for all open years, and for its current fiscal period.

Section 6.11. Approvals. No authorization, consent, license, or exemption from, or filing or registration with, any court or governmental department, agency or instrumentality, nor any approval or consent of the stockholders of the Company or any other Person, is or will be necessary to the valid execution, delivery or performance by the Company of this Agreement or any other Loan Document.

Section 6.12. Affiliate Transactions. Neither the Company nor any Subsidiary is a party to any contracts or agreements with any of its Affiliates (other than with Wholly-Owned Subsidiaries) on terms and conditions which are less favorable to the Company or such Subsidiary than would be usual and customary in similar contracts or agreements between Persons not affiliated with each other.

Section 6.13. Investment Company; Public Utility Holding Company. Neither the Company nor any Subsidiary is an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act of 1940, as amended, or a "public utility holding company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 6.14. ERISA. The Company and each other member of its Controlled Group has fulfilled its obligations under the minimum funding standards of and is in compliance in all material respects with ERISA and the Code to the extent applicable to it and has not incurred any liability to the PBGC or a Plan under Title IV of ERISA other than a liability to the PBGC for premiums under Section 4007 of ERISA. Neither the Company nor any Subsidiary has any contingent liabilities with respect to any post-retirement benefits under a Welfare Plan, other than liability for continuation coverage described in article 6 of Title I of ERISA.

Section 6.15. Compliance with Laws. The Company and each of its Subsidiaries are in compliance with the requirements of all federal, state and local laws, rules and regulations applicable to or pertaining to their Properties or business operations (including, without limitation, the Occupational Safety and Health Act of 1970, the Americans with Disabilities Act of 1990, and laws and regulations establishing quality criteria and standards for air, water, land and toxic or hazardous wastes and substances), non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of the Company or any Subsidiary. Neither the Company nor any Subsidiary has received notice to the effect that its operations are not in compliance with any of the requirements of applicable federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, which non-compliance or remedial action could have a material adverse effect on the financial condition, Properties, business or operations of the Company or its Subsidiaries taken as a whole.

Section 6.16. Other Agreements. Neither the Company nor any Subsidiary is in default under the terms of any covenant, indenture or agreement of or affecting the Company, any Subsidiary or any of their Properties, which default if uncured would have a material adverse effect on the financial condition, Properties, business or operations of the Company or its Subsidiaries taken as a whole.

Section 6.17. Account Warranties. The Company represents, warrants and covenants as to each Account that, to the best knowledge of the Company in the exercise of its normal credit procedures, as of the date of the initial Borrowing Base Certificate and each subsequent Borrowing Base Certificate (i) the Account is a valid, bona fide account, representing an undisputed indebtedness incurred by the named account debtor for goods actually sold and delivered or for services completely rendered; (ii) there are no setoffs, offsets or counterclaims, genuine or otherwise, against the Account, except as taken into account in subsection (ix) of the definition of Account; (iii) the Account does not represent a sale to an Affiliate (except as permitted by this Agreement) or a consignment, sale or return or a bill and hold transaction (except as permitted by this Agreement); (iv) no agreement exists permitting any deduction or discount (other than the discount stated on the invoice); (v) the Company is the lawful owner of

the Account and has the right to assign the same to the Lender; (vi) the Account is free of all security interests, liens and encumbrances other than those in favor of the Lender, and the Permitted Liens; (vii) the Account is due and payable in accordance with its terms; (viii) there are no facts, events or occurrences which in any material respect impair the validity or enforcement of any Account; (ix) all Account Debtors have the ability to contract and are solvent; and (x) there are no proceedings or actions which are pending or threatened against any Account Debtor which are reasonably expected to result in any material adverse change in such Account Debtor's financial condition.

Section 6.18. No Default. No Default or Event of Default has occurred and is continuing.

Section 6.19. Purpose. The Company shall use the proceeds of the Loans to finance acquisitions, for working capital purposes, and for general corporate purposes, including capital expenditures.

SECTION 7. CONDITIONS PRECEDENT.

The obligation of the Lender to make any Loan under this Agreement is subject to the following conditions precedent:

Section 7.1. All Advances. As of the time of the making of each extension of credit (including the initial extension of credit) hereunder:

(a) each of the representations and warranties set forth in Section 6 hereof and in the other Loan Documents shall be true and correct as of such time, except to the extent the same expressly relate to an earlier date;

(b) the Company shall be in full compliance with all of the terms and conditions of this Agreement and of the other Loan Documents, and no Default or Event of Default shall have occurred and be continuing or would occur as a result of making such extension of credit;

(c) after giving effect to such extension of credit the aggregate principal amount of all Revolving Credit Loans outstanding under this Agreement shall not exceed the Revolving Credit Commitments;

(d) such extension of credit shall not violate any order, judgment or decree of any court or other authority or any provision of law or regulation applicable to the Lender (including, without limitation, Regulation U of the Board of Governors of the Federal Reserve System) as then in effect;

(e) receipt by the Lender of an executed Borrowing Base Certificate in the form attached as Exhibit D.

The Company's request for any Loan shall constitute its warranty as to the facts specified in subsections (a) through (c), both inclusive, above.

Section 7.2. Initial Advance. On the Closing Date, the following conditions precedent shall also have been satisfied:

(a) the Lender shall have received the following (each to be properly executed and completed) and the same shall have been approved as to form and substance by the Lender:

(i) the Notes;

(ii) copies (executed or certified, as may be appropriate) of all legal documents or proceedings taken in connection with the execution and delivery of this Agreement and the other Loan Documents to the extent the Lender or its counsel may reasonably request;

(iii) an incumbency certificate containing the name, title and genuine signatures of each of the Company's Authorized Representatives;

(iv) a Guaranty from each operating Domestic Subsidiary existing as of the date hereof;

(v) a Borrowing Base Certificate; and

(vi) UCC-1 financing statements requested by the Lender, signed by the Company, and the filing of such financing statements by the Lender in the appropriate filing offices.

(b) Lender shall have received such valuations and certifications as it may require in order to satisfy itself as to the financial condition of the Company and its Subsidiaries, and the lack of material contingent liabilities of the Company and its Subsidiaries;

(c) legal matters incident to the execution and delivery of this Agreement and the other Loan Documents and to the transactions contemplated hereby shall be satisfactory to Lender and its counsel; and the Lender shall have received the favorable written opinion of counsel for the Company in form and substance satisfactory to the Lender and its counsel;

(d) the Lender shall have received a good standing certificate for the Company (dated as of the date no earlier than 30 days prior to the date hereof) from the office of the secretary of state of the state of its incorporation;

(e) the Lender shall have received such other agreements, instruments, documents, certificates and opinions as the Lender may reasonably request;

(f) the Lender shall have received Lien and judgment searches with results reasonably satisfactory to the Lender; and

(g) the Lender shall have received all Uniform Commercial Code termination statements, mortgage satisfactions, releases of pledge agreements and other documents and instruments of termination and release necessary so that the security interests granted to the Lender pursuant to this Agreement are first priority Liens, subject only to Permitted Liens or Permitted Encumbrances.

SECTION 8. COVENANTS.

Until all obligations of the Company hereunder and under the Notes are paid and fulfilled in full, and as a condition precedent to the Company requesting any Revolving Credit Loan, the Company agrees that it shall, and shall cause any Subsidiary to, comply with the following covenants, unless the Lender consents otherwise in writing:

Section 8.1. Maintenance of Business. The Company shall, and shall cause each Subsidiary to, preserve and maintain its existence. The Company shall, and shall cause each Subsidiary to, preserve and keep in force and effect all licenses, permits and franchises necessary to the proper conduct of its business.

Section 8.2. Maintenance of Properties. The Company shall maintain, preserve and keep its property, plant and equipment in good repair, working order and condition (ordinary wear and tear excepted) and shall from time to time make all needful and proper repairs, renewals, replacements, additions and betterments thereto so that at all times the efficiency thereof shall be fully preserved and maintained, and shall cause each Subsidiary to do so in respect of Property owned or used by it.

Section 8.3. Taxes and Assessments. The Company shall duly pay and discharge, and shall cause each Subsidiary to duly pay and discharge, all taxes, rates, assessments, fees and governmental charges upon or against it or its Properties, in each case before the same become delinquent and before penalties accrue thereon, unless and to the extent that the same are being contested in good faith and by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves are provided therefor.

Section 8.4. Insurance. The Company shall insure and keep insured, and shall cause each Subsidiary to insure and keep insured, with good and responsible insurance companies, all insurable Property owned by it which is of a character usually insured by Persons similarly situated and operating like Properties against loss or damage from such hazards and risks, and in such amounts, as are insured by Persons similarly situated and operating like Properties; and the Company shall insure, and shall cause each Subsidiary to insure, such other hazards and risks (including employers' and public liability risks) with good and responsible insurance companies as and to the extent usually insured by Persons similarly situated and conducting similar businesses. The Company shall upon request furnish to the Lender a certificate setting forth in summary form the nature and extent of the insurance maintained pursuant to this Section.

Section 8.5. Financial Reports. The Company shall, and shall cause each Subsidiary to, maintain a standard system of accounting in accordance with GAAP and shall furnish to the Lender and its duly authorized representatives such information respecting the business and

financial condition of the Company and its Subsidiaries as the Lender may reasonably request; and without any request, shall furnish to the Lender:

(a) as soon as available, and in any event within 90 days after the end of each Fiscal Year of the Company, a copy of the consolidated balance sheet of the Company and its consolidated Subsidiaries as of the end of Fiscal Year and the related consolidated statements of income, cash flows and retained earnings of the Company and its Subsidiaries for such Fiscal Year, each in reasonable detail showing in comparative form the figures for the corresponding date and period in the previous Fiscal Year, prepared by the Company in accordance with GAAP, all of the foregoing to be audited and certified by a recognized certified public accounting firm reasonably acceptable to the Lender, whose opinion shall be unqualified;

(b) as soon as available, and in any event within 30 days of the end of each month, a consolidated balance sheet of the Company as at the end of such month and the related consolidated statements of income and retained earnings for such month and for the period from the beginning of the then current Fiscal Year to the end of such month, with related cash flow statements at the end of each month setting forth in each case in comparative form, figures for the corresponding periods in the preceding fiscal year and as of a date one year earlier, all prepared on a consolidated basis in accordance with GAAP consistent with Fiscal Year financial statements but omitting notes and subject to year-end adjustments, accompanied by the same statements for the subsidiaries, each presenting fairly the financial condition of the Company and its Subsidiaries in such reasonable detail as the Lender may request from time to time and each certified as accurate by an Authorized Representative;

(c) within the period provided in subsection (a) above, the written statement of the accountants who certified the audit report thereby required that in the course of their audit they have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose in such statement the nature and period of the existence thereof;

(d) promptly after receipt thereof, any additional written reports, management letters or other detailed information contained in writing concerning significant aspects of the Company's or any Subsidiary's operations and financial affairs given to it by its independent public accountants;

(e) as soon as available, and in any event within 45 days after the end of each fiscal year of the Company, a copy of the Company's consolidated and consolidating business plan for the following fiscal year, such business plan to show the Company's projected consolidated and consolidating revenues, expenses, and balance sheet, such business plan to be in reasonable detail prepared by the Company and in form reasonably satisfactory to the Lender;

(f) promptly after knowledge thereof shall have come to the attention of any responsible officer of the Company, written notice of any threatened or pending litigation

or governmental proceeding or labor controversy against the Company or any Subsidiary which, if adversely determined, would adversely effect the financial condition, Properties, business or operations of the Company or any Subsidiary or of the occurrence of any Default or Event of Default hereunder;

(g) within 30 Business Days following the end of each Fiscal Quarter, an executed, completed Compliance Certificate substantially in the form of Exhibit C, executed by an Authorized Representative and containing calculations with respect to the Company's compliance with each of the financial covenants contained in this Agreement and such additional information as the Lender may reasonably request; and

(h) within 30 Business Days following the end of each calendar month and on each date that the company requests a Loan to be made hereunder, a completed, executed Borrowing Base Certificate substantially in the form of Exhibit E for the calendar month just ended, executed by an authorized Representative and containing such additional information as may be requested by the Lender.

Each of the financial statements furnished to the Lender pursuant to subsections (a) and (b) of this Section shall be accompanied by a written certificate in the form attached hereto as Exhibit C signed by the President or an accounting officer of the Company to the effect that to the best of such officer's knowledge and belief no Default or Event of Default has occurred during the period covered by such statements or, if any such Default or Event of Default has occurred during such period, setting forth a description of such Default or Event of Default and specifying the action, if any, taken by the Company to remedy the same. Such certificate shall also set forth the calculations supporting such statements in respect of Section 8.7 of this Agreement.

Section 8.6. Inspection. The Company shall, and shall cause each Subsidiary to, permit the Lender and its duly authorized representatives and agents to visit and inspect any of the Properties, corporate books and financial records of the Company and each Subsidiary, to examine and make copies of the books of accounts and other financial records of the Company and each Subsidiary, and to discuss the affairs, finances and accounts of the Company and each Subsidiary with, and to be advised as to the same by, its officers, employees and independent public accountants (and by this provision the Company hereby authorizes such accountants to discuss with the Lender the finances and affairs of the Company and of each Subsidiary) at such reasonable times and reasonable intervals as the Lender may designate at the expense of the Lender.

Section 8.7. Financial Requirements. Until all of the Obligations of the Company under this Agreement and the Notes are fully paid and performed, the Company shall maintain and observe the following financial requirements, measured quarterly on a trailing four-quarter basis:

(a) *Consolidated Net Worth.* The Company shall at all times maintain a Consolidated Net Worth of not less than the Minimum Required Amount. For purposes hereof, the "Minimum Required Amount" shall mean 85% of the Consolidated Net Worth as of the Closing Date, and shall increase (but never decrease) as of the end of the Fiscal Year ending December 31, 2002 by an amount equal to 50% of the amount of consolidated Net Income (to the

extent positive), and at the end of each subsequent Fiscal Year by an amount equal to 50% of the amount of consolidated Net Income (to the extent positive);

(b) *Leverage Ratio.* The Company shall at all times maintain a ratio of (i) Senior Funded Debt to (ii) EBITDA not to exceed 3.0:1.0 for each Fiscal Quarter; and

(c) *Fixed Charge Coverage Ratio.* The Company shall at all times maintain a ratio of (i) EBITDA minus Capital Expenditures to (ii) Interest Expense plus required principal payments plus payments under Capital Lease Obligations not to be less than 1.35:1.0 for each Fiscal Quarter.

Section 8.8. Indebtedness for Borrowed Money. The Company shall not, nor shall it permit any Subsidiary to, issue, incur, assume, create or have outstanding any Indebtedness for borrowed money; *provided, however,* that the foregoing shall not restrict nor operate to prevent:

(a) the Obligations of the Company owing to the Lender hereunder;

(b) purchase money indebtedness and Capitalized Lease Obligations secured by Liens permitted by Section 8.9(d) hereof in an aggregate amount not to exceed \$250,000 at any one time outstanding;

(c) unsecured indebtedness of the Company and its Subsidiaries not otherwise permitted by this Section in an amount not to exceed \$250,000 in the aggregate at any one time outstanding including loans to shareholders of the Company; and

(d) existing related party debt totaling \$1,126,760 for the purposes of estate planning.

Section 8.9. Liens. The Company shall not, nor shall it permit any Subsidiary to, create, incur or permit to exist any Lien of any kind on any Property owned by the Company or any Subsidiary; *provided, however,* that the foregoing shall not apply to nor operate to prevent existing Liens identified on Schedule 8.9 hereto, and:

(a) Liens arising by statute in connection with worker's compensation, unemployment insurance, old age benefits, social security obligations, taxes, assessments, statutory obligations or other similar charges, good faith cash deposits in connection with tenders, contracts or leases to which the Company or any Subsidiary is a party or other cash deposits required to be made in the ordinary course of business, provided in each case that the obligation is not for borrowed money and that the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest and adequate reserves have been established therefor;

(b) mechanics', workmen's, materialmen's, landlords', carriers', or other similar Liens arising in the ordinary course of business with respect to obligations which

are not due or which are being contested in good faith by appropriate proceedings which prevent enforcement of the matter under contest;

(c) the pledge of assets for the purpose of securing an appeal, stay or discharge in the course of any legal proceeding, provided that the aggregate amount of liabilities of the Company and its Subsidiaries secured by a pledge of assets permitted under this subsection, including interest and penalties thereon, if any, shall not be in excess of \$50,000 at any one time outstanding; and

(d) Liens on property of the Company or any of its Subsidiaries created solely for the purpose of securing indebtedness permitted by Section 8.8(b) hereof, representing or incurred to finance, refinance or refund the purchase price of Property, provided that no such Lien shall extend to or cover other Property of the Company or such Subsidiary other than the respective Property so acquired, and the principal amount of indebtedness secured by any such Lien shall at no time exceed the original purchase price of such Property.

Section 8.10. Investments, Acquisitions, Loans, Advances and Guaranties. Without the prior written consent of the Lender, which consent shall not be unreasonably withheld, the Company shall not, nor shall it permit any Subsidiary to, directly or indirectly, make, retain or have outstanding any investments (whether through purchase of stock or obligations or otherwise) in, or loans or advances (other than for travel advances and other similar cash advances made to employees in the ordinary course of business) to, any other Person, or acquire all or any substantial part of the assets or business of any other Person or division thereof, or be or become liable as endorser, guarantor, surety or otherwise for any debt, obligation or undertaking of any other Person, or otherwise agree to provide funds for payment of the obligations of another, or supply funds thereto or invest therein or otherwise assure a creditor of another against loss, or apply for or become liable to the issuer of a letter of credit which supports an obligation of another, or subordinate any claim or demand it may have to the claim or demand of any other Person; *provided, however,* that the foregoing shall not apply to nor operate to prevent:

(a) investments in direct obligations of the United States of America or of any agency or instrumentality thereof whose obligations constitute full faith and credit obligations of the United States of America, provided that any such obligations shall mature within one year of the date of issuance thereof;

(b) investments in commercial paper rated at least P-1 by Moody's Investors Services, Inc. and at least A-1 by Standard & Poor's Corporation maturing within 270 days of the date of issuance thereof;

(c) investments in certificates of deposit issued by any United States commercial bank having capital and surplus of not less than \$100,000,000 which have a maturity of one year or less;

(d) endorsement of items for deposit or collection of commercial paper received in the ordinary course of business;

(e) investments in any of the sweep investment offerings of the Lender;

(f) Permitted Acquisitions of entities which are in a similar business of the Company, *provided however* that (i) the Company does not incur Indebtedness in an aggregate amount in excess of \$4,000,000.00 for such acquisitions; (ii) after giving effect to such acquisition, the Company is in compliance with Section 8.7 of this Agreement; (iii) prior to the close of the acquisition, the Company has demonstrated compliance with all covenants contained in this Agreement on a combined trailing four-quarter basis after giving credit for the cash flows of the acquired entities as agreed to by the Lender at the time of the acquisition; and (iv) if as a result of the Permitted Acquisition there exists or is created an operating Domestic Subsidiary of the Company, the Operating Domestic Subsidiary guarantees the Company's obligations under this Agreement; and

(g) issuance of stand-by and/or commercial letters of credit (collectively, the "Letter(s) of Credit") with a maturity date on any Letter of Credit no longer than one year from the date of issuance, provided that the amount of the outstanding Letters of Credit shall not exceed \$500,000 in the aggregate.

In determining the amount of investments, acquisitions, loans, advances and guarantees permitted under this Section, investments and acquisitions shall always be taken at the original cost thereof (regardless of any subsequent appreciation or depreciation therein), loans and advances shall be taken at the principal amount thereof then remaining unpaid, and guarantees shall be taken at the amount of obligations guaranteed thereby.

Section 8.11. Mergers, Consolidations and Sales. The Company shall not, nor shall it permit any Subsidiary to, be a party to any merger or consolidation, or sell, transfer, lease or otherwise dispose of all or any substantial part of its Property, including any disposition of Property as part of a sale and leaseback transaction, or in any event sell or discount (with or without recourse) any of its notes or accounts receivable; *provided, however*, that this Section shall not apply to nor operate to prevent the Company or any Subsidiary from (i) completing that certain sale and leaseback transaction in the process of negotiation immediately prior to the execution of this agreement on the terms and conditions previously disclosed to the Lender, and (ii) selling its inventory in the ordinary course of its business, *provided, further*, so long as a Default or an Event of Default has not occurred and is continuing the Company may be a party to any merger or consolidation provided that the Company is the surviving entity.

Section 8.12. Maintenance of Subsidiaries. The Company shall not assign, sell or transfer, or permit any Subsidiary to issue, assign, sell or transfer, any shares of capital stock of a Subsidiary; provided that the foregoing shall not operate to prevent the issuance, sale and transfer to any person of any shares of capital stock of a Subsidiary solely for the purpose of qualifying, and to the extent legally necessary to qualify, such person as a director of such Subsidiary.

Section 8.13. Transfers to Non-Operating Domestic Subsidiaries. The Company shall not transfers, assign or pledge, or permit any Subsidiary to transfer, assign or pledge, any assets or property to any non-operating Domestic Subsidiary.

Section 8.14. Dividends and Certain Other Restricted Payments. The Company may during any fiscal year (a) declare or pay any dividends on or make any other distributions in respect of any class or series of its capital stock and (b) purchase, redeem or otherwise acquire or retire any of its capital stock, *provided that* the Company is at all times in compliance with Section 8.7 of this Agreement.

Section 8.15. ERISA. The Company shall, and shall cause each Subsidiary to, promptly pay and discharge all obligations and liabilities arising under ERISA of a character which if unpaid or unperformed might result in the imposition of a Lien against any of its Properties. The Company shall, and shall cause each Subsidiary to, promptly notify the Lender of (i) the occurrence of any reportable event (as defined in ERISA) with respect to a Plan, (ii) receipt of any notice from the PBGC of its intention to seek termination of any Plan or appointment of a trustee therefor, (iii) its intention to terminate or withdraw from any Plan, and (iv) the occurrence of any event with respect to any Plan which would result in the incurrence by the Company or any Subsidiary of any material liability, fine or penalty, or any material increase in the contingent liability of the Company or any Subsidiary with respect to any post-retirement Welfare Plan benefit.

Section 8.16. Compliance with Laws. The Company shall, and shall cause each Subsidiary to, comply in all respects with the requirements of all federal, state and local laws, rules, regulations, ordinances and orders applicable to or pertaining to their Properties or business operations, non-compliance with which could have a material adverse effect on the financial condition, Properties, business or operations of the Company or its Subsidiaries taken as a whole, or could result in a Lien upon any of their Property other than liens permitted by Section 8.9.

Section 8.17. Burdensome Contracts With Affiliates. The Company shall not, nor shall it permit any Subsidiary to, enter into any contract, agreement or business arrangement with any of its Affiliates (other than with Wholly-Owned Subsidiaries) on terms and conditions which are less favorable to the Company or such Subsidiary than would be usual and customary in similar contracts, agreements or business arrangements between Persons not affiliated with each other.

Section 8.18. No Changes in Fiscal Year. Neither the Company nor any Subsidiary shall change its fiscal year from its present basis without the prior written consent of the Lender.

Section 8.19. Formation of Subsidiaries. Except for existing Subsidiaries designated on Schedule 5.2 hereto, the Company shall not, nor shall it permit any Subsidiary to, form or acquire any Subsidiary without the prior written consent of the Lender.

Section 8.20. Change in the Nature of Business. The Company shall not, and shall not permit any Subsidiary to, engage in any business or activity if as a result the general nature of the business of the Company or any Subsidiary would be changed in any material respect from the

general nature of the business engaged in by the Company or such Subsidiary on the date of this Agreement.

Section 8.21. Maintenance of Bank Accounts. The Company shall maintain its primary operating accounts with Lender. Notwithstanding the foregoing, the Company may maintain payroll accounts at a local bank or banks located in Iowa if necessary to the company's business operations.

SECTION 9. EVENTS OF DEFAULT AND REMEDIES.

Section 9.1. Events of Default. Any one or more of the following shall constitute an "Event of Default" hereunder:

(a) default in the payment when due of all or any part of the principal of or interest on any Note (whether at the stated maturity thereof or at any other time provided for in this Agreement) or of any fee or other Obligation payable by the Company hereunder or under any other Loan Document which is not remedied within 2 Business Days; or

(b) default in the observance or performance of any covenant set forth in Section 8 hereof which is not remedied within 2 Business Days; or

(c) default in the observance or performance of any other provision hereof or of any other Loan Document which is not remedied within 30 days after the earlier of (i) the date on which such failure shall first become known to any officer of the Company or (ii) written notice thereof is given to the Company by the Lender; or

(d) any representation or warranty made by the Company herein or in any other Loan Document, or in any statement or certificate furnished by it pursuant hereto or thereto, or in connection with any extension of credit made hereunder, proves untrue in any material respect as of the date of the issuance or making thereof; or

(e) any event occurs or condition exists (other than those described in subsections (a) through (d) above) which is specified as an event of default under any of the other Loan Documents, or any of the Loan Documents shall for any reason not be or shall cease to be in full force and effect, or any of the Loan Documents is declared to be null and void; or

(f) default shall occur under any Indebtedness for borrowed money issued, assumed or guaranteed by the Company or any Subsidiary, or under any indenture, agreement or other instrument under which the same may be issued, and such default shall continue for a period of time sufficient to permit the acceleration of the maturity of any such Indebtedness for borrowed money (whether or not such maturity is in fact accelerated), or any such Indebtedness for borrowed money shall not be paid when due (whether by lapse of time, acceleration or otherwise); or

(g) any judgment or judgments, writ or writs, or warrant or warrants of attachment, or any similar process or processes in an aggregate amount in excess of \$500,000, excluding judgments covered by insurance, shall be entered or filed against the Company or any Subsidiary or against any of their Property and which remains unvacated, unbonded, unstayed or unsatisfied for a period of 30 days; or

(h) the Company or any member of its Controlled Group shall fail to pay when due an amount or amounts aggregating in excess \$500,000 which it shall have become liable to pay to the PBGC or to a Plan under Title IV of ERISA; or notice of intent to terminate a Plan or Plans having aggregate Unfunded Vested Liabilities in excess of \$500,000 (collectively, a "*Material Plan*") shall be filed under Title IV of ERISA by the Company or any other member of its Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any Material Plan or a proceeding shall be instituted by a fiduciary of any Material Plan against the Company or any member of its Controlled Group to enforce Section 515 or 4219(c)(5) of ERISA and such proceeding shall not have been dismissed within 30 days thereafter; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any Material Plan must be terminated; or

(i) a transfer of or an accumulation of a majority of the outstanding capital stock of the Company shall be acquired, directly or indirectly, by a person or entity other than as outlined in the current transfer of ownership agreement dated January 4, 2002; or

(j) dissolution or termination of the existence of the Company or any Subsidiary; or

(k) The Company shall fail to terminate, release or amend, within ten (10) Business Days after receipt of official Uniform Commercial Code search results, any liens identified on Schedule 8.9 which are not permitted liens authorized by Sections 8.9(a) through (e).

(l) the Company or any Subsidiary shall (i) have entered involuntarily against it an order for relief under the United States Bankruptcy Code, as amended, (ii) not pay, or admit in writing its inability to pay, its debts generally as they become due, (iii) make an assignment for the benefit of creditors, (iv) apply for, seek, consent to, or acquiesce in, the appointment of a receiver, custodian, trustee, examiner, liquidator or similar official for it or any substantial part of its Property, (v) institute any proceeding seeking to have entered against it an order for relief under the United States Bankruptcy Code, as amended, to adjudicate it insolvent, or seeking dissolution, winding up, liquidation, reorganization, arrangement, adjustment or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors or fail to file an answer or other pleading denying the material allegations of any such proceeding filed against it, (vi) take any corporate action in furtherance of any matter described in parts (i) through (v) above, or (vii) fail to contest in good faith any appointment or proceeding described in Section 9.1(l) hereof; or

(m) a custodian, receiver, trustee, examiner, liquidator or similar official shall be appointed for the Company or any Subsidiary or any substantial part of any of their Property, or a proceeding described in Section 9.1(l)(v) shall be instituted against the Company or any Subsidiary, and such appointment continues undischarged or such proceeding continues undismissed or unstayed for a period of 60 days.

Section 9.2. Non-Bankruptcy Defaults. When any Event of Default described in subsection (a) through (k), both inclusive, of Section 9.1 has occurred and is continuing, the Lender shall, by notice to the Company, take one or more of the following actions:

(a) terminate the obligations of the Lender to extend any further credit hereunder on the date (which may be the date thereof) stated in such notice;

(b) declare the principal of and the accrued interest on the Notes to be forthwith due and payable and thereupon the Notes, including both principal and interest and all fees, charges and other Obligations payable hereunder and under the other Loan Documents, shall be and become immediately due and payable without further demand, presentment, protest or notice of any kind; and

(c) enforce any and all rights and remedies available to it under the Loan Documents or applicable law.

Section 9.3. Bankruptcy Defaults. When any Event of Default described in subsection (l) or (m) of Section 9.1 has occurred and is continuing, then the Notes, including both principal and interest, and all fees, charges and other Obligations payable hereunder and under the other Loan Documents, shall immediately become due and payable without presentment, demand, protest or notice of any kind, and the obligations of the Lender to extend further credit pursuant to any of the terms hereof shall immediately terminate. In addition, the Lender may exercise any and all remedies available to it under the Loan Documents or applicable law.

SECTION 10. MISCELLANEOUS.

Section 10.1. Withholding Taxes.

(a) *Payments Free of Withholding.* Except as otherwise required by law and subject to Section 11.1(b) hereof, each payment by the Company under this Agreement and under any other Loan Document shall be made without withholding for or on account of any present or future taxes (other than overall net income taxes on the recipient) imposed by or within the jurisdiction in which the Company is domiciled, any jurisdiction from which the Company makes any payment, or (in each case) any political subdivision or taxing authority thereof or therein. If any such withholding is so required, the Company shall make the withholding, pay the amount withheld to the appropriate governmental authority before penalties attach thereto or interest accrues thereon and forthwith pay such additional amount as may be necessary to ensure that the net amount actually received by the Lender free and clear of such taxes (including such taxes on such additional amount) is equal to the amount which the Lender would have received had such

withholding not been made. If the Lender pays any amount in respect of any such taxes, penalties or interest, the Company shall reimburse the Lender for that payment on demand in the currency in which such payment was made. If the Company pays any such taxes, penalties or interest, it shall deliver official tax receipts evidencing that payment or certified copies thereof to the Lender on or before the thirtieth day after payment.

Section 10.2. Non-Business Days. If any payment hereunder becomes due and payable on a day which is not a Business Day, the due date of such payment shall be extended to the next succeeding Business Day on which date such payment shall be due and payable. In the case of any payment of principal falling due on a day which is not a Business Day, interest on such principal amount shall continue to accrue during such extension at the rate per annum then in effect, which accrued amount shall be due and payable on the next scheduled date for the payment of interest.

Section 10.3. No Waiver, Cumulative Remedies. No delay or failure on the part of any Lender or on the part of any holder of any of the Obligations in the exercise of any power or right shall operate as a waiver thereof or as an acquiescence in any default, nor shall any single or partial exercise of any power or right preclude any other or further exercise thereof or the exercise of any other power or right. The rights and remedies hereunder of the Lender and any of the holders of the Obligations are cumulative to, and not exclusive of, any rights or remedies which any of them would otherwise have.

Section 10.4. Waivers, Modifications and Amendments. Any provision hereof or of any of the other Loan Documents may be amended, modified, waived or released and any Default or Event of Default and its consequences may be rescinded and annulled upon the written consent of the Lender and Borrower.

Section 10.5. Costs and Expenses. The Company agrees to pay on demand the costs and expenses of the Lender in connection with the negotiation, preparation, execution and delivery of this Agreement, the other Loan Documents and the other instruments and documents to be delivered hereunder or thereunder, and in connection with the recording or filing of any of the foregoing, and in connection with the transactions contemplated hereby or thereby, and in connection with any consents hereunder or waivers or amendments hereto or thereto, including the fees and expenses of Freeborn & Peters, counsel for the Lender, with respect to all of the foregoing (whether or not the transactions contemplated hereby are consummated). The fees and expenses of Freeborn & Peters incurred in negotiating, preparing and delivering this Agreement and the other Loan Documents shall not exceed \$3,000. The Company further agrees to pay to the Lender and any other holders of the Obligations all costs and expenses (including court costs and attorneys' fees), if any, incurred or paid by the Lender or any other holders of the Obligations in connection with any Default or Event of Default or in connection with the enforcement of this Agreement or any of the other Loan Documents or any other instrument or document delivered hereunder or thereunder. The Company further agrees to indemnify and save the Lender harmless from any and all liabilities, losses, costs and expenses incurred by the Lender in connection with any action, suit or proceeding brought against the Lender by any Person which arises out of the transactions contemplated or financed hereby or out of any action or inaction by the Lender hereunder or thereunder, except for such thereof as is caused by the

negligence or willful misconduct of the party seeking to be indemnified. The provisions of this Section and the protective provisions of Section 3 hereof shall survive payment of the Obligations.

Section 10.6. Documentary Taxes. The Company agrees to pay on demand any documentary, stamp or similar taxes payable in respect of this Agreement or any other Loan Document, including interest and penalties, in the event any such taxes are assessed, irrespective of when such assessment is made and whether or not any credit is then in use or available hereunder.

Section 10.7. Survival of Representations. All representations and warranties made herein or in any of the other Loan Documents or in certificates given pursuant hereto or thereto shall survive the execution and delivery of this Agreement and the other Loan Documents, and shall continue in full force and effect with respect to the date as of which they were made as long as any credit is in use or available hereunder.

Section 10.8. Survival of Indemnities. All indemnities and other provisions relative to reimbursement to the Lender of amounts sufficient to protect the yield of the Lender with respect to the Loans, including, but not limited to, Sections 2.1c(v), and 3.11 hereof, shall survive the termination of this Agreement and the payment of the Obligations.

Section 10.9. Notices. Except as otherwise specified herein, all notices hereunder shall be in writing (including, without limitation, notice by telecopy) and shall be given to the relevant party at its address or telecopier number set forth below, in the case of the Company, or on the appropriate signature page hereof, in the case of the Lender, or such other address or telecopier number as such party may hereafter specify by notice to the Agent and the Company given by United States certified or registered mail, by telecopy or by other telecommunication device capable of creating a written record of such notice and its receipt. Notices hereunder to the Company shall be addressed to:

LIL' DRUG STORE PRODUCTS, INC.
Jeff Pitz, CFO and Chris DeWolf V.P. & Chief Operating Officer
1201 Continental Place
Cedar Rapids, Iowa 52402
Telephone: 319-739-1004
Telecopy: 319-393-3494

Each such notice, request or other communication shall be effective (i) if given by telecopier, when such telecopy is transmitted to the telecopier number specified in this Section and a confirmation of such telecopy has been received by the sender, (ii) if given by mail, five (5) days after such communication is deposited in the mail, certified or registered with return receipt requested, addressed as aforesaid or (iii) if given by any other means, when delivered at the addresses specified in this Section; provided that any notice given pursuant to Section 1 or Section 2 hereof shall be effective only upon receipt.

Section 10.10. Construction. The parties hereto acknowledge and agree that this Agreement and the other Loan Documents shall not be construed more favorably in favor of one than the other based upon which party drafted the same, it being acknowledged that all parties hereto contributed substantially to the negotiation of this Agreement and the other Loan Documents. Nothing contained herein shall be deemed or construed to permit any act or omission which is prohibited by the terms of any of the other Loan Documents, the covenants and agreements contained herein being in addition to and not in substitution for the covenants and agreements contained in the other Loan Documents.

Section 10.11. Headings. Section headings used in this Agreement are for convenience of reference only and are not a part of this Agreement for any other purpose.

Section 10.12. Severability of Provisions. 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 or affecting the validity or enforceability of such provision in any other jurisdiction. All rights, remedies and powers provided in this Agreement and the other Loan Documents may be exercised only to the extent that the exercise thereof does not violate any applicable mandatory provisions of law, and all the provisions of this Agreement and the other Loan Documents are intended to be subject to all applicable mandatory provisions of law which may be controlling and to be limited to the extent necessary so that they will not render this Agreement or the other Loan Documents invalid or unenforceable.

Section 10.13 Counterparts. This Agreement may be executed in any number of counterparts, and by different parties hereto on separate counterpart signature pages, and all such counterparts taken together shall be deemed to constitute one and the same instrument.

Section 10.14. Entire Understanding. This Agreement together with the other Loan Documents constitute the entire understanding of the parties with respect to the subject matter hereof and any prior agreements, whether written or oral, with respect thereto are superseded hereby except for prior understandings related to fees payable to the Agent upon the initial closing of the transactions contemplated hereby.

Section 10.15. Binding Nature, Governing Law, Etc. This Agreement shall be binding upon the Company and its successors and assigns, and shall inure to the benefit of the Lender and the benefit of their successors and assigns, including any subsequent holder of an interest in the Obligations. The Company may not assign its rights hereunder without the written consent of the Lender. This Agreement and the rights and duties of the parties hereto shall be governed by, and construed in accordance with, the internal laws of the State of Illinois without regard to principles of conflicts of laws.

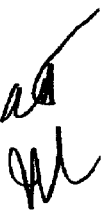
Section 10.16. Submission to Jurisdiction; Waiver of Jury Trial. The Company hereby submits to the non-exclusive jurisdiction of the United States District Court for the Northern District of Illinois and of any Illinois State court sitting in the City of Chicago for purposes of all legal proceedings arising out of or relating to this Agreement, the other Loan Documents or the transactions contemplated hereby or thereby. The Company irrevocably waives, to the fullest

extent permitted by law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. **The Company and the Lender hereby irrevocably waive any and all right to trial by jury in any legal proceeding arising out of or relating to any Loan Document or the transactions contemplated thereby.**

Section 10.17. Set-Off. Upon an Event of Default, and without notice of any kind, any account, deposit or other indebtedness owing by Lender to Borrower, and any securities or other investments with Borrower delivered to or left in the possession of any Lender or its nominee or agent, may be set off against and applied in payment of any obligation hereunder, whether due or not.

Upon your acceptance hereof in the manner hereinafter set forth, this Agreement shall constitute a contract between us for the uses and purposes hereinabove set forth.

SIGNATURE PAGE IMMEDIATELY FOLLOWING:



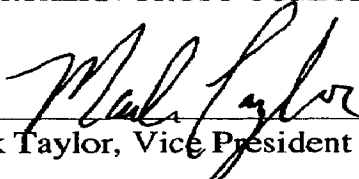
Dated as of this 22 day of April, 2002.

LIL' DRUG STORE PRODUCTS, INC.

By 
Jim Nikrant, Chief Executive Officer

1201 Continental Place
Cedar Rapids, Iowa 52402
Telephone: (319) 393-0454
Telecopy: (319) 393-3494

THE NORTHERN TRUST COMPANY

By 
Mark Taylor, Vice President

50 South LaSalle Street
Chicago, Illinois 60675
Attention: Mark Taylor
Telephone: (312) 557-1626
Telecopy: (312) 444-7028

This FINANCING STATEMENT is presented to THE FILING OFFICER for filing pursuant to the Uniform Commercial Code.
1 Debtor(s) Last Name First) and Address(es)
LIL DRUG STORE PRODUCTS, INC.
1201 CONTINENTAL PLACE NE
CEDAR RAPIDS, IA 52402

2 Secured Party(ies) and Address(es)
MARQUETTE BANK CEDAR RAPIDS
1800 FIRST AVENUE NE
PO BOX 2189
CEDAR RAPIDS, IA 52402-2189

3 For Filing Officer
(Date, Time, Number, and Filing Office)
2000 JUL 14 P 1:12

P116751

C-5
NON-STANDARD FILE

4 This financing statement covers the following types (or items) of property:

Registered United States Trademark No. 1,591,663 for the trademark "REPLENS"; whether any of the foregoing is owned now or acquired later; all accessions, additions, replacements, and substitutions relating to any of the foregoing; all records of any kind relating to any of the foregoing; all proceeds relating to any of the foregoing (including insurance, general intangibles and accounts proceeds)..

5 Name and Address of Assignee

6 Description of Real Estate

P116751



7 Check if applicable: Products of Collateral are covered Debtor is a transmitting utility as defined in UCC 9 105(1)

Patricia D.
Signature of Secured Party

Signature of Debtor

James M. Nikrant
Signature of Debtor

Type or Print all names (Iowa code 335.2)

JAMES M. NIKRANT, PRESIDENT AND CEO
Type or print all names (Iowa Code 335.2)

(Secured party or other appropriate signature may be substituted for debtor(s) signature only in cases covered by UCC 9-402(2), and 9-406, and must be identified as such when used.)

(4) Secured Party Copy

ORIGINATOR - Secured Party keep this copy for your files.

101482 UC1N \$10.00 BARR 1

TRADEMARK
REEL: 002580 FRAME: 0240

August 20, 2002

Via Express Mail

Commissioner of Patents and Trademarks
Box Assignments
Washington, D.C. 20231

Attorneys at Law

311 South Wacker Drive
Suite 3000
Chicago, Illinois
60606-6677
Tel 312.360.6000

James F. Donato
Paralegal
Direct 312.360.6521
Fax 312.360.6596
jdonato@freebornpeters.com

Re: Recordation of Name Change

Dear Sir:

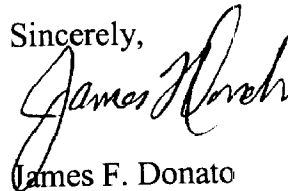
Enclosed please find a Trademark Recordation Form Cover Sheet to record the following:

- 1) Security Agreement in favor of The Northern Trust Co. involving 1 trademark.

Please record these documents and return them to my attention. Our check in the amount of \$40.00 is enclosed for the recordation fees.

Thank you for your assistance.

Sincerely,

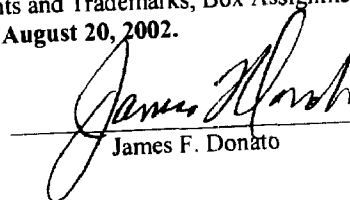


James F. Donato

JFD
Encl.

Certificate of Express Mail

I hereby certify that this correspondence is being deposited with the U.S. Postal Service by Express Mail No. **EV 166717315 US** in an envelope addressed to the Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231 on **August 20, 2002**.



James F. Donato