

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Cryptek, Inc.		08/17/2007	CORPORATION: DELAWARE

RECEIVING PARTY DATA

Name:	Wachovia Bank, National Association
Street Address:	1753 Pinnacle Drive, Third Floor
City:	McLean
State/Country:	VIRGINIA
Postal Code:	22102
Entity Type:	INC. ASSOCIATION: UNITED STATES

Name:	Wachovia Capital Finance Corporation
Street Address:	141 Adelaide Street West, Suite 1500
City:	Toronto
State/Country:	CANADA
Postal Code:	M5H 3L5
Entity Type:	CORPORATION: CANADA

PROPERTY NUMBERS Total: 5

Property Type	Number	Word Mark
Serial Number:	77436934	NETGARD
Registration Number:	3084437	ION NETWORKS
Registration Number:	3279218	TS-21 BLACKJACK
Registration Number:	1680106	CRYPTEK
Registration Number:	2669265	CRYPTEK

CORRESPONDENCE DATA

Fax Number: (302)778-2600

Correspondence will be sent via US Mail when the fax attempt is unsuccessful.

900175936

**TRADEMARK
 REEL: 004419 FRAME: 0038**

OP \$140.00 77436934

Phone: 302-778-2500
Email: tmde@ratnerprestia.com
Correspondent Name: RatnerPrestia
Address Line 1: 1007 N. Orange Street; Suite 1100
Address Line 2: P. O. Box 1596
Address Line 4: Wilmington, DELAWARE 19899

ATTORNEY DOCKET NUMBER:

APIC-902

DOMESTIC REPRESENTATIVE

Name:
Address Line 1:
Address Line 2:
Address Line 3:
Address Line 4:

NAME OF SUBMITTER:

John W. McGlynn

Signature:

/jwm/

Date:

11/19/2010

Total Attachments: 122

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FINANCING AND SECURITY AGREEMENT

Dated

August 17, 2007

By and Among

CRYPTTEK, INC.,

EMCON EMANATION CONTROL LTD.,

WACHOVIA BANK, NATIONAL ASSOCIATION

And

WACHOVIA CAPITAL FINANCE CORPORATION (CANADA)

FINANCING AND SECURITY AGREEMENT

THIS FINANCING AND SECURITY AGREEMENT (this "Agreement") is made this 17th day of August, 2007, by and among CRYPTTEK, INC., a corporation organized under the laws of the State of Delaware ("Crypttek") and EMCON EMANATION CONTROL LTD., a corporation organized under the laws of Canada ("Emcon", and each of Emcon and Crypttek, a "Borrower", and collectively, the "Borrowers"); WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association ("Lender"), and WACHOVIA CAPITAL FINANCE CORPORATION (CANADA), its successors and assigns ("Wachovia Canada").

RECITALS

A. Crypttek has applied to Lender for (i) a revolving credit facility in the maximum principal amount of Five Million Dollars (\$5,000,000) which amount may be increased pursuant to Section 2.1.6 hereof, and (ii) as part of the revolving credit facility, a letter of credit facility in the maximum principal amount of Five Million Dollars (\$5,000,000). Emcon has applied to Wachovia Canada for, as part of the aforementioned revolving credit facility, a revolving credit sub-facility in the maximum principal amount of Two Million Dollars (\$2,000,000).

B. Lender and Wachovia Canada are willing to make the credit facilities available to Borrowers upon the terms and subject to the conditions set forth in this Agreement.

AGREEMENTS

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

ARTICLE I
DEFINITIONS

Section 1.1 Certain Defined Terms.

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

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

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

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

“ACH Transactions” means any cash management or related services including the automatic clearing house transfer of funds by Lender or Wachovia Canada for the account of any Borrower pursuant to agreement or overdrafts.

“Advances” has the meaning set forth in Section 2.1.1(a).

“Advances (Canada)” has the meaning set forth in Section 2.1.1(b).

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

“Aggregate Borrowing Base” means the sum of (i) the then current Cryptek Borrowing Base plus (ii) the then most current Emcon Borrowing Base.

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

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

“Bankruptcy Code” means Title 11 of the United States Code, as amended from time to

time, and any successor Laws.

“Borrowing Base” has the meaning described in Section 2.1.3 (Borrowing Base).

“Borrowing Base Deficiency” has the meaning described in Section 2.1.3 (Borrowing Base).

“Borrowing Base Report” has the meaning described in Section 2.1.4 (Borrowing Base Report).

“Business Day” means any day other than a Saturday, Sunday or other day on which commercial banks in the State or, to the extent relating to Advances (Canada) or Emcon, in the Province of Ontario, Canada, are authorized or required to close.

“Canadian Prime Rate” shall mean, at any time, the greater of (a) the rate from time to time publicly announced by Bank of Montreal as its prime rate in effect for determining interest rates on Canadian dollar denominated commercial loans in Canada, or (b) the annual rate of interest equal to the sum of (i) the thirty (30) day CDOR Rate at such time plus (ii) one (1%) percent per annum.

“Canadian Sublimit” has the meaning described in Section 2.1.1(b).

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

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

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

“CDOR Rate” shall mean, on any day, the annual rate of interest which is equal to the average discount rate applicable to Canadian dollar bankers’ acceptances for a term equivalent to the applicable interest period appearing on the “Reuters Screen CDOR Page” (as defined in the International Swap Dealer Association, Inc., definitions, as modified and amended from time to

time) as of 10:00 a.m. on such day; provided that if such rate does not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be the thirty (30) day rate applicable in Canadian dollar bankers' acceptances quoted by any major Schedule I Canadian chartered bank selected by Wachovia Canada as of 10:00 a.m. on such day.

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

"Closing Date" means the Business Day, in any event not later than August 17, 2007, on which Lender shall be satisfied that the conditions precedent set forth in Section 5.1 (Conditions to Initial Advance) have been fulfilled or otherwise waived by Lender.

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

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

"Commitment" means the collective reference to the Revolving Credit Commitment and the commitment for any loan, letter of credit, interest rate protection, foreign exchange risk, cash management, and other Credit Facility now or hereafter provided to Borrowers by Lender and Wachovia Canada whether under this Agreement or otherwise.

"Committed Amount" means the Revolving Credit Committed Amount.

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

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

"Computation Date" means the date on which the Equivalent Amount of any Advance (Canada) is determined.

"Credit Facility" means the Revolving Credit Facility, the Letter of Credit Facility and any and all other credit facilities now or hereafter extended under or secured by this Agreement.

"Creditor" means each of Lender and Wachovia Canada.

"Cryptek Borrowing Base" means the Borrowing Base in respect of Cryptek.

"Currency Due" has the meaning set forth in Section 8.23.

"Current Letter of Credit Obligations" has the meaning described in Section 2.3.5 (Payments of Letters of Credit).

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

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

"Domestic Obligations" means all Obligations incurred by Cryptek.

"Domestic Subsidiary" means any Subsidiary that is organized under the laws of any state of the United States or the District of Columbia.

"EBIT" means as to Cryptek and its Subsidiaries calculated on a consolidated basis for any period of determination thereof, the sum of (a) the net profit (or loss) determined in accordance with GAAP consistently applied, plus (b) interest expense and income tax expense for such period.

"Eligible Inventory" means all Inventory of the applicable Borrower held by such Borrower for use or sale in the ordinary course of business, valued at the lower of cost, on an average cost basis, or market value, excluding, however, any Inventory which consists of:

(a) any goods located outside of the United States or Canada,

(b) any goods which are not subject to a perfected lien in favor of the Lender or Wachovia Canada, free and clear of all other Liens other than Permitted Liens,

(c) any goods not in the actual possession of the applicable Borrower, except to the extent provided in subsection (d) below,

(d) any goods in the possession of a bailee, warehouseman, consignee or similar third party, except to the extent that such bailee, warehouseman, consignee or similar third party has entered into an agreement with Lender or Wachovia Canada in which such bailee, warehouseman, consignee or similar third party consents and agrees to Lender's or Wachovia Canada's Lien on such goods and to such other terms and conditions as may be required by Lender,

(e) any goods the sale or other disposition of which has given rise to a Receivable,

(f) any goods which fail to meet all standards and requirements imposed by any Governmental Authority over such goods, their

production, storage, use or sale,

(g) supplies, displays, packaging and promotional materials, but for avoidance of doubt, Inventory shall include raw materials (subject to the other requirements set forth in the other subparagraphs of this definition),

(h) any goods as to which Lender determines in the exercise of its sole and absolute discretion at any time and in good faith are not in good condition or are defective, unmerchantable, post-seasonal, slow moving or obsolete, and

(i) any goods which Lender in the good faith exercise of its sole and absolute discretion has deemed to be ineligible because Lender otherwise considers the collateral value to Lender to be impaired or its ability to realize such value to be insecure.

In the event of any dispute under the foregoing criteria, as to whether goods are, or have ceased to be, Eligible Inventory, the decision of Lender in the good faith exercise of its sole and absolute discretion shall control.

“Eligible Receivable” and “Eligible Receivables” mean, at any time of determination thereof, the unpaid portion of each Receivable (net of any returns, discounts, claims, credits, charges, accrued rebates or other allowances, offsets, deductions, counterclaims, disputes or other defenses and reduced by the aggregate amount of all reserves, limits and deductions provided for in this definition and elsewhere in this Agreement) in United States Dollars or Canadian dollars, as applicable, owing to the applicable Borrower, provided each account receivable conforms and continues to conform to the following criteria to the satisfaction of Lender:

(a) the account arose in the ordinary course of such Borrower's business from a bona fide outright sale of goods by such Borrower or from services performed by such Borrower;

(b) the account is a valid, legally enforceable obligation of the Account Debtor and requires no further act on the part of any Person under any circumstances to make the account payable by the Account Debtor;

(c) the account is based upon an enforceable order or contract, written or oral, for Inventory shipped or for services performed, and the same were shipped or performed in accordance with such order or contract;

(d) if the account arises from the sale of Inventory, the Inventory the sale of which gave rise to the account has been shipped or delivered to the Account Debtor on an absolute sale basis and not on a bill and hold sale basis, a consignment sale basis, a guaranteed sale basis, a sale or return basis, or on the basis of any other similar understanding;

(e) if the account arises from the performance of services, such services have been fully rendered and do not relate to any warranty claim or obligation;

(f) the account is evidenced by an invoice or other documentation in form acceptable to Lender, dated no later than the date of shipment or performance and containing only terms normally offered by such Borrower;

(g) the amount shown on the books of such Borrower and on any invoice, certificate, schedule or statement delivered to Lender is owing to such Borrower and no partial payment has been received unless reflected with that delivery;

(h) the account is not outstanding more than ninety (90) days from the date of the invoice therefore or past due more than sixty (60) days after its due date, which shall not be later than thirty (30) days after the invoice date;

(i) the account is not owing by any Account Debtor for which fifty percent (50%) or more of such Account Debtor's accounts are outstanding more than ninety (90) days from the date of the invoices;

(j) the account is not owing by an Account Debtor or a group of affiliated Account Debtors (provided that, for the sake of clarification, Governmental Authorities shall not be considered affiliated Account Debtors) whose then existing accounts owing to such Borrower exceed in aggregate face amount fifty percent (50%) of such Borrower's total Eligible Receivables, in which case any incremental amount in excess of fifty percent (50%) shall not be included in the determination of Eligible Receivables;

(k) the Account Debtor has not returned, rejected or refused to retain, or otherwise notified such Borrower of any dispute concerning, or claimed nonconformity of, any of the Inventory or services from the sale or furnishing of which the account arose;

(l) the account is not subject to any present or contingent (and no facts exist which are the basis for any future) offset, claim, deduction or counterclaim, dispute or defense in law or equity on the part of such Account Debtor, or any claim for credits, allowances, or adjustments by the Account Debtor because of returned, inferior, or damaged Inventory or unsatisfactory services, or for any other reason including, without limitation, those arising on account of a breach of any express or implied representation or warranty;

(m) the Account Debtor is not a Subsidiary or Affiliate of such Borrower or an employee, officer, director or shareholder of such

Borrower or any Subsidiary or Affiliate of such Borrower;

(n) the Account Debtor is not incorporated or primarily conducting business or otherwise located in any jurisdiction outside of the United States of America or Canada;

(o) as to which none of the following events has occurred with respect to the Account Debtor on such Account: death or judicial declaration of incompetency of an Account Debtor who is an individual; the filing by or against the Account Debtor of a request or petition for liquidation, reorganization, arrangement, adjustment of debts, adjudication as a bankrupt, winding-up, or other relief under the bankruptcy, insolvency, or similar laws of the United States, any state or territory thereof, or any foreign jurisdiction, now or hereafter in effect; the making of any general assignment by the Account Debtor for the benefit of creditors; the appointment of a receiver or trustee for the Account Debtor or for any of the assets of the Account Debtor, including, without limitation, the appointment of or taking possession by a "custodian," as defined in the Federal Bankruptcy Code; the institution by or against the Account Debtor of any other type of insolvency proceeding (under the bankruptcy laws of the United States, Canada or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against, or winding up of affairs of, the Account Debtor; the sale, assignment, or transfer of all or any material part of the assets of the Account Debtor; the nonpayment generally by the Account Debtor of its debts as they become due; or the cessation of the business of the Account Debtor as a going concern;

(p) such Borrower is not indebted in any manner to the Account Debtor (as creditor, lessor, supplier or otherwise), with the exception of customary credits, adjustments and/or discounts given to an Account Debtor by such Borrower in the ordinary course of its business;

(q) the account does not arise from services under or related to any warranty obligation of such Borrower or out of service charges, finance charges or other fees for the time value of money;

(r) the account is not evidenced by chattel paper or an instrument of any kind and is not secured by any letter of credit;

(s) the title of such Borrower to the account is absolute and is not subject to any prior assignment, claim, Lien, or security interest, except Permitted Liens;

(t) no bond or other undertaking by a guarantor or surety has been or is required to be obtained, supporting the performance of such Borrower or any other obligor in respect of any of such Borrower's agreements with the Account Debtor or supporting the account and any of the Account Debtor's obligations in respect of the account;

(u) such Borrower has the full and unqualified right and power to assign and grant a security interest in, and Lien on, the account to Lender or Wachovia Canada, as applicable, as security and collateral for the payment of the Obligations;

(v) the account is subject to a Lien in favor of Lender or Wachovia Canada, as applicable, which Lien is perfected as to the account by the filing of financing statements and which Lien upon such filing constitutes a first priority security interest (except as set forth Section 3.4(a) or Section 3.4(b) herein) and Lien;

(w) the Inventory giving rise to the account was not, at the time of the sale thereof, subject to any Lien, except those in favor of Lender or Wachovia Canada, as applicable;

(x) no part of the account represents a progress billing or a retainage; and

(y) Lender in the good faith exercise of its sole and absolute discretion has not deemed the account ineligible because of uncertainty as to the creditworthiness of the Account Debtor or because Lender otherwise reasonably considers the collateral value of such account to Lender to be impaired or its ability to realize such value to be insecure.

In the event of any dispute, under the foregoing criteria, as to whether an account is, or has ceased to be, an Eligible Receivable, the decision of Lender in the good faith exercise of its sole and absolute discretion shall control.

“EMCON2007 Holdco” means EMCON2007 Holdco Inc., a corporation organized under the federal laws of Canada.

“Emcon Borrowing Base” means the Borrowing Base in respect of Emcon.

“Emcon Security Agreement” means that certain Security Agreement of even date herewith executed by Emcon in favor of Wachovia Canada.

“Employee Plans” has the meaning set forth in Section 4.1.25 (Employee Benefits).

“Enforcement Costs” means all expenses, charges, costs and fees whatsoever of any nature whatsoever paid or incurred by or on behalf of Lender and Wachovia Canada in connection with (a) any or all of the Obligations, this Agreement and/or any of the other Financing Documents, (b) the creation, perfection, collection, maintenance, preservation, defense, protection, realization upon, disposition, sale or enforcement of all or any part of the Collateral, this Agreement or any of the other Financing Documents.

“Equipment” means all equipment, machinery, computers, chattels, tools, parts, machine tools, furniture, furnishings, fixtures and supplies of every nature, presently existing or hereafter acquired or created and wherever located, whether or not the same shall be deemed to be affixed

to real property, and all of such types of property leased by any Borrower and all of such Borrower's rights and interests with respect thereto under such leases (including, without limitation, options to purchase), together with all accessions, additions, fittings, accessories, special tools, and improvements thereto and substitutions therefore and all parts and equipment which may be attached to or which are necessary or beneficial for the operation, use and/or disposition of such personal property, all licenses, warranties, franchises and General Intangibles related thereto or necessary or beneficial for the operation, use and/or disposition of the same, together with all Accounts, Chattel Paper, Instruments and other consideration received by such Borrower on account of the sale, lease or other disposition of all or any part of the foregoing, and together with all rights under or arising out of present or future Documents and contracts relating to the foregoing and all Proceeds of the foregoing.

"Equivalent Amount" means, as of the relevant computation Date, the equivalent amount in U.S. dollars of an amount expressed in Canadian dollars as determined by the Lender based on posted exchange rates by Reuters at 11 a.m. Eastern Standard Time on such date for the purchase of U.S. dollars with Canadian dollars.

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

"Event of Default" has the meaning described in Section 7.1 (Events of Default).

"Excluded Taxes" means, with respect to any payment to the Lender or Wachovia Canada, as applicable, any taxes imposed on or measured by the overall net income (including a franchise tax based on net income) of the Lender or Wachovia Canada, as applicable, by the jurisdiction in which each is incorporated or maintains its respective principal executive office.

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

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

"Financing Documents" means at any time collectively this Agreement, the Notes, each Guarantee, the Security Documents, the Letter of Credit Documents, and any other instrument, agreement or document simultaneously or hereafter executed and delivered by Borrowers, any Guarantor, and/or any other Person, singly or jointly with another Person or Persons, evidencing, securing, guarantying or in connection with this Agreement, any Note, any Guarantee, any of the Security Documents, any of the Facilities, and/or any of the Obligations.

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

"Foreign Lender" means any financial institution that is not organized under the laws of any state of the United States nor the District of Columbia.

"Foreign Loan Party" means EMCON2007 Holdco and Emcon.

"Foreign Obligations" means all Obligations incurred by any Foreign Loan Party.

"Foreign Subsidiary" means any Subsidiary that is not a Domestic Subsidiary.

"GAAP" means, in the case of Cryptek, generally accepted accounting principles in the United States of America in effect from time to time and, in the case of Emcon, generally accepted accounting principles in accordance with the recommendations made from time to time by the Canadian Institute of Chartered Accountants.

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

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

"Guarantor" means EMCON2007 Holdco or Cryptek, as the case may be and each of their respective successors and assigns, and "Guarantors" means EMCON2007 Holdco and Cryptek (in its capacity as a guarantor) and each of their respective successors and assigns.

"Guarantee" means each of those certain guarantees of payment for the benefit of Wachovia Canada dated the date hereof to Wachovia Canada from Guarantors, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"Hazardous Materials" means (a) any "hazardous waste" as defined by the Resource Conservation and Recovery Act of 1976, as amended from time to time, and regulations promulgated thereunder; (b) any "hazardous substance" as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended from time to time,

and regulations promulgated thereunder; (c) any substance the presence of which on any property now or hereafter owned, acquired or operated by any Borrower is prohibited by any Law similar to those set forth in this definition; and (d) any other substance which by applicable Law requires special handling in its collection, storage, treatment or disposal.

"Hazardous Materials Contamination" means the contamination (whether presently existing or occurring after the date of this Agreement) by Hazardous Materials of any property owned, operated or controlled by any Borrower or for which such Borrower has responsibility, including, without limitation, improvements, facilities, soil, ground water, air or other elements on, or of, any property now or hereafter owned, acquired or operated by such Borrower, and any other contamination by Hazardous Materials for which such Borrower is, or is claimed to be, responsible.

"Holdco Security Agreement" means that certain Security Agreement of even date herewith executed by EMCON2007 Holdco in favor of Wachovia Canada.

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

"Indebtedness for Borrowed Money" of a Person means at any time the sum at such time of (a) Indebtedness of such Person for borrowed money or for the deferred purchase price of property or services, (b) any obligations of such Person in respect of letters of credit, banker's or other acceptances or similar obligations issued or created for the account of such Person, (c) Lease Obligations of such Person with respect to Capital Leases, (d) all liabilities secured by any Lien on any property owned by such Person, to the extent attached to such Person's interest in such property, even though such Person has not assumed or become personally liable for the payment thereof, (e) any obligation (other than an obligation to issue stock) of such Person under an employee stock ownership plan or other similar employee benefit plan; (f) any obligation of such Person or a Commonly Controlled Entity to a Multi-employer Plan; (g) any obligations, liabilities or indebtedness, contingent or otherwise, under or in connection with, any Swap Contract; but excluding trade and other accounts payable in the ordinary course of business in accordance with customary trade terms and which are not overdue (as determined in accordance with customary trade practices) or which are being disputed in good faith by such Person and for which adequate reserves are being provided on the books of such Person in accordance with GAAP; and (h) obligations of third parties of the type described in clauses (a) through (g) of this definition and which are being guaranteed or indemnified against by such Person or which are secured by the property of such Person.

"Indemnified Parties" has the meaning set forth in Section 8.18 (Indemnification).

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

"Interest Coverage Ratio" means as to Cryptek and its Subsidiaries for any period of

determination thereof the ratio of (a) EBIT to (b) interest expense, all determined on a consolidated basis in accordance with GAAP consistently applied.

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

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

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

"ISP" means, with respect to any Letter of Credit, the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of issuance).

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

"Judgment Currency" has the meaning set forth in Section 8.23 (Currency Indemnity).

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

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

"Letter of Credit" and "Letters of Credit" shall have the meanings described in Section 2.3.1 (Letters of Credit).

"Letter of Credit Agreement" means the collective reference to each letter of credit application and agreement substantially in the form of Lender's then standard form of application for letter of credit or such other form as may be approved by Lender, executed and delivered by Borrowers in connection with the issuance of a Letter of Credit, as the same may from time to time be amended, restated, supplemented or modified and "Letter of Credit Agreements" means all of the foregoing in effect at any time and from time to time.

"Letter of Credit Cash Collateral Account" has the meaning described in Section 2.3.3 (Terms of Letters of Credit).

"Letter of Credit Documents" means any and all drafts under or purporting to be under a Letter of Credit, any Letter of Credit Agreement, and any other instrument, document or agreement executed and/or delivered by Borrowers or any other Person under, pursuant to or in connection with a Letter of Credit or any Letter of Credit Agreement.

"Letter of Credit Facility" means the facility established pursuant to Section 2.3 (Letter of Credit Facility).

"Letter of Credit Fee" and "Letter of Credit Fees" have the meanings described in Section 2.3.2 (Letter of Credit Fees).

"Letter of Credit Obligations" means all Obligations of Cryptek with respect to the Letters of Credit and the Letter of Credit Agreements.

"Letter-of-credit right" means a right to payment or performance under a letter of credit, whether or not the beneficiary has demanded or is at the time entitled to demand payment or performance.

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

"LIBOR Market Index Rate" means, for any day, the rate for 1 month U.S. dollar deposits as reported on Telerate Successor page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined by Lender from another recognized source or interbank quotation).

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

PPSA, as the case may be, of any jurisdiction, excluding the precautionary filing of any financing statement by any lessor in a true lease transaction, by any bailor in a true bailment transaction or by any consignor in a true consignment transaction under the Uniform Commercial Code and/or the PPSA of any jurisdiction or the agreement to give any financing statement by any lessee in a true lease transaction, by any bailee in a true bailment transaction or by any consignee in a true consignment transaction.

“Loan” means the Revolving Loan.

“Loan Notice” has the meaning described in Section 2.1.2 (Procedure for Making Advances).

“Maximum Rate” has the meaning described in Section 2.2.6 (Maximum Interest Rate).

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

“Net Worth” means the consolidated shareholders’ equity, defined in accordance with GAAP, of Cryptek and its Subsidiaries.

“Note” means the applicable Revolving Credit Note, and “Notes” means collectively the Revolving Credit Notes and any other promissory note which may from time to time evidence all or any portion of the Obligations.

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

“Origination Fee” has the meaning described in Section 2.2.4 (Origination Fee).

“Outstanding Letter of Credit Obligations” has the meaning described in Section 2.3.3 (Terms of Letters of Credit).

“PBGC” means the Pension Benefit Guaranty Corporation.

“Permitted Liens” means: (a) Liens for Taxes which are not delinquent or which Lender

has determined in the exercise of its sole and reasonable discretion (i) are being diligently contested in good faith and by appropriate proceedings, and such contest operates to suspend collection of the contested Taxes and enforcement of a Lien, (ii) the applicable Borrower has the financial ability to pay, with all penalties and interest, at all times without materially and adversely affecting such Borrower, and (iii) are not, and will not be with appropriate filing, the giving of notice and/or the passage of time, entitled to priority over any Lien of Lender or Wachovia Canada; (b) deposits or pledges to secure obligations under workers' compensation, social security or similar laws, or under unemployment insurance in the ordinary course of business; (c) Liens securing the Obligations; (d) judgment Liens to the extent the entry of such judgment does not constitute a Default or an Event of Default under the terms of this Agreement or result in the sale or levy of, or execution on, any of the Collateral; and (e) such other Liens, if any, as are set forth on Schedule 4.1.18 attached hereto and made a part hereof.

"Permitted Uses" means to fund working capital needs and to support the issuance of Letters of Credit.

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

"Plan" means (i) any pension plan that is covered by Title IV of ERISA and in respect of which any Borrower or a Commonly Controlled Entity is an "employer" as defined in Section 3 of ERISA; or (ii) a "pension plan" or "plan" which is a registered "pension plan" as defined in the Income Tax Act (Canada) or is subject to the funding requirements of applicable pension benefits legislation in any Canadian jurisdiction and is applicable to the employees of the Borrowers resident in Canada.

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

"Post-Expiration Date Letter of Credit" and "Post-Expiration Date Letters of Credit" have the meanings described in Section 2.3.3 (Terms of Letters of Credit).

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

"PPSA" means the *Personal Property Security Act* (Ontario), and all regulations made thereunder, as in effect from time to time, provided, that if the attachment, perfection or priority of the Lender's or Wachovia Canada's security interests in any Collateral are governed by the personal property security laws of any jurisdiction in Canada other than Ontario, PPSA shall mean those personal property laws in such other jurisdiction in Canada for the purpose of the provisions hereof relating to such attachment, perfection or priority and for the definitions related to such provisions.

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

"Priority Payables" means, as to any Borrower at any time, the full amount of the liabilities of such Borrower at such time which (1) have a trust imposed to provide for payment or a

security interest, pledge, lien or charge ranking or capable of ranking senior to or pari passu with security interests, liens or charges securing the Obligations under federal, provincial, territorial, state, county, district, municipal, or local law or (2) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under provincial, territorial, state, local or national law, regulation or directive, including, but not limited to, claims for unpaid wages owing to employees and claims for unremitted and/or accelerated rents, taxes (including claims for debts due to Customs and Excise), wages, withholding taxes and other amounts payable to an insolvency administrator, employee withholdings or deductions and vacation pay, workers' compensation obligations, government royalties or pension fund obligations in each case to the extent such trust, or security interest, lien or charge has been or may be imposed and has the priority contemplated above, including, without limitation, Eligible Inventory subject to a right of a supplier to repossess goods pursuant to Section 81.1 of the *Bankruptcy and Insolvency Act* (Canada) or any applicable laws granting revendication or similar rights to unpaid suppliers or any similar laws of Canada or any other applicable jurisdiction (provided, that, to the extent such Inventory has been identified and has been excluded from Eligible Inventory, the amount owing to the supplier shall not be considered a Priority Payable).

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

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

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

"Replacement Revolving Credit Note" has the meaning described in Section 2.1.5 (Revolving Credit Note).

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

"Responsible Officer" means the chief executive officer of the applicable Borrower or the president of such Borrower or, with respect to financial matters, the chief financial officer of such Borrower, if applicable.

"Revolving Credit Commitment" means the agreement of Lender and Wachovia Canada relating to the making of the Revolving Loan and advances thereunder subject to and in accordance with the provisions of this Agreement.

"Revolving Credit Commitment Period" means the period of time from the Closing Date to the Business Day preceding the Revolving Credit Termination Date.

"Revolving Credit Committed Amount" means \$5,000,000 as increased pursuant to Section 2.1.6 (Increase to Revolving Credit Facility).

"Revolving Credit Expiration Date" means August 16, 2008.

"Revolving Credit Facility" means the facility established by Lender and Wachovia Canada pursuant to Section 2.1 (Revolving Credit Facility).

"Revolving Credit Note" and "Revolving Credit Notes" have the meanings described in Section 2.1.5 (Revolving Credit Notes).

"Revolving Credit Termination Date" means the earlier of (a) the Revolving Credit Expiration Date, or (b) the date on which the Revolving Credit Commitment is terminated pursuant to Section 7.2 (Remedies) or otherwise.

"Revolving Credit Unused Line Fee" and "Revolving Credit Unused Line Fees" have the meanings described in Section 2.1.10 (Revolving Credit Unused Line Fee).

"Revolving Loan" has the meaning described in Section 2.1.1 (Revolving Credit Facility).

"Revolving Loan Account" has the meaning described in Section 2.1.9 (Revolving Loan Account).

"Revolving Loan Mandatory Prepayment" and "Revolving Loan Mandatory Prepayments" have the meanings described in Section 2.1.7 (Mandatory Prepayments of Revolving Loan).

"Revolving Loan Optional Prepayment" and "Revolving Loan Optional Prepayments" have the meanings described in Section 2.1.8 (Optional Prepayment of Revolving Loan).

"Security Documents" means collectively the Holdco Security Agreement, the Emcon Security Agreement, the Stock Pledge Agreements, and any other assignment, pledge agreement, security agreement, mortgage, hypothec, deed of trust, deed to secure debt, financing statement and any similar instrument, document or agreement under or pursuant to which a Lien is now or hereafter granted to, or for the benefit of, Lender and/or Wachovia Canada on any real or personal property of any Person to secure all or any portion of the Obligations, all as the same may from time to time be amended, restated, supplemented or otherwise modified.

"State" means the Commonwealth of Virginia.

"Statutory Lien Payments" has the meaning set forth in Section 4.1.26 (Withholdings and Remittances).

"Stock Pledge Agreements" means, collectively, (i) that certain pledge, assignment and security agreement dated the date hereof from Cryptek for the benefit of Lender and Wachovia Canada, and (ii) that certain pledge, assignment and security agreement dated the date hereof from EMCON2007 Holdco for the benefit of Wachovia Canada, as the same may from time to time be amended, restated, supplemented or otherwise modified.

"Subordinated Indebtedness" means, collectively, (i) all Indebtedness incurred at any time by Cryptek, which is in amounts, subject to repayment terms, and subordinated to the Obligations,

as set forth in one or more written agreements, all in form and substance satisfactory to Lender in its sole and absolute discretion; and (ii) all Indebtedness incurred at any time by Emcon, which is in amounts, subject to repayment terms, and subordinated to the Obligations, as set forth in one or more written agreements, all in form and substance satisfactory to Lender in its sole and absolute discretion.

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

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

"Swap Contract" means any document, instrument or agreement between Borrowers and Lender or any affiliate of Lender, now existing or entered into in the future, relating to an interest rate swap transaction, forward rate transaction, interest rate cap, floor or collar transaction, any similar transaction, any option to enter into any of the foregoing, and any combination of the foregoing, which agreement may be oral or in writing, including, without limitation, any master agreement relating to or governing any or all of the foregoing and any related schedule or confirmation, each as amended from time to time.

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

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

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

Section 1.2 Accounting Terms and Other Definitional Provisions.

Unless otherwise defined herein, as used in this Agreement and in any certificate, report or other document made or delivered pursuant hereto, accounting terms not otherwise defined herein, and accounting terms only partly defined herein, to the extent not defined, shall have the respective meanings given to them under GAAP, as consistently applied to the applicable Person. All terms used herein which are defined by the Uniform Commercial Code shall have the same meanings as assigned to them by the Uniform Commercial Code, unless and to the extent varied by this Agreement. The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references are references to articles, sections or subsections of, or schedules or exhibits to, as the case may be,

this Agreement unless otherwise specified. As used herein, the singular number shall include the plural, the plural the singular and the use of the masculine, feminine or neuter gender shall include all genders, as the context may require. Reference to any one or more of the Financing Documents shall mean the same as the foregoing may from time to time be amended, restated, substituted, extended, renewed, supplemented or otherwise modified. Reference in this Agreement and the other Financing Documents to the "Borrower", the "Borrowers", "each Borrower" or otherwise with respect to any one or more of Borrowers shall mean each and every Borrower and any one or more of Borrowers, unless a specific Borrower is expressly identified.

Section 1.3 Currency Equivalents.

For purposes of determining in U.S. dollars any amount outstanding in Canadian dollars, the Equivalent Amount on the date of any such determination shall be used. If any reference to an Advance (Canada) or other amount herein would include amounts in U.S. dollars and in Canadian dollars or an amount in U.S. dollars that in fact is in Canadian dollars, such reference (whether or not it expressly so provides) shall be deemed to refer, to the extent it includes an amount in Canadian dollars, the Equivalent Amount of such amount at the time of the calculation of the Equivalent Amount for such Advance (Canada) or other amount.

Section 1.4 Limitations on Obligations of Foreign Loan Parties; Obligations Several.

(a) Notwithstanding anything set forth in this Agreement, any Financing Document or any other agreement, document or instrument executed and/or delivered in connection therewith to the contrary, no Foreign Loan Party and/or Foreign Subsidiary shall at any time be liable, directly or indirectly, for any portion of the Domestic Obligations, including, without limitation, the principal of the Revolving Loan, any Letter of Credit Obligations or any interest thereon or fees payable with respect thereto, in each case, owed by Cryptek (and Cryptek shall be solely liable for such Obligations), and no Property of any Foreign Loan Party and/or Foreign Subsidiary shall at any time serve, directly or indirectly, as Collateral or any other type of collateral or security for any portion of the Domestic Obligations.

(b) The Obligations of the Borrowers hereunder and under any other Financing Document are several, and not joint, in nature.

ARTICLE II
THE CREDIT FACILITY

Section 2.1 The Revolving Credit Facility.

2.1.1 Revolving Credit Facility.

(a) Subject to and upon the provisions of this Agreement, Lender and Wachovia Canada establish a revolving credit facility in favor of Borrowers. The aggregate of all advances under the Revolving Credit Facility is sometimes referred to in this Agreement as the "Revolving Loan", and the advances made to Cryptek under the Revolving Credit Facility are sometimes referred to in this Agreement as "Advances". During the Revolving Credit Commitment Period, Cryptek may request advances from time to time under the Revolving Credit Facility in accordance with the provisions of this Agreement, provided that after giving

effect to Cryptek's request, (i) the outstanding principal balance of the Revolving Loan (including all Advances (Canada)) and all Outstanding Letter of Credit Obligations would not exceed the lesser of (A) the Revolving Credit Committed Amount, or (B) the Aggregate Borrowing Base, and (ii) the outstanding principal balance of all Advances and all Outstanding Letter of Credit Obligations would not exceed the lesser of (A) the Revolving Credit Committed Amount, or (B) the Cryptek Borrowing Base. Unless sooner paid, the unpaid Revolving Loan, together with interest accrued and unpaid thereon, and all other Obligations shall be due and payable in full on the Revolving Credit Expiration Date.

(b) Subject to and upon the provisions of this Agreement, as part of the Revolving Credit Facility, during the Revolving Credit Commitment Period, Emcon may request advances in Canadian Dollars or U.S. Dollars from Wachovia Canada ("Advances (Canada)") in accordance with the provisions of this Agreement, provided that after giving effect to Emcon's request, (i) the outstanding principal balance of the Advances (Canada) (after taking into account the Equivalent Amount) would not exceed the lesser of (A) Two Million Dollars (\$2,000,000) (the "Canadian Sublimit"), or (B) the Emcon Borrowing Base, and (ii) the outstanding principal balance of the Revolving Loan (including all Advances (Canada) after taking into account the Equivalent Amount) and all Outstanding Letter of Credit Obligations would not exceed the lesser of (a) the Revolving Credit Committed Amount, or (b) the Aggregate Borrowing Base. In making any Advances (Canada), and subject at all times to Section 1.4, Wachovia Canada shall have all of the rights and remedies of Lender set forth herein, shall be entitled to the benefit of all of the representations, warranties, covenants and indemnities made by Borrowers to Lender herein, and shall comply with all of the applicable requirements, restrictions and other terms to which Lender is subject pursuant to this Agreement.

(c) Amounts borrowed under the Revolving Credit Facility may be repaid and reborrowed, subject to the applicable terms and conditions precedent herein.

2.1.2 Procedure for Making Advances Under the Revolving Loan, Etc.

Borrowers may borrow under the Revolving Credit Facility on any Business Day. Advances under the Revolving Loan made to Cryptek shall be deposited to a demand deposit account of Cryptek with Lender (or an Affiliate of Lender or shall be otherwise applied as directed by Cryptek, which direction Lender may require to be in writing. Advances (Canada) under the Revolving Loan made to Emcon shall be deposited to a demand deposit account of Emcon with Wachovia Canada (or an Affiliate of Wachovia Canada) or shall be otherwise applied as directed by Emcon, which direction Wachovia Canada may require to be in writing. No later than 10:00 a.m. (Eastern Time) on the date of the requested borrowing, the applicable Borrower shall give Lender and/or Wachovia Canada, as applicable, oral or written notice (a "Loan Notice") of the amount and (if requested by Lender and/or Wachovia Canada, as applicable) the purpose of the requested borrowing. Any oral Loan Notice shall be confirmed in writing by the applicable Borrower within three (3) Business Days after the making of the requested advance under the Revolving Loan. Each Loan Notice shall be irrevocable.

In addition, each Borrower hereby irrevocably authorizes Lender and/or Wachovia Canada at any time and from time to time, without further request from or notice to any Borrower, to make advances under the Revolving Loan, and to establish, without duplication,

reserves against the applicable Borrower's Borrowing Base, which Lender and/or Wachovia Canada, in its sole and reasonable discretion, deems necessary or appropriate to protect the interests of Lender and/or Wachovia Canada, including, without limitation, advances and reserves under the Revolving Loan made to cover debit balances in the Revolving Loan Account, principal of, and/or interest on, the Loan, the applicable Borrower's Obligations (including, without limitation, any Letter of Credit Obligations), Priority Payables and/or Enforcement Costs, prior to, on, or after the termination of other advances under this Agreement, regardless of whether the outstanding principal amount of the Revolving Loan that Lender and/or Wachovia Canada may advance or reserve hereunder exceeds the Revolving Credit Committed Amount or the Aggregate Borrowing Base.

2.1.3 Borrowing Base.

As used in this Agreement, the term "Borrowing Base" means at any time, in respect of each Borrower, an amount equal to the aggregate of (a) eighty five percent (85%) of the amount of the applicable Borrower's Eligible Receivables plus (b) the lesser of (i) fifty percent (50%) of the amount of the applicable Borrower's Eligible Inventory or (ii) One Million Five Hundred Thousand Dollars (\$1,500,000); provided, however that the aggregate amount of Advances financing Eligible Inventory may not exceed One Million Five Hundred Thousand Dollars (\$1,500,000) at any time, and the aggregate amount of Advances (Canada) financing Eligible Inventory may not exceed Seven Hundred Fifty Thousand Dollars (\$750,000) at any time.

Each Borrower's Borrowing Base shall be computed based on the applicable Borrower's Borrowing Base Report most recently delivered to, and accepted by, Lender or Wachovia Canada, as applicable in its sole and reasonable discretion. In the event either Borrower shall fail to furnish a Borrowing Base Report required by Section 2.1.4 (Borrowing Base Report), or in the event Lender and/or Wachovia Canada believes that a Borrowing Base Report is no longer accurate, Lender and/or Wachovia Canada may, in their sole and reasonable discretion exercised from time to time and without limiting its other rights and remedies under this Agreement, suspend the making of or limit advances under the Revolving Loan. Each Borrowing Base shall be subject to reduction by the amount of any Receivable or any Inventory which was included in such Borrowing Base but which Lender or Wachovia Canada, as applicable, determine in their reasonable discretion fails to meet the respective criteria applicable from time to time for Eligible Receivables or Eligible Inventory.

At any time the total of the aggregate principal amount of the Advances and Outstanding Letter of Credit Obligations exceeds the Cryptek Borrowing Base, or the aggregate principal amount of the Advances (Canada) (after taking into account the Equivalent Amount) exceeds the Emcon Borrowing Base, or the aggregate principal amount of the Revolving Loan (including all Advances (Canada) after taking into account the Equivalent Amount) and all Outstanding Letter of Credit Obligations exceeds the Aggregate Borrowing Base, a borrowing base deficiency ("Borrowing Base Deficiency") shall exist. Each time a Borrowing Base Deficiency exists with respect to Advances and Outstanding Letter of Credit Obligations, Cryptek, at the sole and absolute discretion of Lender exercised from time to time, shall pay such Borrowing Base Deficiency ON DEMAND to Lender. Each time a Borrowing Base Deficiency exists with respect to Advances (Canada), Emcon, at the sole and absolute discretion of Wachovia Canada exercised from time to time, shall pay such Borrowing Base Deficiency ON DEMAND to Wachovia Canada in the same currency as the Advance (Canada) was made in the first instance. All such determinations for amounts borrowed in Canadian dollars shall be made based upon the Equivalent Amount calculated in accordance with Section 1.3 (Currency Equivalents).

Without implying any limitation on Lender's or Wachovia Canada's discretion with respect to the applicable Borrowing Base, the criteria for Eligible Receivables and for Eligible Inventory contained in the respective definitions of Eligible Receivables and of Eligible Inventory are in part based upon the business operations of the applicable Borrower existing on or about the Closing Date and upon information and records furnished to Lender and/or Wachovia Canada, as applicable, by the applicable Borrower. If at any time or from time to time hereafter, the business operations of any Borrower changes in any material respects or such information and records furnished to Lender and/or Wachovia Canada is incorrect or misleading in any material respect, Lender and/or Wachovia Canada, in its reasonable discretion, may at any time and from time to time during the duration of this Agreement change such criteria or add new criteria. Lender or Wachovia Canada, as applicable shall communicate such changed or additional criteria to Borrowers from time to time either orally or in writing.

2.1.4 Borrowing Base Report.

Cryptek will furnish to Lender and Emcon will furnish to Wachovia Canada, no less frequently than monthly and at such other times as may be reasonably requested by Lender or Wachovia Canada, as applicable a report of the applicable Borrowing Base (each a "Borrowing Base Report", collectively, the "Borrowing Base Reports") in the form required from time to time by Lender and/or Wachovia Canada, as applicable, appropriately completed and duly signed. The applicable Borrowing Base Report shall contain the amount and payments on the Receivables of such Borrower, the value of Inventory of such Borrower, and the calculations of the applicable Borrowing Base, all in such detail, and accompanied by such supporting and other information, as Lender and/or Wachovia Canada, as applicable, may from time to time reasonably request of such Borrower. Upon Lender's and/or Wachovia Canada's request and upon the creation of any Receivables by such Borrower or at such other intervals as Lender or Wachovia Canada may require, the applicable Borrower will provide Lender or Wachovia Canada with: (a) confirmatory assignment schedules; (b) copies of Account Debtor invoices; (c) evidence of shipment or delivery; and (d) such further schedules, documents and/or information regarding the Receivables and the Inventory as Lender or Wachovia Canada may reasonably require. The items

to be provided under this subsection shall be in form reasonably satisfactory to Lender or Wachovia Canada, certified as true and correct by a Responsible Officer of the applicable Borrower (or by any other officer or employee of the applicable Borrower whom a Responsible Officer of such Borrower from time to time authorizes in writing to do so), and delivered to Lender or Wachovia Canada, as applicable, from time to time solely for Lender's or Wachovia Canada's convenience in maintaining records of the applicable Collateral. The failure of either Borrower to deliver any such items to Lender or Wachovia Canada, as applicable, shall not affect, terminate, modify, or otherwise limit the Liens of Lender or Wachovia Canada on the Collateral.

2.1.5 Revolving Credit Notes.

The obligation of Borrowers to pay the Revolving Loan, with interest, shall be evidenced by promissory notes (as from time to time extended, amended, restated, supplemented or otherwise modified, each, a "Revolving Credit Note", and collectively, the "Revolving Credit Notes") substantially in the form of Exhibits A-1 and A-2 attached hereto and made a part hereof, with appropriate insertions, and the Revolving Credit Note executed by Cryptek may, pursuant to Section 2.1.6 of this Agreement, be increased and replaced in its entirety with a promissory note (as from time to time extended, amended, restated, supplemented or otherwise modified, the "Replacement Revolving Credit Note") substantially in the form of Exhibit C attached hereto in a principal amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000). Cryptek's Revolving Credit Note shall be dated as of the Closing Date, shall be payable to the order of Lender at the times provided in the Revolving Credit Note, and shall be in the principal amount of the Revolving Credit Committed Amount. Emcon's Revolving Credit Note shall be dated as of the Closing Date, shall be payable to the order of Wachovia Canada at the times provided in the Revolving Credit Note, and shall be in the principal amount of the Canadian Sublimit. Cryptek acknowledges and agrees that, if the outstanding principal balance of the Advances and the Letter of Credit Obligations outstanding from time to time exceeds the face amount of its Revolving Credit Note, the excess shall be payable, with accrued interest, ON DEMAND. Emcon acknowledges and agrees that, if the outstanding principal balance of the Advances (Canada) outstanding from time to time exceeds the face amount of its Revolving Credit Note, the excess shall be payable, with accrued interest, ON DEMAND in the same currency as the Advance (Canada) was made in the first instance. The Revolving Credit Notes shall not operate as a novation of any of the Obligations or nullify, discharge, or release any such Obligations or the continuing contractual relationship of the parties hereto in accordance with the provisions of this Agreement.

2.1.6 Increase to Revolving Credit Facility.

Cryptek has the option to increase or decrease the Revolving Credit Committed Amount from the principal amount of Five Million Dollars (\$5,000,000) to an amount not to exceed Seven Million Five Hundred Thousand Dollars (\$7,500,000) if (i) Cryptek has given Lender not less than ten (10) days prior written notice of such election; (ii) delivered to Lender an executed and completed Replacement Revolving Credit Note which reflects the amount of the Revolving Credit Committed Amount after giving effect to such increase or decrease; and (iii) at the time of said election, no Event of Default has occurred and is continuing.

2.1.7 Mandatory Prepayments of Revolving Loan.

The applicable Borrower shall make the mandatory prepayments (each a "Revolving Loan Mandatory Prepayment" and collectively, the "Revolving Loan Mandatory Prepayments") of the Revolving Loan at any time and from time to time in such amounts requested by Lender or Wachovia Canada, as applicable, pursuant to Section 2.1.3 (Borrowing Base) in order to cover any Borrowing Base Deficiency.

2.1.8 Optional Prepayments of Revolving Loan.

Borrowers shall have the option, at any time and from time to time, to prepay (each a "Revolving Loan Optional Prepayment" and collectively the "Revolving Loan Optional Prepayments") the Revolving Loan, in whole or in part without premium or penalty.

2.1.9 Revolving Loan Account.

(a) Lender will establish and maintain a loan account on its books (the "Cryptek Revolving Loan Account") in respect of Cryptek to which Lender will (a) debit (i) the principal amount of each advance of the Revolving Loan made in respect of Cryptek hereunder as of the date made, (ii) the amount of any interest accrued on the Revolving Loan as and when due, and (iii) any other amounts due and payable by Cryptek to Lender from time to time under the provisions of this Agreement in connection with the Revolving Loan, including, without limitation, Enforcement Costs, Fees, late charges, and service, collection and audit fees, as and when due and payable, and (b) credit all payments made by Cryptek to Lender on account of the Revolving Loan as of the date made including, without limitation, funds credited to the Cryptek Revolving Loan Account. Lender may debit the Revolving Loan Account for the amount of any Item of Payment that is returned to Lender unpaid. All credit entries to the Revolving Loan Account are conditional and shall be readjusted as of the date made if final and indefeasible payment is not received by Lender in cash or solvent credits. Any and all periodic or other statements or reconciliations, and the information contained in those statements or reconciliations, of the Cryptek Revolving Loan Account shall be final, binding and conclusive upon Cryptek in all respects, absent manifest error, unless Lender receives specific written objection thereto from Cryptek within forty-five (45) Business Days after such statement or reconciliation shall have been sent by Lender.

(b) Wachovia Canada will establish and maintain a loan account on its books (the "Emcon Revolving Loan Account" and, together with the Cryptek Revolving Loan Account, the "Revolving Loan Account") in respect of Emcon to which Wachovia Canada will (a) debit (i) the principal amount of each advance of the Revolving Loan made in respect of Emcon hereunder as of the date made, (ii) the amount of any interest accrued on the Revolving Loan as and when due, and (iii) any other amounts due and payable by Emcon to Wachovia Canada from time to time under the provisions of this Agreement in connection with the Revolving Loan, including, without limitation, Enforcement Costs, Fees, late charges, and service, collection and audit fees, as and when due and payable, and (b) credit all payments made by Wachovia Canada to Emcon on account of the Revolving Loan as of the date made including, without limitation, funds credited to the Emcon Revolving Loan Account. Wachovia Canada may debit the Emcon Revolving Loan Account for the amount of any Item of Payment that is returned to Wachovia Canada unpaid. All credit entries to the Emcon Revolving Loan Account are conditional and shall

be readjusted as of the date made if final and indefeasible payment is not received by Wachovia Canada in cash or solvent credits. Any and all periodic or other statements or reconciliations, and the information contained in those statements or reconciliations, of the Emcon Revolving Loan Account shall be final, binding and conclusive upon Emcon in all respects, absent manifest error, unless Wachovia Canada receives specific written objection thereto from Emcon within forty-five (45) Business Days after such statement or reconciliation shall have been sent by Wachovia Canada.

2.1.10 Revolving Credit Unused Line Fee.

Cryptek shall pay to Lender a revolving credit facility fee (collectively, the "Revolving Credit Unused Line Fees" and individually, a "Revolving Credit Unused Line Fee") in an amount equal to one quarter of one percent (0.25%) per annum of the average daily unused and undisbursed portion of the Revolving Credit Committed Amount in effect from time to time accruing during each month. The Revolving Credit Unused Line Fee shall not exceed Twelve Thousand Five Hundred Dollars (\$12,500) in the aggregate in any twelve-month period during which the Revolving Credit Committed Amount is committed by Lender. The accrued and unpaid portion of the Revolving Credit Unused Line Fee shall be paid by Cryptek to Lender monthly in arrears on the first day of each month, commencing on the first such date following the date hereof, and on the Revolving Credit Termination Date.

Section 2.2 General Financing Provisions.

2.2.1 Borrowers' Representatives.

Lender and Wachovia Canada are hereby irrevocably authorized by each Borrower to make advances under the Loan to the applicable Borrower pursuant to the provisions of this Agreement upon the written, oral or telephone request of any Responsible Officer of any Borrower under the provisions of the most recent certificate of corporate resolutions and/or incumbency of such Borrower on file with Lender and Wachovia Canada also upon the written, oral or telephone request of any one of the Persons who is from time to time an officer or employee of such Borrower whom a Responsible Officer from time to time authorizes in writing to do so. Lender and Wachovia Canada are not and shall not assume any responsibility or liability for any errors, mistakes, and/or discrepancies in the oral, telephonic, written or other transmissions of any instructions, orders, requests and confirmations between Lender or Wachovia Canada and the Borrowers in connection with the Credit Facility, any Loan, any Letter of Credit or any other transaction in connection with the provisions of this Agreement.

2.2.2 Borrowers are Integrated Group.

(a) Each Person included in the term "Borrower" hereby represents and warrants to Lender and Wachovia Canada that, even though they are not jointly liable for the Obligations, each of them will derive benefits, directly and indirectly, from each Letter of Credit and from each Loan, both in their separate capacity and as a member of the integrated group to which each such Person belongs and because the successful operation of the integrated group is dependent upon the continued successful performance of the functions of the integrated group as a whole, because (i) the terms of the consolidated financing provided under the Financing Agreement are more favorable than would otherwise be obtainable by such Persons individually,

and (ii) the additional administrative and other costs and reduced flexibility associated with individual financing arrangements which would otherwise be required if obtainable would substantially reduce the value to such Persons of the financing.

(b) Each Person included in the term "Borrower" hereby represents and warrants that all of the representations and warranties contained in the Financing Documents are true and correct on and as of the date hereof as if made on and as of such date, both before and after giving effect to this Agreement, and that no Event of Default or Default has occurred and is continuing or exists or would occur or exist after giving effect to this Agreement.

2.2.3 Use of Proceeds of the Loan.

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

2.2.4 Origination Fee.

Borrowers shall pay to Lender on or before the Closing Date a loan origination fee (the "Origination Fee") in the amount of Six Thousand Two Hundred Fifty Dollars (\$6,250), which fee has been fully earned and is non-refundable.

2.2.5 Computation of Interest and Fees.

All applicable Fees and interest payable with respect to Advances (Canada) made in Canadian dollars shall be calculated on the basis of a year of 365 days (or 366 days, as applicable) for the actual days elapsed. All other applicable Fees and interest (including, without limitation, with respect to Advances (Canada) made in U.S. dollars) shall be calculated on the basis of a year of 360 days for the actual number of days elapsed. Any change in the interest rate on any of the Obligations resulting from a change in the LIBOR Market Index Rate or the Canadian Prime Rate shall become effective as of the opening of business on the day on which such change in the LIBOR Market Index Rate or the Canadian Prime Rate is announced.

For the purposes of the *Interest Act* (Canada) and disclosure thereunder, whenever any interest or any fee to be paid hereunder or in connection herewith is to be calculated on the basis of a 360-day year, the yearly rate of interest to which the rate used in such calculation is equivalent is the rate so used multiplied by the actual number of days in the calendar year in which the same is to be ascertained and divided by 360. The rates of interest under this Agreement are nominal rates, and not effective rates or yields. The principle of deemed reinvestment of interest does not apply to any interest calculation under this Agreement.

2.2.6 Maximum Interest Rate.

In no event shall any interest rate provided for in the Revolving Note exceed the maximum rate permissible for corporate borrowers under applicable law for loans of the type provided for hereunder (the "Maximum Rate"). If, in any month, any interest rate, absent such limitation, would have exceeded the Maximum Rate, then the interest rate for that month shall be the Maximum Rate, and, if in future months, that interest rate would otherwise be less than the Maximum Rate, then that interest rate shall remain at the Maximum Rate until such time

as the amount of interest paid hereunder equals the amount of interest which would have been paid if the same had not been limited by the Maximum Rate. In the event that, upon payment in full of the Obligations, the total amount of interest paid or accrued under the terms of this Agreement is less than the total amount of interest which would, but for this Section, have been paid or accrued if the interest rates otherwise set forth in this Agreement had at all times been in effect, then (i) Cryptek shall, to the extent permitted by applicable law, pay Lender an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of interest which would have accrued had the interest rates otherwise set forth in this Agreement, at all times, been in effect over (b) the amount of interest actually paid or accrued under this Agreement; and (ii) Emcon shall, to the extent permitted by applicable law, pay Wachovia Canada an amount equal to the excess of (a) the lesser of (i) the amount of interest which would have been charged if the Maximum Rate had, at all times, been in effect or (ii) the amount of interest which would have accrued had the interest rates otherwise set forth in this Agreement, at all times, been in effect over (b) the amount of interest actually paid or accrued under this Agreement. In the event that a court determines that Lender or Wachovia Canada, as applicable, has received interest and other charges hereunder in excess of the Maximum Rate, such excess shall be deemed received on account of, and shall automatically be applied to reduce, subject to Section 1.4, the Obligations other than interest, in the inverse order of maturity, and if there are no Obligations outstanding, Lender or Wachovia Canada, as applicable, shall refund to the applicable Borrower such excess.

Notwithstanding anything else contained in this Agreement, if any provision of this Agreement would oblige a Borrower to make any payment of interest or other amount payable to the Lender or Wachovia Canada, as applicable, in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by that Lender or Wachovia Canada, as applicable, of "interest" at a "criminal rate" (as such terms are construed under the *Criminal Code* (Canada)), then, notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by applicable law or so result in a receipt by that Lender or Wachovia Canada, as applicable, of "interest" at a "criminal rate", such adjustment to be effected, to the extent necessary (but only to the extent necessary), as follows: first, by reducing the amount or rate of interest, and, thereafter, by reducing any fees, commissions, costs, expenses, premiums and other amounts required to be paid to the Lender or Wachovia Canada, as applicable, which would constitute interest for purposes of section 347 of the *Criminal Code* (Canada).

2.2.7 Payments.

All payments of the Domestic Obligations, including, without limitation, principal, interest, Prepayments, and Fees applicable to such Domestic Obligations, shall be paid by Cryptek without setoff, recoupment or counterclaim to Lender in immediately available funds not later than 2:00 p.m. (Eastern Time) on the due date of such payment and, with respect to Advances (Canada), in the same currency as the Advance (Canada) was made in the first instance. All payments of the Foreign Obligations, including, without limitation, principal, interest, Prepayments and fees applicable to such Foreign Obligations, shall be paid by Emcon without setoff, recoupment or counterclaim to Wachovia Canada in immediately available funds not later than 2:00 p.m. (Eastern Time) on the due date of such payment. All payments received by Lender

and/or Wachovia Canada after such time shall be deemed to have been received by Lender and/or Wachovia Canada for purposes of computing interest and Fees and otherwise as of the next Business Day. Payments shall not be considered received by Lender and/or Wachovia Canada until such payments are paid to Lender and/or Wachovia Canada in immediately available funds to Lender's principal office in McLean, Virginia or Wachovia Canada's principal office in the Province of Ontario, Canada, as the case may be, or at such other location as Lender and/or Wachovia Canada may at any time and from time to time notify the applicable Borrower. Alternatively, at its sole discretion, (i) Lender may charge any deposit account of Cryptek or Emcon at Lender or any Affiliate of Lender and/or Wachovia Canada with all or any part of any amount due to Lender under this Agreement or any of the other Financing Documents to the extent that Cryptek shall have not otherwise tendered payment to Lender, and (ii) Wachovia Canada may charge any deposit account of Emcon at Wachovia Canada with all or any part of any amount due to Wachovia Canada under this Agreement or any of the other Financing Documents to the extent that Emcon shall have not otherwise tendered payment to Wachovia Canada; provided that Lender and/or Wachovia Canada shall thereafter notify the Borrowers of such charge.

2.2.8 Liens; Setoff.

Cryptek hereby grants to Lender as additional collateral and security for the Obligations, a continuing Lien on any and all monies, Investment Property, and other property of Cryptek and the proceeds thereof, now or hereafter held or received by, or in transit to, Lender and/or any Affiliate of Lender, from or for the account of, Cryptek, and also upon any and all deposit accounts (general or special) and credits of Cryptek, if any, with Lender or any Affiliate of Lender, at any time existing, excluding any deposit accounts held by Cryptek in its capacity as trustee for Persons who are not Affiliates of Cryptek. Emcon hereby grants to Wachovia Canada as additional collateral and security for Emcon's Obligations, a continuing Lien on any and all monies, Investment Property, and other property of Emcon and the proceeds thereof, now or hereafter held or received by, or in transit to, Wachovia Canada and/or any Affiliate of Wachovia Canada, from or for the account of, Emcon, and also upon any and all deposit accounts (general or special) and credits of Emcon, if any, with Wachovia Canada or any Affiliate of Wachovia Canada, at any time existing, excluding any deposit accounts held by Emcon in its capacity as trustee for Persons who are not Affiliates of Emcon.

Without implying any limitation on any other rights Lender and/or Wachovia Canada may have under the Financing Documents or applicable Laws, during the continuance of an Event of Default, (i) Lender is hereby authorized by Cryptek at any time and from time to time, without notice to Cryptek, to set off, appropriate and apply any or all items hereinabove referred to against the Obligations then outstanding (whether or not then due), all in such order and manner as shall be determined by Lender in its sole and absolute discretion; and (ii) Wachovia Canada is hereby authorized by Emcon at any time and from time to time, without notice to Emcon, to set off, appropriate and apply to against the Foreign Obligations then outstanding (whether or not then due), all in such order and manner as shall be determined by Wachovia Canada in its sole and absolute discretion.

2.2.9 Requirements of Law.

In the event that Lender and/or Wachovia Canada shall have determined in

good faith that (a) the adoption of any Capital Adequacy Regulation, or (b) any change in any Capital Adequacy Regulation or in the interpretation or application thereof or (c) compliance by Lender and/or Wachovia Canada or any corporation controlling Lender and/or Wachovia Canada with any request or directive regarding capital adequacy (whether or not having the force of law) from any central bank or Governmental Authority, does or shall have the effect of reducing the rate of return on the capital of Lender and/or Wachovia Canada or any corporation controlling Lender and/or Wachovia Canada, as a consequence of the obligations of Lender and/or Wachovia Canada hereunder to a level below that which Lender and/or Wachovia Canada or any corporation controlling Lender and/or Wachovia Canada would have achieved but for such adoption, change or compliance (taking into consideration the policies of Lender and/or Wachovia Canada and the corporation controlling Lender and/or Wachovia Canada, with respect to capital adequacy) by an amount deemed by Lender and/or Wachovia Canada, in its discretion, to be material, then from time to time, after submission by Lender and/or Wachovia Canada to Borrowers of a written request therefore and a statement of the basis for such determination, Borrowers shall pay to Lender and/or Wachovia Canada such additional amount or amounts in order to compensate Lender and/or Wachovia Canada or its controlling corporation for any such reduction. Lender and/or Wachovia Canada shall allocate any increased costs or decrease in the rate of return resulting from any of the circumstances described in clauses (a) through (c) hereof equitably among the Borrowers and all other similarly situated borrowers of the Lender and/or Wachovia Canada.

2.2.10 ACH Transactions and Swap Contracts.

A Borrower may request, and Lender, Wachovia Canada or their Affiliates may, in their sole and absolute discretion, provide ACH Transactions and Swap Contracts such Borrower. In the event a Borrower requests Lender, Wachovia Canada or their Affiliates to procure ACH Transactions or Swap Contracts, then such Borrower agrees to indemnify and hold Lender, Wachovia Canada or their Affiliates, as applicable, harmless from any and all obligations now or hereafter owing to Lender, Wachovia Canada or their Affiliates under such ACH Transaction or Swap Contract, as applicable. Each Borrower agrees to pay Lender, Wachovia Canada or their Affiliates all amounts owing to Lender, Wachovia Canada or their Affiliates pursuant to ACH Transactions and Swap Contracts entered into by such Borrower. In the event that a Borrower shall not have paid to Lender, Wachovia Canada or their Affiliates such amounts, Lender and/or Wachovia Canada may cover such amounts by an advance under the Revolving Loan, which advance shall be deemed to have been requested by such Borrower. Each Borrower acknowledges and agrees that the obtaining of ACH Transactions and Swap Contracts from Lender, Wachovia Canada or their Affiliates (a) is in the sole and absolute discretion of Lender, Wachovia Canada or their Affiliates and (b) is subject to all rules and regulations of Lender, Wachovia Canada or their Affiliates.

Section 2.3 The Letter of Credit Facility.

2.3.1 Letters of Credit.

Subject to and upon the provisions of this Agreement, and as a part of the Revolving Credit Commitment, Cryptek, upon the prior approval of Lender, may obtain standby letters of credit (as the same may from time to time be amended, supplemented or otherwise modified, each a "Letter of Credit" and collectively the "Letters of Credit") denominated in either

U.S. dollars or Canadian dollars from Lender from time to time from the Closing Date until the Business Day preceding the Revolving Credit Termination Date. Cryptek will not be entitled to obtain a Letter of Credit hereunder unless after giving effect to the request, the outstanding principal balance of the Revolving Loan and of the Letter of Credit Obligations would not exceed the lesser of (a) the Revolving Credit Committed Amount or (b) the then most current Cryptek Borrowing Base.

2.3.2 Letter of Credit Fees.

Prior to or simultaneously with the opening of each Letter of Credit, Cryptek shall pay to Lender, a letter of credit fee (each a "Letter of Credit Fee" and collectively the "Letter of Credit Fees") in an amount equal to two percent (2%) per annum of the face amount of the Letter of Credit. The Letter of Credit Fees shall be paid upon the opening of each Letter of Credit and upon each anniversary thereof, if any. In addition, Cryptek shall pay to Lender all other reasonable and customary amendment, negotiation, processing, transfer or other fees to the extent and as and when required by the provisions of any Letter of Credit Agreement. All Letter of Credit Fees and all such other additional fees are included in and are a part of the "Fees" payable by Cryptek under the provisions of this Agreement and are a part of the Domestic Obligations.

2.3.3 Terms of Letters of Credit.

Each Letter of Credit shall (a) be opened pursuant to a Letter of Credit Agreement, and (b) expire on a date not later than the Business Day preceding the Revolving Credit Expiration Date; provided, however, if any Letter of Credit does have an expiration date later than the Business Day preceding the Revolving Credit Termination Date (each a "Post-Expiration Date Letter of Credit" and collectively, the "Post-Expiration Date Letters of Credit"), effective as of the Business Day preceding the Revolving Credit Termination Date and without prior notice to or the consent of Cryptek, Lender shall make advances under the Revolving Loan for the account of Cryptek in the aggregate face amount of all such Letters of Credit. Lender shall deposit the proceeds of such advances into one or more interest bearing accounts with and in the name of Lender and over which Lender alone shall have exclusive power of access and withdrawal (collectively, the "Letter of Credit Cash Collateral Account"). The Letter of Credit Cash Collateral Account is to be held by Lender as additional collateral and security for any Letter of Credit Obligations relating to the Post-Expiration Date Letters of Credit. Cryptek hereby assigns, pledges, grants and sets over to Lender a first priority security interest in, and Lien on, all of the funds on deposit in the Letter of Credit Cash Collateral Account, together with any and all proceeds and products thereof as additional collateral and security for the Letter of Credit Obligations relating to the Post-Expiration Date Letters of Credit. Cryptek acknowledges and agrees that Lender shall be entitled to fund any draw or draft on any Post-Expiration Date Letter of Credit from the monies on deposit in the Letter of Credit Cash Collateral Account without notice to or consent of Cryptek. Cryptek further acknowledges and agrees that Lender's election to fund any draw or draft on any Post-Expiration Date Letter of Credit from monies deposited in the Letter of Credit Cash Collateral Account shall in no way limit, impair, lessen, reduce, release or otherwise adversely affect Cryptek's obligation to pay any Letter of Credit Obligations under or relating to the Post-Expiration Date Letters of Credit except to the extent satisfied with such monies withdrawn from the Letter of Credit Cash Collateral Account. At such time as all Post-

Expiration Date Letters of Credit have expired and all Letter of Credit Obligations relating to the Post-Expiration Date Letters of Credit have been paid in full, Lender agrees to apply the amount of any remaining funds on deposit in the Letter of Credit Cash Collateral Account to the then unpaid balance of the Obligations under the Revolving Credit Facility in such order and manner as Lender shall determine in its sole and absolute discretion in accordance with the provisions of this Agreement.

The aggregate face amount of all Letters of Credit at any one time outstanding and issued by Lender pursuant to the provisions of this Agreement, including, without limitation, any and all Post-Expiration Date Letters of Credit, plus the amount of any unpaid Letter of Credit Fees accrued or scheduled to accrue thereon, and less the aggregate amount of all drafts issued under or purporting to have been issued under such Letters of Credit that have been paid by Lender and for which Lender has been reimbursed by Cryptek in full in accordance with Section 2.3.5 (Payments of Letters of Credit) and the Letter of Credit Agreements, and for which Lender has no further obligation or commitment to restore all or any portion of the amounts drawn and reimbursed, is herein called the "Outstanding Letter of Credit Obligations".

2.3.4 Procedures for Letters of Credit.

Cryptek shall give Lender written notice at least five (5) Business Days prior to the date on which Cryptek desires Lender to issue a Letter of Credit. Such notice shall be accompanied by a duly executed Letter of Credit Agreement specifying, among other things: (a) the name and address of the intended beneficiary of the Letter of Credit, (b) the requested face amount of the Letter of Credit, (c) whether the Letter of Credit is to be revocable or irrevocable, (d) the Business Day on which the Letter of Credit is to be opened and the date on which the Letter of Credit is to expire, (e) the terms of payment of any draft or drafts which may be drawn under the Letter of Credit, and (f) any other terms or provisions that Cryptek desires to be contained in the Letter of Credit. Such notice shall also be accompanied by such other information, certificates, confirmations, and other items as Lender may require to assure that the Letter of Credit is to be issued in accordance with the provisions of this Agreement and a Letter of Credit Agreement. In the event of any conflict between the provisions of this Agreement and the provisions of a Letter of Credit Agreement, the provisions of this Agreement shall prevail and control unless otherwise expressly provided in the Letter of Credit Agreement. Upon (x) receipt of such notice, (y) payment of all Letter of Credit Fees and all other Fees payable in connection with the issuance of such Letter of Credit, and (z) receipt of a duly executed Letter of Credit Agreement, Lender shall process such notice and Letter of Credit Agreement in accordance with its customary procedures and open such Letter of Credit on the Business Day specified in such notice.

2.3.5 Payments of Letters of Credit.

Cryptek hereby promises to pay to Lender, ON DEMAND and in United States Dollars, the following which are herein collectively referred to as the "Current Letter of Credit Obligations":

- (a) the amount which Lender has paid or is required to pay under each draft or draw on a Letter of Credit, whether such demand be in advance of Lender's payment or for reimbursement for such payment,

(b) any and all reasonable charges and expenses which Lender may pay or incur relative to the Letter of Credit and/or such draws or drafts; and

(c) interest on the amounts described in (a) and (b) not paid by Cryptek as and when due and payable under the provisions of (a) and (b) above from the day the same are due and payable until paid in full at the Post-Default Rate.

In addition, Cryptek hereby promises to pay any and all other Letter of Credit Obligations as and when due and payable in accordance with the provisions of this Agreement and the Letter of Credit Agreements. The obligation of Cryptek to pay Current Letter of Credit Obligations and all other Letter of Credit Obligations shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which Cryptek or any other account party may have or have had against the beneficiary of such Letter of Credit, Lender, or any other Person, including, without limitation, any defense based on the failure of any draft or draw to conform to the terms of such Letter of Credit, any draft or other document proving to be forged, fraudulent or invalid, or the legality, validity, regularity or enforceability of such Letter of Credit, any draft or other documents presented with any draft, any Letter of Credit Agreement, this Agreement, or any of the other Financing Documents, all whether or not Lender had actual or constructive knowledge of the same, and irrespective of any Collateral, security or guarantee therefor or right of offset with respect thereto and irrespective of any other circumstances whatsoever which constitutes, or might be construed to constitute, an equitable or legal discharge of Cryptek for any Letter of Credit Obligations, in bankruptcy or otherwise; provided, however, that Cryptek shall not be obligated to reimburse Lender for any wrongful payment under such Letter of Credit made as a result of Lender's gross negligence or willful misconduct. The obligation of Cryptek to pay the Letter of Credit Obligations shall not be conditioned or contingent upon the pursuit by Lender or any other Person at any time of any right or remedy against any Person which may be or become liable in respect of all or any part of such obligation or against any Collateral, security or guarantee therefor or right of offset with respect thereto.

The Letter of Credit Obligations shall continue to be effective, or be reinstated, as the case may be, if at any time payment of all or any portion of the Letter of Credit Obligations is rescinded or must otherwise be restored or returned by Lender upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of any Person, or upon or as a result of the appointment of a receiver, intervenor, or conservator of, or trustee or similar officer for, any Person, or any substantial part of such Person's property, all as though such payments had not been made.

2.3.6 Change in Law; Increased Cost.

If any change in any law or regulation or in the interpretation thereof by any court or other Governmental Authority charged with the administration thereof shall either (a) impose, modify or deem applicable any reserve, special deposit or similar requirement against Letters of Credit issued by Lender, or (b) impose on Lender any other condition regarding this Agreement or any Letter of Credit, and the result of any event referred to in clauses (a) or (b)

above shall be to increase the cost to Lender of issuing, maintaining or extending the Letter of Credit or the cost to Lender of funding any obligation under or in connection with the Letter of Credit (other than a cost relating to net income, franchise or similar taxes), then, upon demand by Lender, Cryptek shall immediately pay to Lender from time to time as specified by Lender, additional amounts which shall be sufficient to compensate Lender for such increased cost, together with interest on each such amount from the date demanded until payment in full thereof at a rate per annum equal to the then highest current rate of interest on the Revolving Loan. A certificate as to such increased cost incurred by Lender, submitted by Lender to Cryptek, shall be conclusive, absent manifest error.

2.3.7 General Letter of Credit Provisions.

Cryptek hereby instructs Lender to pay any draft complying with the terms of any Letter of Credit irrespective of any instructions of Cryptek to the contrary. Cryptek assumes all risks of the acts and omissions of the beneficiary and other users of any Letter of Credit. Lender and its respective branches, Affiliates and/or correspondents shall not be responsible for and Cryptek hereby indemnifies and holds Lender and its respective branches, Affiliates and/or correspondents harmless from and against all liability, loss and expense (including reasonable attorney's fees and costs) incurred by Lender and/or its branches, Affiliates and/or correspondents relative to and/or as a consequence of (a) any failure by Cryptek to perform the agreements hereunder and under any Letter of Credit Agreement, (b) any Letter of Credit Agreement, this Agreement, any Letter of Credit and any draft, draw and/or acceptance under or purported to be under any Letter of Credit, (c) any action taken or omitted by Lender and/or any of its respective branches, Affiliates and/or correspondents at the request of Cryptek, (d) any failure or inability to perform in accordance with the terms of any Letter of Credit by reason of any control or restriction rightfully or wrongfully exercised by any de facto or de jure Governmental Authority, group or individual asserting or exercising governmental or paramount powers, and/or (e) any consequences arising from causes beyond the control of Lender and/or any of its respective branches, Affiliates and/or correspondents.

Except for gross negligence or willful misconduct, Lender and its respective branches, Affiliates and/or correspondents, shall not be liable or responsible in any respect for any (a) error, omission, interruption or delay in transmission, dispatch or delivery of any one or more messages or advices in connection with any Letter of Credit, whether transmitted by cable, telegraph, mail or otherwise and despite any cipher or code which may be employed, and/or (b) action, inaction or omission which may be taken or suffered by it or them in good faith or through inadvertence in identifying or failing to identify any beneficiary or otherwise in connection with any Letter of Credit.

Any Letter of Credit may be amended, modified or revoked only upon the receipt by Lender from Cryptek and the beneficiary (including any transferee and/or assignee of the original beneficiary), of a written consent and request therefor.

If any Laws, order of court and/or ruling or regulation of any Governmental Authority of the United States (or any state thereof) and/or any country other than the United States permits a beneficiary under a Letter of Credit to require Lender and/or any of its respective branches, Affiliates and/or correspondents to pay drafts under or purporting to be

under a Letter of Credit after the expiration date of the Letter of Credit, Cryptek shall reimburse Lender, as appropriate, for any such payment pursuant to provisions of Section 2.3.6 (Change in Law; Increased Cost).

Except as may otherwise be specifically provided in a Letter of Credit or Letter of Credit Agreement, (a) the rules of the ISP shall apply to each standby Letter of Credit, and (b) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the "ICC") at the time of issuance shall apply to each commercial Letter of Credit.

ARTICLE III THE COLLATERAL

Section 3.1 Debt and Obligations Secured.

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

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

Section 3.2 Grant of Liens.

(a) Cryptek hereby assigns, pledges and grants to Lender, and agrees that Lender shall have a perfected and continuing security interest in, and Lien on, (i) all of Cryptek's Accounts, Inventory, Chattel Paper, Documents, Instruments, Equipment, Investment Property, and General Intangibles and all of Cryptek's deposit accounts with any financial institution with which Cryptek maintains deposits, whether now owned or existing or hereafter acquired or arising, (ii) all returned, rejected or repossessed goods, the sale or lease of which shall have given or shall give rise to an Account or Chattel Paper, (iii) all insurance policies relating to the foregoing, (iv) all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to the foregoing and all Equipment and General Intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records; and (v) all Proceeds and products of the foregoing. Cryptek further agrees that Lender shall have in respect thereof all of the rights and remedies of a secured party under the Uniform Commercial Code and/or the PPSA, as the case may be, as well as those provided in this Agreement, under each of the other Financing Documents and under applicable Laws. Notwithstanding the foregoing, Cryptek shall not be required to pledge more than 65% of the outstanding voting stock of any

Foreign Subsidiary. The grant of the security interest herein provided for shall include, without limitation, a fixed mortgage, hypothecation, pledge, charge and assignment of the Collateral in favor of the Lender.

(b) Emcon hereby assigns, pledges and grants to Wachovia Canada, and agrees that Wachovia Canada shall have a perfected and continuing security interest in, and Lien on, (i) all of each Emcon's Accounts, Inventory, Chattel Paper, Documents, Instruments, Equipment, Investment Property, and General Intangibles and all of Emcon's deposit accounts with any financial institution with which Emcon maintains deposits, whether now owned or existing or hereafter acquired or arising, (ii) all returned, rejected or repossessed goods, the sale or lease of which shall have given or shall give rise to an Account or Chattel Paper, (iii) all insurance policies relating to the foregoing, (iv) all books and records in whatever media (paper, electronic or otherwise) recorded or stored, with respect to the foregoing and all Equipment and General Intangibles necessary or beneficial to retain, access and/or process the information contained in those books and records; and (v) all Proceeds and products of the foregoing. Emcon further agrees that Wachovia Canada shall have in respect thereof all of the rights and remedies of a secured party under the Uniform Commercial Code and/or the PPSA, as the case may be, as well as those provided in this Agreement, under each of the other Financing Documents and under applicable Laws. The grant of the security interest herein provided for shall include, without limitation, a fixed mortgage, hypothecation, pledge, charge and assignment of the Collateral in favor of Wachovia Canada.

Section 3.3 Collateral Disclosure List.

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

Section 3.4 Personal Property.

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

(b) Emcon acknowledges and agrees that it is the intention of the parties to this Agreement that Wachovia Canada shall have a perfected Lien, in form and substance satisfactory to Wachovia Canada and its counsel, on all of Emcon's personal property assets of any kind and nature whatsoever, whether now owned or hereafter acquired, subject only to the Permitted Liens, and having priority over all Liens other than the Lien of the Royal Bank of Canada described in Schedule 4.1.18 hereof.

(c) On the Closing Date and without implying any limitation on the scope of Section 3.2 (Grant of Liens), each of Borrowers shall deliver to Lender all originals of all of its letters of credit, Investment Property, Chattel Paper, Documents and Instruments; provided that such letters of credit, Investment Property, Chattel Paper, Documents and Instruments of Emcon shall be delivered to Lender for the sole benefit of Wachovia Canada. If Lender so requires, each of Borrowers shall execute and deliver separate pledge, assignment and security agreements in form and content acceptable to Lender, which pledge, assignment and security agreements shall assign, pledge and grant a Lien to Lender or Wachovia Canada, as applicable, on all of such Borrower's letters of credit, Investment Property, Chattel Paper, Documents and Instruments provided that such Lien with respect to Emcon shall be for the sole benefit of Wachovia Canada.

(d) In the event that any of Borrowers shall acquire after the Closing Date any letters of credit, Investment Property, Chattel Paper, Documents or Instruments, each such Borrower shall promptly so notify Lender and deliver the originals of all of the foregoing to Lender promptly and in any event within ten (10) days of each acquisition.

(e) All letters of credit, Investment Property, Chattel Paper, Documents and Instruments shall be delivered to Lender endorsed and/or assigned as required by any pledge, assignment and security agreement and/or as Lender may require and, if applicable, shall be accompanied by blank irrevocable and unconditional stock or bond powers and/or notices as Lender may require.

Section 3.5 Record Searches.

As of the Closing Date and thereafter at the time any Financing Document is executed and delivered by any Borrower pursuant to this Section, Lender shall have received, in form and substance satisfactory to Lender, such Lien or record searches with respect to such Borrower and/or any other Person, as appropriate, and the property covered by such Financing Document showing that the Lien of such Financing Document will be a perfected first priority Lien (except as set forth Section 3.4(a) or Section 3.4(b) above) on the property covered by such Financing Document subject only to Permitted Liens or to such other matters as Lender may approve.

Section 3.6 Costs.

Each Borrower agrees to pay, as part of the Enforcement Costs and to the fullest extent permitted by applicable Laws, on demand all costs, fees and expenses incurred by Lender in connection with the taking, perfection, preservation, protection and/or release of a Lien on the Collateral.

Section 3.7 Release.

Upon the indefeasible repayment in full in cash of the Obligations and performance of all Obligations of the Borrowers under this Agreement and all other Financing Documents, and the termination and/or expiration of the Commitments, all Letters of Credit and all Outstanding Letter of Credit Obligations, upon Borrowers' request and at Borrowers' sole cost and expense, Lender and Wachovia Canada shall release and/or terminate any Financing Document but only if and provided that there is no commitment or obligation (whether or not conditional) of Lender and

Wachovia Canada to re-advance amounts which would be secured thereby and/or no commitment or obligation of Lender to issue any Letter of Credit or return or restore any payment of any Current Letter of Credit Obligations.

Section 3.8 Bailee for Perfection.

Each Creditor hereby appoints the other as agent for the purposes of perfecting the other Creditor's Liens in and on any of the Collateral in the possession of such Creditor, provided, that, the Creditor in the possession of any Collateral shall not have any duty or liability to protect or preserve any rights pertaining to any of the Collateral and, except for gross negligence or willful misconduct as determined pursuant to a final non-appealable order of a court of competent jurisdiction, the non-possessing Creditor hereby waives and releases the other Creditor from, all claims and liabilities arising pursuant to the possessing such Creditor's role as bailee with respect to the Collateral, so long as the possessing Creditor shall use the same degree of care with respect thereto as the possessing Creditor uses for similar property pledged to the possessing Creditor as collateral for indebtedness of others to the possessing Creditor.

Section 3.9 Inconsistent Provisions.

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

ARTICLE IV
REPRESENTATIONS AND WARRANTIES

Section 4.1 Representations and Warranties.

Each Borrower represents and warrants to Lender and Wachovia Canada, as follows:

4.1.1 Subsidiaries.

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

4.1.2 Existence.

Each Borrower (i) is either a Registered Organization under the laws of the State of Delaware or is a corporation formed under the laws of Canada, or a province therein, (ii) is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, (iii) has the power to own its property and to carry on its business as now being conducted, and (iv) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary. Each Borrower is organized under the laws of only one (1) jurisdiction.

4.1.3 Power and Authority.

Each Borrower has full power and authority to execute and deliver this

Agreement, the other Financing Documents to which it is a party, to make the borrowings and request Letters of Credit under this Agreement and to incur and perform the Obligations whether under this Agreement, the other Financing Documents or otherwise, all of which have been duly authorized by all proper and necessary action. Except as set forth on Schedule 4.1.3, no consent or approval of owners or any creditors of any Borrower, and no consent, approval, filing or registration with or notice to any Governmental Authority on the part of any Borrower, is required as a condition to the execution, delivery, validity or enforceability of this Agreement, the other Financing Documents, the performance by each Borrower of the Obligations.

4.1.4 Binding Agreements.

This Agreement and the other Financing Documents executed and delivered by Borrowers have been properly executed and delivered and constitute the valid and legally binding obligations of each Borrower and are fully enforceable against each Borrower in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other laws of general application affecting the rights and remedies of creditors and secured parties, and general principles of equity regardless of whether applied in a proceeding in equity or at law.

4.1.5 No Conflicts.

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

4.1.6 No Defaults, Violations.

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

(b) No Borrower nor any of its Subsidiaries is in default under or with respect to any obligation under any existing mortgage, indenture, contract or agreement binding on it or affecting its property in any respect which could be materially adverse to the business, operations, property or financial condition of any Borrower, or which could materially adversely affect the ability of any Borrower to perform its obligations under this Agreement or the other Financing Documents, to which any Borrower is a party.

4.1.7 Compliance with Laws.

No Borrower nor any of its Subsidiaries is in violation of any applicable Laws or order, writ, injunction, decree or demand of any court, arbitrator, or any Governmental Authority affecting any Borrower or any of its properties, the violation of which, considered in the aggregate, could materially adversely affect the business, operations or properties of any Borrower and/or its Subsidiaries.

4.1.8 Investment Company Act, Margin Stock.

No Borrower nor any of its Subsidiaries is an investment company within the meaning of the Investment Company Act of 1940, as amended, nor is it, directly or indirectly, controlled by or acting on behalf of any Person which is an investment company within the meaning of said Act. No Borrower nor any of its Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying "margin stock" within the meaning of Regulation U (12 CFR Part 221), of the Board of Governors of the Federal Reserve System.

4.1.9 Litigation.

Except as otherwise disclosed on Schedule 4.1.9 attached hereto and made a part hereof, there are no proceedings, actions or investigations pending or, to each Borrower's knowledge, threatened before or by any court, arbitrator or any Governmental Authority which, in any one case or in the aggregate, if determined adversely to the interests of any Borrower or any Subsidiary, would have a material adverse effect on the business, properties, condition (financial or otherwise) or operations, present or prospective, of the Borrowers taken as a whole.

4.1.10 Financial Condition.

Except as set forth on Schedule 4.1.10, the unaudited consolidated financial statements of Cryptek dated June 30, 2007, are complete and correct and fairly present the financial position of Borrowers and the results of their operations and transactions in their surplus accounts as of the date and for the period referred to therein and have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, subject to normal year end adjustments and the absence of notes. Except as otherwise disclosed in Schedule 4.1.10, there are no liabilities, direct or indirect, fixed or contingent, of any Borrower or its Subsidiaries as of the date of such financial statements that are not reflected therein or in the notes thereto. There has been no material adverse change in the financial condition or operations of any Borrower or its Subsidiaries since the date of such financial statements and to each Borrower's knowledge no such material adverse change is pending or threatened. No Borrower nor any of its Subsidiaries has guaranteed the obligations of, or made any investment in or advances to, any Person, except as disclosed in such financial statements.

4.1.11 Full Disclosure.

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

4.1.12 Indebtedness for Borrowed Money.

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

4.1.13 Taxes.

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

4.1.14 ERISA.

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

4.1.15 Title to Properties.

Each Borrower has good and marketable title to all of its properties, including, without limitation, the Collateral and the properties and assets reflected in the balance sheets described in Section 4.1.10 (Financial Condition). Each Borrower has legal, enforceable and uncontested rights to use freely such property and assets. Except as set forth in Schedule 4.1.15, all of such properties, including, without limitation, the Collateral that were purchased, were purchased for fair consideration and reasonably equivalent value in the ordinary course of business of both the seller and the applicable Borrower and not, by way of example only, as part

of a bulk sale.

4.1.16 Employee Relations.

Except as disclosed on Schedule 4.1.16 attached hereto and made a part hereof, (a) no Borrower nor any Subsidiary thereof nor any employee of any Borrower or Subsidiary is subject to any collective bargaining agreement, (b) no petition for certification or union election is pending with respect to the employees of any Borrower or any Subsidiary and no union or collective bargaining unit has sought such certification or recognition with respect to the employees of any Borrower, (c) there are no strikes, slowdowns, work stoppages or controversies pending or, to the best knowledge of the applicable Borrower after due inquiry, threatened between such Borrower and its employees, and (d) no Borrower nor any of its Subsidiaries is subject to an employment contract, severance agreement, commission contract, consulting agreement or bonus agreement. Hours worked and payments made to the employees of any Borrower have not been in violation of the Fair Labor Standards Act, the Employment Standards Act (Ontario) or any other applicable law dealing with such matters. All payments due from any Borrower or for which any claim may be made against such Borrower, on account of wages and employee and retiree health and welfare insurance and other benefits have been paid or accrued as a liability on its books. The consummation of the transactions contemplated by the Financing Agreement or any of the other Financing Documents, will not give rise to a right of termination or right of re-negotiation on the part of any union under any collective bargaining agreement to which any Borrower is a party or by which it is bound.

4.1.17 Presence of Hazardous Materials or Hazardous Materials Contamination.

To the best of each Borrower's knowledge, (a) no Hazardous Materials are located on any real property owned, controlled or operated by such Borrower or for which such Borrower is, or is claimed to be, responsible, except for reasonable quantities of necessary supplies for use by any Borrower in the ordinary course of its current line of business and stored, used and disposed in accordance with applicable Laws; and (b) no property owned, controlled or operated by any Borrower or for which such Borrower has, or is claimed to have, responsibility has ever been used as a manufacturing, storage, or dump site for Hazardous Materials nor is affected by Hazardous Materials Contamination at any other property.

4.1.18 Perfection and Priority of Collateral.

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

4.1.19 Places of Business and Location of Collateral.

The information contained in the Collateral Disclosure List is complete and

correct. The Collateral Disclosure List completely and accurately identifies (a) the type of entity, the jurisdiction and the chief executive office of each Borrower, (b) each other place of business of such Borrower, (c) the location of all books and records pertaining to the Collateral, and (d) each location, other than the foregoing, where any of the Collateral is located.

4.1.20 Business Names and Addresses.

In the five (5) years preceding the date hereof, no Borrower has changed its name, identity or business structure, has not conducted business under any name other than its current name, and has not conducted its business in any jurisdiction other than those disclosed on the Collateral Disclosure List.

4.1.21 Equipment.

All Equipment is personalty and is not and will not be affixed to real estate in such manner as to become a fixture or part of such real estate. No equipment is held by any Borrower on a sale on approval basis.

4.1.22 Inventory.

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

4.1.23 Accounts.

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

4.1.24 Compliance with Eligibility Standards.

Each Account and all Inventory included in the calculation of the Borrowing Base does and will at all times meet and comply with all of the standards for Eligible Receivables and Eligible Inventory. With respect to those Accounts which Lender has deemed Eligible Receivables (a) to the knowledge of each Borrower, there are no facts, events or occurrences which in any way impair the validity, collectibility or enforceability thereof or tend to

reduce the amount payable thereunder; and (b) there are no proceedings or actions known to any Borrower that are threatened or pending against any Account Debtor which might result in any material adverse change in the Borrowing Base.

4.1.25 Employee Benefits (Canada).

(a) Except as set forth in Schedule 4.1.25, neither Emcon nor any of its Subsidiaries has, or is subject to, any present or future obligation or liability under, any pension plan, deferred compensation plan, retirement income plan, stock option or stock purchase plan, profit sharing plan, bonus plan or policy, employee group insurance plan, program policy or practice, formal or informal, with respect to its employees.

(b) Schedule 4.1.25 sets forth the employee benefit, health, welfare, supplemental unemployment benefit, bonus, pension, profit sharing, deferred compensation, stock compensation, stock purchase, retirement, hospitalization insurance, medical, dental, legal, disability and similar plans or arrangements or practices relating to the employees or former employees of Emcon and its Subsidiaries, which are currently maintained or were maintained at any time in three (3) calendar years (the "Employee Plans"). There exists no liability in connection with any former Employee Plan relating to the employees or former employees of Emcon and its Subsidiaries that has terminated, and all procedures for termination of each such former Employee Plan have been properly followed in accordance with the terms of such former Employee Plan and applicable Law.

(c) All of the Employee Plans are and have been established, registered, qualified, invested and administered in all material respects in accordance with all laws applicable to the Employee Plans. To Emcon's knowledge, no fact or circumstance exists that could adversely affect the tax-exempt status of an Employee Plan.

(d) Except as disclosed in Schedule 4.1.25, to Emcon's knowledge, all obligations regarding the Employee Plans have been satisfied, there are no outstanding defaults or violations by any part to any Employee Plan and no taxes, penalties or fees are owing or eligible under any of the Employee Plans.

(e) No amendments have been made to any Employee Plan and no improvements to Employee Plan have been promised and no amendments or improvements to an Employee Plan will be made or promised by Emcon before the Closing Date.

(f) Emcon has furnished to the Lenders true, correct and complete copies of all the Employee Plans as amended as of the date hereof together with all related documentation including any funding agreements, actuarial reports, funding and financial information returns and statements, all professional opinions (whether or not internally prepared) with respect to each Employee Plan, all material internal memoranda concerning the Employee Plans, copies of material correspondence with all regulatory authorities with respect to each Employee Plan and plan summaries, booklets and personnel manuals. No material changes have occurred to the Employee Plans or are expected to occur which would affect the actuarial reports or financial statements required to be provided to the Lenders pursuant to this Section 4.1.25.

(g) Each Employee Plan is fully funded.

(h) Except as disclosed in Schedule 4.1.25, none of the Employee Plans provides benefits to retired employees or to the beneficiaries or dependents of retired employees.

4.1.26 Withholdings and Remittances.

Emcon and its Subsidiaries have remitted all Canada Pension Plan contributions, provincial pension plan contributions, workers' compensation assessments, employment insurance premiums, employer health taxes, municipal real estate taxes and other taxes payable under applicable Law by them except for any taxes being contested in good faith and for which appropriate reserves have been established in conformity with GAAP provided for on the books of Emcon and its Subsidiaries, and, furthermore, have withheld from each payment made to any of its present or former employees, officers and directors, and to all persons who are non-residents of Canada for the purposes of the *Income Tax Act* (Canada), all amounts required by law to be withheld, including without limitation all payroll deductions required to be withheld (the "Statutory Lien Payments") and has remitted such amounts to the proper Governmental Authority within the time required under the applicable Law.

Section 4.2 Survival; Updates of Representations and Warranties.

All representations and warranties contained in or made under or in connection with this Agreement and the other Financing Documents shall survive the Closing Date, the making of any advance under the Loan and extension of credit made hereunder, and the incurring of any other Obligations and shall be deemed to have been made at the time of each request for, and again at the time of the making of, each advance under the Loan or the issuance of each Letter of Credit, except that the representations and warranties which relate to the financial statements which are referred to in Section 4.1.10 (Financial Condition), shall also be deemed to cover financial statements furnished from time to time to Lender pursuant to Section 6.1.1 (Financial Statements).

ARTICLE V CONDITIONS PRECEDENT

Section 5.1 Conditions to the Initial Advance and Initial Letter of Credit.

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

5.1.1 Organizational Documents - Borrowers.

Lender shall have received:

(a) a certificate of good standing or certificate of registration, status or compliance or the equivalent thereof certified by the Secretary of State, or other appropriate Governmental Authority, of the place of

formation of the Borrowers;

(b) a certified copy of Borrowers' organizational documents and all recorded amendments thereto;

(c) a certificate of qualification to do business or the equivalent thereof certified by the Secretary of State or other Governmental Authority of each jurisdiction in which each Borrower conducts business; and

(d) a certificate dated as of the Closing Date by the Secretary or an Assistant Secretary of each Borrower covering:

(i) true and complete copies of such Borrower's organizational and governing documents and all amendments thereto;

(ii) true and complete copies of the resolutions of its Board of Directors authorizing (A) the execution, delivery and performance of the Financing Documents to which it is a party, (B) the borrowings hereunder, and (C) the granting of the Liens contemplated by this Agreement and the Financing Documents to which such Borrower is a party; and

(iii) the incumbency, authority and signatures of the officers of such Borrower authorized to sign this Agreement and the other Financing Documents to such Borrower is a party.

5.1.2 Opinion of Borrowers' Counsel.

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

5.1.3 Organizational Documents - Guarantor.

Lender shall have received for each Guarantor other than Cryptek:

(a) a certificate of good standing certified by the Secretary of State, or other appropriate Governmental Authority, of the jurisdiction of formation of such Guarantor;

(b) a certificate of qualification to do business certified by the Secretary of State or other Governmental Authority of each state in which such Guarantor conducts business;

(c) a certificate dated as of the Closing Date by the Secretary or an Assistant Secretary of such Guarantor covering:

(i) true and complete copies of such Guarantor's organizational and governing documents and all amendments thereto;

(ii) true and complete copies of the resolutions of the Board of Directors of such Guarantor authorizing the execution, delivery and performance of the Financing Documents to which such Guarantor is a party and the granting of the Liens contemplated by any of the Financing Documents to which such Guarantor is a party;

(iii) the incumbency, authority and signatures of the officers of such Guarantor authorized to sign the Guaranty and all other Financing Documents to which such Guarantor is a party;

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

(v) the favorable opinion of counsel for such Guarantor addressed to Lender and Wachovia Canada.

5.1.4 Consents, Licenses, Approvals, Etc.

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

5.1.5 Note.

Lender shall have received the Revolving Credit Notes, conforming to the requirements hereof and executed by a Responsible Officer of each Borrower and attested by a duly authorized representative of such Borrower.

5.1.6 Financing Documents and Collateral.

Each Borrower shall have executed and delivered the Financing Documents to be executed by it, and shall have delivered original Chattel Paper, Instruments, Investment Property, and related Collateral and all other documents contemplated by ARTICLE III (The Collateral).

5.1.7 Other Financing Documents.

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

5.1.8 Other Documents, Etc.

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

5.1.9 Payment of Fees.

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

5.1.10 Recordings and Filings.

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

5.1.11 Insurance Certificate.

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

5.1.12 Bailee Acknowledgments.

Lender shall have received an agreement acknowledging the Liens of Lender and Wachovia Canada from each bailee, warehouseman, consignee or similar third party which has possession of any of the Collateral, which agreements must be reasonably acceptable to Lender and its counsel in their sole and absolute discretion.

5.1.13 Borrowing Base Report.

Lender shall have received a Borrowing Base Report including a detailed aging schedule of all Receivables by Account Debtor in form and substance reasonably satisfactory to Lender.

Section 5.2 Conditions to Subsequent Advances and the Initial Advance (Canada).

The making of Advances from and after September 30, 2007 and of the initial Advance (Canada) is subject to the fulfillment on or before September 30, 2007 of the following condition precedent in a manner satisfactory in form and substance to Wachovia Canada, Lender and their counsel:

5.2.1 Payoff Letter.

In form and substance satisfactory to Wachovia Canada and Lender, a payoff letter from the Royal Bank of Canada authorizing Emcon, Lender or Wachovia Canada or their respective counsel or agents to terminate any Liens in favor of the Royal Bank of Canada on the property of Emcon.

Section 5.3 Conditions to all Extensions of Credit.

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

5.3.1 Compliance.

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

5.3.2 Borrowing Base.

Borrowers shall have furnished all Borrowing Base Reports required by Section 2.1.4 (Borrowing Base Report), there shall exist no Borrowing Base Deficiency, and as evidence thereof, Borrowers shall have furnished to Lender such reports, schedules, certificates, records and other papers as may be reasonably requested by Lender, and Borrowers shall be in compliance with the provisions of this Agreement both immediately before and immediately after the making of the advance requested.

5.3.3 Default.

There shall exist no Event of Default or Default hereunder.

5.3.4 Representations and Warranties.

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

5.3.5 Adverse Change.

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

5.3.6 Legal Matters.

All legal documents incident to each advance under the Loan shall be reasonably satisfactory to counsel for Lender.

ARTICLE VI
COVENANTS OF BORROWER

Section 6.1 Affirmative Covenants.

So long as any of the Obligations (or the Commitment) shall be outstanding hereunder, Borrowers agree with Lender and Wachovia Canada as follows:

6.1.1 Financial Statements.

Borrowers shall furnish to Lender:

(a) Annual Statements and Certificates. Borrowers shall furnish to Lender as soon as available, but in no event more than one hundred eighty (180) days after the close of each fiscal year of Borrowers, (i) a copy of the annual audited financial statement in reasonable detail satisfactory to Lender relating to Borrowers and their Subsidiaries, prepared in accordance with GAAP and examined and certified by independent certified public accountants satisfactory to Lender, which financial statement shall include a consolidated balance sheet of Borrowers and their Subsidiaries as of the end of such fiscal year and consolidated statements of profits and losses and statements of cash flows, (ii) a Compliance Certificate, in substantially the form attached to this Agreement as Exhibit B, as may be amended by Lender from time to time, containing a detailed computation of each financial covenant in this Agreement which is applicable for the period reported, a certification that no change has occurred to the information contained on the Collateral Disclosure List (except as set forth in a schedule attached to the certification), and a cash flow projection report, each prepared by a Responsible Officer of Borrowers in a format acceptable to Lender and (iii) a management letter in the form prepared by Borrowers' independent certified public accountants.

(b) Quarterly Statements and Certificates. Borrowers shall furnish to Lender as soon as available, but in no event more than forty five (45) days after the close of Borrowers' fiscal quarters, unaudited consolidated balance sheets of Borrowers and their Subsidiaries as of the close of such period, statements of profits and losses and statements of cash flows, contract backlog report, and a Compliance Certificate, in substantially the form attached to this Agreement as Exhibit B, containing a detailed computation of each financial covenant in this Agreement which is applicable for the period reported and a certification that no change has occurred to the information contained in on the Collateral Disclosure List (except as set forth on a schedule attached to the certification), each prepared by a Responsible Officer of Borrowers in a format reasonably acceptable to Lender, all as prepared and certified by a Responsible Officer of Borrowers and accompanied by a certificate of that officer stating whether any event has occurred which constitutes a Default or an Event of Default hereunder, and, if so, stating the facts with respect thereto.

(c) Monthly Borrowing Base Reports. Borrowers shall furnish to Lender within twenty (20) days after the end of each fiscal month, a Borrowing Base Report and a report containing the following information:

(i) a detailed aging schedule by date of invoice of all Receivables by Account Debtor, in such detail, and accompanied by such supporting information, as Lender may from time to time reasonably request;

(ii) a detailed aging of all accounts payable by supplier, in such detail, and accompanied by such supporting information, as Lender may from time to time reasonably request;

(iii) a listing of all Inventory by component, category and location, in such detail, and accompanied by such supporting information as Lender may from time to time reasonably request; and

(iv) such other information as Lender may reasonably request.

(d) Annual Budget and Projections. Borrowers shall furnish to Lender as soon as available, but in no event later than the tenth (10th) day before the end of each fiscal year a consolidated operating budget for the following fiscal year.

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

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

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

(b) Each Borrower shall, and shall cause each of its Subsidiaries to, permit authorized representatives of Lender or Wachovia Canada to visit and inspect the properties of such Borrower and its Subsidiaries, to review, audit, check and inspect the Collateral to review, audit, check and inspect such Borrower's other books of record at any time with or without notice and to make abstracts and photocopies thereof, and to discuss the affairs, finances and accounts of such Borrower and/or any Subsidiaries, with the officers, directors, employees and other representatives of such Borrower and/or any Subsidiaries and their respective accountants, all at such times during normal business hours and other reasonable times and as often as Lender may reasonably request and, unless a Default has occurred and is continuing, with reasonable notice to the applicable Borrower. Notwithstanding anything herein to the contrary, no more than two (2) such inspections by the Lender or Wachovia Canada shall be at Borrowers' expense in any twelve-month period unless a Default has occurred and is continuing, in which case all such expenses will be at Borrowers' expense.

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

(d) Any and all costs and expenses incurred by, or on behalf of, Lender or Wachovia Canada in connection with the conduct of any of the foregoing, including, without limitation, reasonable travel, lodging, meals, and other expenses for each auditor employed by Lender for inspections of the Collateral and each Borrower's operations, shall be part of the Enforcement Costs and shall be payable to Lender or Wachovia Canada, as applicable,

upon demand. Each Borrower acknowledges and agrees that such expenses may include, but shall not be limited to, any and all reasonable out-of-pocket costs and expenses of Lender's or Wachovia Canada's employees and agents in, and when, traveling to any Borrower's facilities. Notwithstanding anything herein to the contrary, no more than one audit conducted by an auditor of the Lender or Wachovia Canada shall be at Borrowers' expense in any twelve-month period unless a Default has occurred and is continuing, in which case all audit expenses will be at Borrowers' expense.

6.1.3 Existence.

Each Borrower shall (a) maintain, and cause each of its Subsidiaries to maintain, its existence in good standing in the jurisdiction in which it is organized and in each other jurisdiction where it is required to register or qualify to do business if the failure to do so in such other jurisdiction might have a material adverse effect on the ability of such Borrower to perform the Obligations, the conduct of such Borrower's operations, such Borrower's financial condition, or the value of, or the ability of Lender or Wachovia Canada to realize upon, the Collateral and (b) if the Borrower is organized in the United States, remain a Registered Organization under the laws of the jurisdiction stated in the Preamble of this Agreement.

6.1.4 Compliance with Laws.

Each Borrower shall comply, and cause each of its Subsidiaries to comply, with all applicable Laws and observe the valid requirements of Governmental Authorities, the noncompliance with or the non-observance of which might have a material adverse effect on the ability of such Borrower to perform the Obligations, the conduct of such Borrower's operations, such Borrower's financial condition, or the value of, or the ability of Lender to realize upon, the Collateral.

6.1.5 Preservation of Properties.

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

6.1.6 Line of Business.

Borrowers will continue to engage substantially only in the business of providing security products, services and solutions.

6.1.7 Insurance.

(a) General Provisions. Each Borrower shall maintain insurance satisfactory to Lender in its reasonable discretion as to amount, nature and carrier covering property damage (including loss of use and occupancy) to any of such Borrower's

properties, business interruption insurance, public liability insurance including coverage for contractual liability, product liability and workers' compensation, and any other insurance which is usual for such Borrower's business. Each policy shall provide for at least thirty (30) days prior notice to Lender of any cancellation thereof and name Lender as loss payee or additional insured, as appropriate.

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

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

6.1.8 Taxes.

Except to the extent that the validity or amount thereof is being contested in good faith and by appropriate proceedings, the applicable Borrower will, and will cause each of its Subsidiaries, to pay and discharge all Taxes prior to the date when any interest or penalty would accrue for the nonpayment thereof. Each Borrower shall furnish to Lender at such times as Lender may require proof reasonably satisfactory to Lender of the making of payments or deposits required by applicable Laws including, without limitation, payments or deposits with respect to amounts withheld by the applicable Borrower from wages and salaries of employees and amounts contributed by such Borrower on account of federal and other income or wage taxes and amounts due under the Federal Insurance Contributions Act, the Income Tax Act (Canada), the Employment Insurance Act (Canada) and the Canada Pension Plan, each as amended and all other documents referred to in Section 4.1.26.

6.1.9 ERISA.

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

6.1.10 Notification of Events of Default and Adverse Developments.

Borrowers shall promptly notify Lender upon obtaining knowledge of the occurrence of:

- (a) any Event of Default;
- (b) any Default;
- (c) any litigation instituted or threatened against any Borrower or its Subsidiaries and of the entry of any judgment or Lien (other than any Permitted Liens) against any of the assets or properties of any Borrower or any Subsidiary where the claims against any Borrower or any of its Subsidiaries exceed Two Hundred Fifty Thousand Dollars (\$250,000) and are not covered by insurance;
- (d) any event, development or circumstance whereby the financial statements furnished hereunder fail in any material respect to present fairly, in accordance with GAAP, the financial condition and operational results of any Borrower or any of its Subsidiaries as of the date of such financial statement;
- (e) any judicial, administrative or arbitral proceeding pending against any Borrower or any of its Subsidiaries and any judicial or administrative proceeding known by any Borrower to be threatened against it or any of its Subsidiaries which, if adversely decided, could materially adversely affect its financial condition or operations (present or prospective);
- (f) the receipt by any Borrower or any of its Subsidiaries of any notice, claim or demand from any Governmental Authority which alleges that such Borrower or any Subsidiary is in violation of any of the terms of, or has failed to comply with any applicable Laws regulating its operation and business, including, but not limited to, the Occupational Safety and Health Act and the Environmental Protection Act; and
- (g) any other development in the business or affairs of any Borrower and any of its Subsidiaries that could be reasonably expected to be materially adverse;

in each case describing in detail satisfactory to Lender the nature thereof and the action the applicable Borrower proposes to take with respect thereto.

6.1.11 Hazardous Materials; Contamination.

Each Borrower agrees to:

- (a) give notice to Lender immediately upon acquiring knowledge of the presence of any Hazardous Materials or any Hazardous Materials Contamination on any property owned, operated or controlled by the applicable Borrower or for which such Borrower is, or is claimed to be,

responsible (provided that such notice shall not be required for Hazardous Materials placed or stored on such property in accordance with applicable Laws in the ordinary course (including, without limitation, quantity) of such Borrower's line of business expressly described in this Agreement), with a full description thereof;

(b) promptly comply with any Laws requiring the removal, treatment or disposal by a Borrower of Hazardous Materials or Hazardous Materials Contamination and provide Lender with satisfactory evidence of such compliance;

(c) provide Lender, within thirty (30) days after a demand by Lender, with a bond, letter of credit or similar financial assurance evidencing to Lender's satisfaction that the necessary funds are available to pay the cost of removing, treating, and disposing of such Hazardous Materials or Hazardous Materials Contamination and discharging any Lien which may be established as a result thereof on any property owned, operated or controlled by such Borrower or for which such Borrower is, or is claimed to be, responsible; and

(d) as part of the Obligations, defend, indemnify and hold harmless Lender and its agents, employees, trustees, successors and assigns from any and all claims which may now or in the future (whether before or after the termination of this Agreement) be asserted as a result of the presence of any Hazardous Materials or any Hazardous Materials Contamination on any property owned, operated or controlled by such Borrower or for which such Borrower is, or is claimed to be, responsible. Each Borrower acknowledges and agrees that this indemnification shall survive the termination of this Agreement and the Commitment and the payment and performance of all of the other Obligations.

6.1.12 Financial Covenants.

(a) Net Worth. Cryptek will at all times maintain on a consolidated basis a Net Worth of not less than Eight Million Dollars (\$8,000,000).

(b) Interest Coverage Ratio. Cryptek will maintain on a consolidated basis, tested as of the last day of each of Cryptek's fiscal quarters for the four (4) quarter period ending on that date, an Interest Coverage Ratio of not less than 2.0 to 1.0. Notwithstanding the foregoing, for the purposes of calculating Cryptek's Interest Coverage Ratio for its fiscal quarter ending September 30, 2007, Cryptek's EBIT will be calculated on a year to date basis.

6.1.13 Collection of Receivables.

Until such time that Lender shall notify any Borrower of the revocation of such privilege, each Borrower and each of its Subsidiaries shall at its own expense have the privilege for the account of, and in trust for, Lender of collecting its Receivables and receiving in respect thereto all Items of Payment and shall otherwise completely service all of the Receivables

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

6.1.14 Notice of Returned Goods, etc.

Cryptek will promptly notify, and will cause the Subsidiaries to promptly notify, Lender of the return, rejection or repossession of any goods sold or delivered in respect of any Receivables, and of any claims made in regard thereto to the extent that the aggregate purchase price of any such goods in any given calendar month exceeds in the aggregate Fifty Thousand Dollars (\$50,000.00) for such month. Emcon will promptly notify, and will cause the Subsidiaries to promptly notify, Wachovia Canada of the return, rejection or repossession of any goods sold or delivered in respect of any Receivables, and of any claims made in regard thereto to the extent that the aggregate purchase price of any such goods in any given calendar month exceeds in the aggregate Fifty Thousand Canadian Dollars (CDN\$50,000.00) for such month.

6.1.15 Inventory.

With respect to the Inventory, each Borrower and the Subsidiaries will: (a) maintain a perpetual inventory reporting system at all times, (b) conduct a physical count of the Inventory on a sampling basis at least once per Fiscal Year, and at such other times as Lender reasonably requests, and shall promptly, upon completion, supply Lender with a copy of such count accompanied by a report of the value of such Inventory (valued at the lower of cost, on an average cost basis, or market value) (c) as soon as possible upon written demand by Lender from time to time, prepare and deliver to Lender designations of Inventory specifying the applicable Borrower's and Subsidiaries' cost of Inventory, the retail price thereof, and such other matters and information relating to the Inventory as Lender may reasonably request; (d) keep correct and accurate records itemizing and describing the kind, type, quality and quantity of Inventory, such Borrower's and Subsidiaries' cost therefore and the selling price thereof, all of which records shall be available to the officers, employees or agents of Lender upon demand for inspection and copying thereof; (e) not store any Inventory with a bailee, warehouseman or similar Person without Lender's prior written consent, which consent may be conditioned on, among other things, delivery by the bailee, warehouseman or similar Person to Lender of warehouse receipts, in form acceptable to Lender, in the name of Lender or Wachovia Canada evidencing the storage of

Inventory and the interests of Lender or Wachovia Canada therein; (f) permit Lender or Wachovia Canada and its agents or representatives to inspect and examine the Inventory and to check and test the same as to quality, quantity, value and condition at any time or times hereafter during such Borrower's and Subsidiaries' usual business hours or at other reasonable times with notice to such Borrower, provided that no more than two (2) such inspections and examinations shall be made by the Lender and Wachovia Canada in any twelve-month period unless an Event of Default has occurred and is continuing, and (g) at Lender's request, designate Lender or Wachovia Canada as the consignee on all bills of lading and other negotiable and non-negotiable documents. Each Borrower shall be permitted to sell its Inventory in the ordinary course of its business until the occurrence of an Event of Default.

6.1.16 Maintenance of the Collateral.

Each Borrower will maintain the Collateral in good working order, saving and excepting ordinary wear and tear, and will not permit anything to be done to the Collateral that may materially impair the value thereof. Lender and Wachovia Canada shall not have any duty to, and each Borrower hereby releases Lender and Wachovia Canada from all claims of loss or damage caused by the delay or failure to collect or enforce any of the Receivables or to, preserve any rights against any other party with an interest in the Collateral.

6.1.17 Equipment.

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

6.1.18 Defense of Title and Further Assurances.

At their expense, Borrowers will defend the title to the Collateral (and any part thereof), and will immediately execute, acknowledge and deliver any renewal, affidavit, deed, assignment, security agreement, certificate or other document which Lender may require in order to perfect, preserve, maintain, continue, protect and/or extend the Lien granted to Lender and Wachovia Canada under this Agreement or under any of the other Financing Documents and the first priority of that Lien (except as set forth Section 3.4(a) or Section 3.4(b) herein), subject only to the Permitted Liens. Each Borrower hereby authorizes the filing of any financing statement or continuation statement required under the Uniform Commercial Code and/or the PPSA, as the case may be. Borrowers will from time to time do whatever Lender may reasonably require by way of obtaining, executing, delivering, and/or filing landlords' or mortgagees' waivers, notices of assignment and other notices and amendments and renewals thereof and Borrowers will take any and all steps and observe such formalities as Lender may reasonably require, in order to create and maintain a valid Lien upon, pledge of, or paramount security interest in, the Collateral, subject to the Permitted Liens. Borrowers shall pay to Lender on demand all taxes, costs and expenses incurred by Lender in connection with the preparation, execution, recording and filing of any such document or instrument. To the extent that the proceeds of any of the Accounts or Receivables

of any Borrower are expected to become subject to the control of, or in the possession of, a party other than such Borrower, such Borrower shall cause all such parties to execute and deliver on the Closing Date security documents or other documents as requested by Lender and as may be necessary to evidence and/or perfect the security interest of Lender in those proceeds. Each Borrower hereby irrevocably appoints Lender and/or Wachovia Canada as such Borrower's attorney-in-fact, with power of substitution, in the name of Lender or in the name of such Borrower or otherwise, for the use and benefit of Lender and/or Wachovia Canada, but at the cost and expense of such Borrower and without notice to such Borrower, to execute and deliver any and all of the instruments and other documents and take any action which Lender and/or Wachovia Canada may require pursuant the foregoing provisions of this Section 6.1.18.

6.1.19 Business Names; Locations.

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

6.1.20 Use of Premises and Equipment.

Each Borrower agrees that until the Obligations are fully paid and the Commitment has expired, Lender and/or Wachovia Canada (a) after and during the continuance of an Event of Default, may use any of such Borrower's owned or leased lifts, hoists, trucks and other facilities or equipment for handling or removing the Collateral; and (b) shall have, and is hereby granted, a right of ingress and egress to the places where the Collateral is located, and may proceed over and through any of such Borrower's owned or leased property.

6.1.21 Protection of Collateral.

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

6.1.22 Principal Depository.

Each Borrower shall maintain its primary depository and cash management relationship with Lender until the Obligations have been satisfied in full.

Section 6.2 Negative Covenants.

So long as any of the Obligations or the Commitment shall be outstanding hereunder, each Borrower agrees with Lender and Wachovia Canada as follows:

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

Each Borrower and its subsidiaries agree that it will not alter or amend its capital structure, authorize any additional class of equity, enter into any merger or consolidation or amalgamation, (other than the merger or consolidation of one Borrower with and into the other Borrower), windup or dissolve itself (or suffer any liquidation or dissolution) or acquire all or substantially all the assets of any Person, or sell, lease or otherwise dispose of any of its assets (except Inventory disposed of in the ordinary course of business prior to an Event of Default). Any consent of Lender to the disposition of any assets may be conditioned on a specified use of the proceeds of disposition.

6.2.2 Subsidiaries.

No Borrower will create or acquire any Subsidiaries other than the Subsidiaries identified on the Collateral Disclosure List.

6.2.3 Issuance of Stock.

No Borrower will issue, or grant any option or right to purchase, any of its capital stock, or permit any subsidiary to do the same, other than (a) shares of Cryptek's Series D Preferred Stock to executives and employees of Cryptek and its Subsidiaries, (b) options pursuant to Cryptek's 1997 Stock Option Plan or 2002 Stock Option Plan, (c) warrants to purchase shares of Cryptek's common stock, (d) shares of Cryptek's common stock or Series B Preferred Stock upon exercise of any option or warrant, upon conversion of Cryptek's Series A Preferred Stock or Series B Preferred Stock, or (e) any shares issued pursuant to an anti-dilution provision.

6.2.4 Purchase or Redemption of Securities, Dividend Restrictions.

Each Borrower agrees that it will not purchase, redeem or otherwise acquire any shares of its capital stock or warrants now or hereafter outstanding, (other than shares of stock held by terminated employees), declare or pay any dividends thereon (other than stock dividends), apply any of its property or assets to the purchase, redemption or other retirement of, set apart any sum for the payment of any dividends on, or for the purchase, redemption, or other retirement of, make any distribution by reduction of capital or otherwise in respect of, any shares of any class of capital stock of such Borrower, or any warrants, permit any Subsidiary to purchase or acquire any shares of any class of capital stock of, or warrants issued by, such Borrower, make any distribution to stockholders or set aside any funds for any such purpose, and not prepay, purchase or redeem any Indebtedness for Borrowed Money other than the Obligations.

6.2.5 Indebtedness.

No Borrower will, and will not permit any Subsidiary to, create, incur, assume or suffer to exist any Indebtedness for Borrowed Money in excess of Two Hundred Fifty

Thousand Dollars (\$250,000) in the aggregate, or permit any Subsidiary to do so, except:

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

6.2.6 Investments, Loans and Other Transactions.

Except as otherwise provided in this Agreement, no Borrower will, and will not permit any of its Subsidiaries to, (a) make, assume, acquire or continue to hold any investment in any real property (unless used in connection with its business and treated as a Fixed or Capital Asset of such Borrower or the Subsidiary) or any Person, whether by stock purchase, capital contribution, acquisition of indebtedness of such Person or otherwise (including, without limitation, investments in any joint venture or partnership), (b) guaranty or otherwise become contingently liable for the Indebtedness or obligations of any Person, or (c) make any loans or advances, or otherwise extend credit to any Person, except:

- (a) any advance to an officer or employee of such Borrower or any Subsidiary for travel or other business expenses in the ordinary course of business, provided that the aggregate amount of all such advances by such Borrower and its Subsidiaries (taken as a whole) outstanding at any time shall not exceed Two Hundred Thousand Dollars (\$200,000);
- (b) the endorsement of negotiable instruments for deposit or collection or similar transactions in the ordinary course of business;
- (c) any investment in Cash Equivalents, which are pledged to Lender as collateral and security for the Obligations; and
- (d) trade credit extended to customers in the ordinary course of business.

6.2.7 Stock of Subsidiaries.

Each Borrower agrees that it will not sell or otherwise dispose of any shares of capital stock of any Subsidiary (except in connection with a merger, amalgamation or consolidation of a Wholly Owned Subsidiary organized under the laws of the same jurisdiction as the applicable Borrower into such Borrower or another Wholly Owned Subsidiary, organized under the laws of the same jurisdiction or with the dissolution of any Subsidiary) or permit any Subsidiary to issue any additional shares of its capital stock except pro rata to its stockholders.

6.2.8 Subordinated Indebtedness.

No Borrower will, and will not permit any Subsidiary to make:

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

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

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

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

6.2.9 Liens; Confessed Judgment.

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

6.2.10 Transactions with Affiliates.

Neither any Borrower nor any of their Subsidiaries will enter into or participate in any transaction with any Affiliate or, except in the ordinary course of business, with the officers, directors, employees and other representatives of such Borrower and/or any Subsidiary other than transactions between or among any Borrower and its Subsidiaries and Affiliates which are on terms at least as favorable to a Borrower as would be obtained in a comparable arms-length transaction with a Person not an Affiliate.

6.2.11 Other Businesses.

Neither any Borrower nor any of their Subsidiaries will engage directly or indirectly in any business other than its current line of business described elsewhere in this Agreement.

6.2.12 ERISA Compliance.

No Borrower nor any Commonly Controlled Entity shall: (a) engage in or permit any "prohibited transaction" (as defined in ERISA); (b) cause any "accumulated funding deficiency" as defined in ERISA and/or the Internal Revenue Code or any other applicable law; (c) terminate any pension plan in a manner which could result in the imposition of a lien on the property of such Borrower pursuant to ERISA or any other applicable law; (d) terminate or consent to the termination of any Multi-employer Plan; or (e) incur a complete or partial withdrawal with respect to any Multi-employer Plan.

6.2.13 Prohibition on Hazardous Materials.

Borrowers shall not place, manufacture or store or permit to be placed, manufactured or stored any Hazardous Materials on any property owned, operated or controlled by any Borrower or for which such Borrower is responsible other than Hazardous Materials placed or stored on such property in accordance with applicable Laws in the ordinary course of such Borrower's business expressly described in this Agreement.

6.2.14 Method of Accounting; Fiscal Year.

Borrowers will not change the method of accounting employed in the preparation of any financial statements furnished to Lender under the provisions of Section 6.1.1 (Financial Statements), unless required to conform to GAAP and on the condition that such Borrower's accountants shall furnish such information as Lender may request to reconcile the changes with such Borrower's prior financial statements.

Cryptek will not change its fiscal year from a year ending on December 31. Emcon will not change its fiscal year from a year ending on February 28 provided, however, Emcon shall be permitted to change its fiscal year to a year ending on December 31.

6.2.15 Compensation.

Neither any Borrower nor any of their Subsidiaries will pay any bonuses, fees, compensation, commissions, salaries, drawing accounts, or other payments (cash and non-cash), whether direct or indirect, to any stockholders of the applicable Borrower or its Subsidiaries, or any Affiliate of such Borrower or its Subsidiaries, other than compensation for actual services rendered by stockholders in their capacity as officers, directors, advisors, or employees of such Borrower or Subsidiary.

6.2.16 Transfer of Collateral.

Borrowers and their Subsidiaries will not transfer, or permit the transfer, to another location of any of the Collateral or the books and records related to any of the Collateral.

6.2.17 Sale and Leaseback.

Neither any Borrower nor any of their Subsidiaries will directly or indirectly enter into any arrangement to sell or transfer all or any substantial part of its fixed assets and thereupon or within one (1) year thereafter rent or lease the assets so sold or transferred.

6.2.18 Disposition of Collateral.

Borrowers will not sell, discount, allow credits or allowances, transfer, assign, extend the time for payment on, convey, lease, assign, transfer or otherwise dispose of the Collateral, except, prior to an Event of Default, dispositions expressly permitted elsewhere in this Agreement, the sale of Inventory in the ordinary course of business, and the sale of unnecessary or obsolete Equipment, but only if the proceeds of the sale of such Equipment are (a) used to purchase similar Equipment to replace the unnecessary or obsolete Equipment or (b) immediately turned over to Lender for application to the Obligations in accordance with the provisions of this Agreement.

ARTICLE VII
DEFAULT AND RIGHTS AND REMEDIES

Section 7.1 Events of Default.

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

7.1.1 Failure to Pay.

(a) The failure of Cryptek to pay any of the Obligations within three (3) days of the date when due and payable in accordance with the provisions of this Agreement, the Notes and/or any of the other Financing Documents.

(b) The failure of Emcon to pay any of the Foreign Obligations within three (3) days of the date when due and payable in accordance with the provisions of this Agreement, the Notes and/or any of the other Financing Documents.

7.1.2 Breach of Representations and Warranties.

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

7.1.3 Failure to Comply with Covenants.

The failure of any Borrower to perform, observe or comply with any covenant, condition or agreement contained in Sections 6.1.1 (Financial Statements), 6.1.7 (Insurance), 6.1.10 (Notification of Events of Default and Adverse Developments), 6.1.12 (Financial Covenants) or Section 6.2 (Negative Covenants) hereof.

7.1.4 Other Defaults.

Default shall be made by the Borrower in the due observance or performance of any term, covenant or agreement herein contained, other than those set forth in Sections 7.1.1 (Failure to Pay), 7.1.3 (Failure to Comply with Covenants), 7.1.15 (Change in Ownership), or 7.1.16 (Liquidation, Termination, Dissolution, Change in Management, etc.),

which Default shall remain unremedied for fifteen (15) days.

7.1.5 Default Under Other Financing Documents or Obligations.

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

7.1.6 Receiver, Bankruptcy.

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

7.1.7 Involuntary Bankruptcy, etc.

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

7.1.8 Judgment.

Unless adequately insured in the reasonable opinion of Lender, the entry of a final judgment for the payment of money involving more than \$100,000 against any Borrower or any Subsidiary, and the failure by such Borrower or such Subsidiary to discharge the same, or cause it to be discharged, within thirty (30) days from the date of the order, decree or process

under which or pursuant to which such judgment was entered, or to secure a stay of execution pending appeal of such judgment.

7.1.9 Execution; Attachment.

Any execution or attachment shall be levied against the Collateral, or any part thereof, and such execution or attachment shall not be set aside, discharged or stayed within thirty (30) days after the same shall have been levied.

7.1.10 Default Under Other Borrowings.

Default shall be made with respect to any Indebtedness for Borrowed Money (other than the Loan) in excess of \$100,000 if the default is a failure to pay at maturity or if the effect of such default is to accelerate the maturity of such Indebtedness for Borrowed Money or to permit the holder or obligee thereof or other party thereto to cause such Indebtedness for Borrowed Money to become due prior to its stated maturity.

7.1.11 Challenge to Agreements.

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

7.1.12 Intentionally Omitted..

7.1.13 Impairment of Position.

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

7.1.14 Intentionally Omitted.

7.1.15 Change in Ownership.

Any change shall occur in the ownership of any Borrower that effectively causes a change in control of such Borrower.

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

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

Section 7.2 Remedies.

Upon the occurrence and during the continuance of any Event of Default, Lender may, in the exercise of its sole and absolute discretion from time to time, at any time thereafter exercise

any one or more of the following rights, powers or remedies:

7.2.1 Acceleration.

Lender may declare the Obligations to be immediately due and payable, notwithstanding anything contained in this Agreement or in any of the other Financing Documents to the contrary, without presentment, demand, protest, notice of protest or of dishonor, or other notice of any kind, all of which each Borrower hereby waives.

7.2.2 Further Advances.

Lender may from time to time without notice to any Borrower suspend, terminate or limit any further advances, loans or other extensions of credit under the Commitment, under this Agreement and/or under any of the other Financing Documents. Further, upon the occurrence of an Event of Default or Default specified in Section 7.1.6 (Receiver; Bankruptcy) or Section 7.1.7 (Involuntary Bankruptcy, etc.), the Revolving Credit Commitment and any agreement in any of the Financing Documents to provide additional credit and/or to issue Letters of Credit shall immediately and automatically terminate and the unpaid principal amount of the Notes (with accrued interest thereon) and all other Obligations then outstanding, shall immediately become due and payable without further action of any kind and without presentment, demand, protest or notice of any kind, all of which are hereby expressly waived by each Borrower.

7.2.3 Uniform Commercial Code, PPSA.

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

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

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

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

7.2.4 Specific Rights With Regard to Collateral.

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

- (a) request any Account Debtor obligated on any of the Accounts to make payments thereon directly to Lender, with Lender taking control of the Proceeds thereof;
- (b) compromise, extend or renew any of the Collateral or deal with the same as it may deem advisable;
- (c) make exchanges, substitutions or surrenders of all or any part of the Collateral;
- (d) copy, transcribe, or remove from any place of business of the applicable Borrower or any Subsidiary all books, records, ledger sheets, correspondence, invoices and documents, relating to or evidencing any of the Collateral or without cost or expense to Lender, make such use of such Borrower's or any Subsidiary's place(s) of business as may be reasonably necessary to administer, control and collect the Collateral;
- (e) repair, alter or supply goods if necessary to fulfill in whole or in part the purchase order of any Account Debtor;
- (f) demand, collect, receipt for and give renewals, extensions, discharges and releases of any of the Collateral;

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

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

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

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

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

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

7.2.5 Application of Proceeds.

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

7.2.6 Performance by Lender.

Lender without notice to or demand upon any Borrower and without waiving or releasing any of the Obligations or any Default or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Borrowers, and may enter upon the premises of any Borrower for that purpose and take all such action thereon as Lender may consider necessary or appropriate for such purpose and each Borrower hereby irrevocably appoints Lender as its attorney-in-fact to do so, with power of substitution, in the name of Lender or in the name of any Borrower or otherwise, for the use and benefit of Lender, but at the cost and expense of Borrowers and without notice to any Borrower. All sums so paid or advanced by Lender together with interest thereon from the date of payment, advance or incurring until paid in full at the Post-Default Rate and all costs and expenses, shall be deemed part of the Enforcement Costs, shall be paid by Borrowers to Lender on demand, and shall constitute and become a part of the Obligations.

7.2.7 Other Remedies.

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

ARTICLE VIII
MISCELLANEOUS

Section 8.1 Notices.

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

Cryptek:	Cryptek, Inc. 1501 Moran Road Sterling, Virginia 20166 Attention: William L. Anderson, CEO
With a copy to:	Bingham McCutchen LLP 2020 K Street, NW Washington, DC 20006 Attention: Mara Glaser-McCahan, Esquire
Lender:	Wachovia Bank, National Association 1753 Pinnacle Drive, Third Floor McLean, Virginia 22102 Attention: Monica Sevila
with a copy to:	Troutman Sanders LLP 1660 International Drive, Suite 600 McLean, Virginia 22102 Attention: Richard M. Pollak, Esquire
Wachovia Canada:	Wachovia Capital Finance Corporation (Canada) 141 Adelaide Street West, Suite 1500 Toronto, Ontario M5H 3L5

Canada
Attn: Raymond N. Eghobamien

with a copy to: Goodmans LLP
250 Yonge Street, Suite 2400
Toronto, Ontario, M5B 2M6
Canada
Attn: Jean Anderson

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

Section 8.2 Amendments; Waivers.

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

Section 8.3 Cumulative Remedies.

The rights, powers and remedies provided in this Agreement and in the other Financing Documents are cumulative, may be exercised concurrently or separately, may be exercised from time to time and in such order as Lender or Wachovia Canada shall determine, subject to the provisions of this Agreement, and are in addition to, and not exclusive of, rights, powers and remedies provided by existing or future applicable Laws. In order to entitle Lender or Wachovia Canada to exercise any remedy reserved to it in this Agreement, it shall not be necessary to give any notice, other than such notice as may be expressly required in this Agreement.

Section 8.4 Severability.

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

- (a) the validity, legality and enforceability of the remaining provisions shall remain effective and binding on the parties thereto and shall not be affected or impaired thereby;
- (b) the obligation to be fulfilled shall be reduced to the limit of such validity;
- (c) if such provision or part thereof pertains to

repayment of the Obligations, then, at the sole and absolute discretion of Lender, all of the Obligations of Borrowers to Lender and Wachovia Canada shall become immediately due and payable; and

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

Section 8.5 Participations by Lender and Wachovia Canada.

Lender or Wachovia Canada may at any time sell to one or more financial institutions participating interests in any of Lender's or Wachovia Canada's Obligations or Commitments; provided, however, that (a) no such participation shall relieve Lender or Wachovia Canada from its obligations under this Agreement or under any of the other Financing Documents to which it is a party, (b) Lender or Wachovia Canada shall remain solely responsible for the performance of its obligations under this Agreement and under all of the other Financing Documents to which it is a party, and (c) each Borrower shall continue to deal solely and directly with Lender or Wachovia Canada in connection with Lender's and Wachovia Canada's rights and obligations under this Agreement and the other Financing Documents. Notwithstanding the foregoing, Lender will not knowingly assign or sell participating interests in the Domestic Obligations or its Revolving Credit Commitment with respect to Cryptek to any Foreign Lender other than Wachovia Canada without the consent of Cryptek.

Section 8.6 Disclosure of Information by Lender and Wachovia Canada.

In connection with any sale, transfer, assignment or participation by Lender or Wachovia Canada in accordance with Section 8.5 (Participations by Lender), Lender or Wachovia Canada shall have the right to disclose to any actual or potential purchaser, assignee, transferee or participant all financial records, information, reports, financial statements and documents obtained in connection with this Agreement and/or any of the other Financing Documents or otherwise.

Section 8.7 Successors and Assigns.

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

Section 8.8 Continuing Agreements.

All covenants, agreements, representations and warranties made by any Borrower in this Agreement, in any of the other Financing Documents, and in any certificate delivered pursuant hereto or thereto shall survive the making by Lender and Wachovia Canada of the Loan and the execution and delivery of the Notes, shall be binding upon such Borrower regardless of how long before or after the date hereof any of the Obligations were or are incurred, and shall continue in full force and effect so long as any of the Obligations are outstanding and unpaid. From time to time upon Lender's request, and as a condition of the release of any one or more of the Security

Documents, Borrowers and other Persons obligated with respect to the Obligations shall provide Lender with such acknowledgments and agreements as Lender may require to the effect that there exists no defenses, rights of setoff or recoupment, claims, counterclaims, actions or causes of action of any kind or nature whatsoever against Lender and/or any of its agents and others, or to the extent there are, the same are waived and released.

Section 8.9 Enforcement Costs.

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

Section 8.10 Applicable Law; Jurisdiction.

8.10.1 Applicable Law.

Each Borrower acknowledges and agrees that (a) this Agreement, and certain other Financing Documents, shall be governed by the Laws of the State, as if this Agreement and such other Financing Documents had each been executed, delivered, administered and performed solely within the State even though for the convenience and at the request of such Borrower, this Agreement and such other Financing Documents may be executed elsewhere, and (b) the other Financing Documents, by the terms stated therein, shall be governed by the Laws of the Province of Ontario, Canada, as if each of such Financing Documents had each been executed, delivered, administered and performed solely within the Province of Ontario, Canada even though for the convenience and at the request of such Borrower, one or more of such Financing Documents may be executed elsewhere. Lender acknowledges, however, that remedies under certain of the Financing Documents that relate to property outside the State or the Province of Ontario, Canada may be subject to the laws of the state in which the property is located.

8.10.2 Submission to Jurisdiction.

Each Borrower irrevocably submits to the jurisdiction of any state or federal court sitting in the State over any suit, action or proceeding arising out of or relating to this Agreement or any of the other Financing Documents. Each Borrower irrevocably waives, to the fullest extent permitted by law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action or proceeding brought in any such court shall be conclusive and binding upon Borrowers and may be enforced in any court in which Borrowers are

subject to jurisdiction, by a suit upon such judgment, provided that service of process is effected upon Borrowers in one of the manners specified in this Section or as otherwise permitted by applicable Laws.

8.10.3 Appointment of Agent for Service of Process.

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

8.10.4 Service of Process.

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

Section 8.11 Duplicate Originals and Counterparts.

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

Section 8.12 Headings.

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

Section 8.13 No Agency.

Nothing herein contained shall be construed to constitute any Borrower as Lender's agent or Wachovia Canada's Agent for any purpose whatsoever or to permit any Borrower to pledge any of the credit of Lender or Wachovia Canada. Lender and Wachovia Canada shall not be responsible nor liable for any shortage, discrepancy, damage, loss or destruction of any part of the Collateral wherever the same may be located and regardless of the cause thereof. Lender and

Wachovia Canada shall not, by anything herein or in any of the Financing Documents or otherwise, assume any of Borrowers' obligations under any contract or agreement assigned to Lender or Wachovia Canada, and Lender and Wachovia Canada shall not be responsible in any way for the performance by any Borrower of any of the terms and conditions thereof.

Section 8.14 Date of Payment.

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

Section 8.15 Entire Agreement.

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

Section 8.16 Waiver of Trial by Jury.

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

THIS WAIVER IS KNOWINGLY, WILLINGLY AND VOLUNTARILY MADE BY EACH BORROWER, WACHOVIA CANADA AND LENDER, AND EACH BORROWER, WACHOVIA CANADA AND LENDER HEREBY REPRESENT THAT NO REPRESENTATIONS OF FACT OR OPINION HAVE BEEN MADE BY ANY INDIVIDUAL TO INDUCE THIS WAIVER OF TRIAL BY JURY OR TO IN ANY WAY MODIFY OR NULLIFY ITS EFFECT. EACH BORROWER, WACHOVIA CANADA AND LENDER FURTHER REPRESENT THAT THEY HAVE BEEN REPRESENTED

IN THE SIGNING OF THIS AGREEMENT AND IN THE MAKING OF THIS WAIVER BY INDEPENDENT LEGAL COUNSEL, SELECTED OF THEIR OWN FREE WILL, AND THAT THEY HAVE HAD THE OPPORTUNITY TO DISCUSS THIS WAIVER WITH COUNSEL.

Section 8.17 LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES.

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

Section 8.18 Indemnification.

Each Borrower agrees to indemnify and hold harmless, Lender and Wachovia Canada, and their parents and Affiliates and their parent's and Affiliates' officers, directors, shareholders, employees and agents (each an "Indemnified Party," and collectively, the "Indemnified Parties"), from and against any and all claims, liabilities, losses, damages, costs and expenses (whether or not such Indemnified Party is a party to any litigation), including without limitation, reasonable attorney's fees and costs and costs of investigation, document production, attendance at depositions or other discovery, incurred by any Indemnified Party with respect to, arising out of or as a consequence of (a) this Agreement or any of the other Financing Documents, including without limitation, any failure of any Borrower to pay when due (at maturity, by acceleration or otherwise) any principal, interest, fee or any other amount due under this Agreement or the other Financing Documents, or any other Event of Default (b) the use by any Borrower of any proceeds advanced hereunder; (c) the transactions contemplated hereunder; or (d) any claim, demand, action or cause of action being asserted against (i) Borrowers or any of their Affiliates by any other Person, or (ii) any Indemnified Party by any Borrower in connection with the transactions contemplated hereunder. Notwithstanding anything herein or elsewhere to the contrary, Borrowers shall not be obligated to indemnify or hold harmless any Indemnified Party from any liability, loss or damage resulting from the gross negligence, willful misconduct or unlawful actions of such Indemnified Party. Any amount payable to Lender or Wachovia Canada under this Section will bear interest at the Post-Default Rate from the due date until paid.

Section 8.19 Electronic Transmission of Data.

Lender, Wachovia Canada and each Borrower agree that certain data related to the Loan (including confidential information, documents, applications and reports) may be transmitted

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

Section 8.20 Compliance with Laws.

No Borrower is a Sanctioned Person nor has any of its assets in a Sanctioned Country nor does business in or with, nor derives any of its operating income from investments in or transactions with, Sanctioned Persons or Sanctioned Countries in violation of economic sanctions administered by OFAC. The proceeds from the Loan will not be used to fund any operations in, finance any investments or activities in, or make any payments to, a Sanctioned Person or a Sanctioned Country. "OFAC" means the U.S. Department of the Treasury's Office of Foreign Assets Control. "Sanctioned Country" means a country subject to a sanctions program identified on the list maintained by OFAC and available at <http://www.treas.gov/offices/enforcement/ofac/sanctions/>, or as otherwise published from time to time. "Sanctioned Person" means (i) a person named on the list of Specially Designated Nationals or Blocked Persons maintained by OFAC available at <http://www.treas.gov/offices/enforcement/ofac/sdn/>, or as otherwise published from time to time, or (ii) (A) an agency of the government of a Sanctioned Country, (B) an organization controlled by a Sanctioned Country, or (C) a person resident in a Sanctioned Country to the extent subject to a sanctions program administered by OFAC.

Section 8.21 Patriot Act Notice.

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

Section 8.22 Taxes.

If any Borrower is required by applicable law to make any deduction or withholding in respect of any Taxes (other than Excluded Taxes) from any amount payable under any Financing Document to or for the account of the Lender or Wachovia Canada, as applicable, such Borrower shall pay to or for the account of the Lender or Wachovia Canada, as applicable, on the date such amount is payable, such additional amounts as the Lender or Wachovia Canada, as applicable, reasonably determines may be necessary so that the net amounts received by it or for its account, in the aggregate, after all applicable deductions or withholdings, shall equal the amount that the Lender or Wachovia Canada, as applicable, would have been entitled to receive if no deductions or withholdings were made. If a Borrower shall deduct or withhold any Taxes from any payments

under the Financing Documents, it shall provide to the Lender or Wachovia Canada, as applicable, (i) a statement setting forth the amount and type of Taxes so deducted or withheld, the applicable rate and any other information or documentation that the Lender may reasonably request and (ii) as promptly as possible after payment is made to the relevant Governmental Authority, a certified copy of any original official receipt received by such Borrower showing payment. If the Lender or Wachovia Canada, as applicable, is required by law to make any payment on account of Taxes (other than Excluded Taxes) on or in relation to any sum received or receivable by it under any Financing Document, or any liability for Taxes (other than Excluded Taxes) in respect of any such payment is imposed, levied or assessed against the Lender or Wachovia Canada, as applicable, then the applicable Borrower shall pay when due such additional amounts as the Lender or Wachovia Canada, as applicable, reasonably determines to be necessary so that the amount received by it, less any such Taxes paid, imposed, levied or assessed, including any Taxes (other than Excluded Taxes) imposed on such additional amounts, shall equal the amount that the Lender or Wachovia Canada, as applicable, would have been entitled to retain in the absence of the payment, imposition, levy or assessment of such Taxes.

Section 8.23 Currency Indemnity.

If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement or any other Financing Document, it becomes necessary to convert into a particular currency (the "Judgment Currency") any amount due under this Agreement or under any other Financing Document in any currency other than the Judgment Currency (the "Currency Due"), then conversion shall be made at the rate of exchange prevailing on the Business Day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which the Lender is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practices. In the event that there is a change in the rate of exchange prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Lender of the amount due, Borrowers will, on the date of receipt by the Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Lender on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Lender is the amount then due under this Agreement or such other Financing Document in the Currency Due. If the amount of the Currency Due which the Lender is so able to purchase is less than the amount of the Currency Due originally due to it, Borrowers shall indemnify and save the Lender harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement and the other Financing Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or any other Financing Document or under any judgment or order.

Section 8.24 Waiver of Marshalling.

Except as otherwise provided in this Agreement, each Borrower hereby waives any rights to require marshalling of the Collateral upon any sale or otherwise to direct the other in which the Collateral shall be sold.

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

WITNESS OR ATTEST: CRYPTTEK, INC.

Maia Elan McCahan By: William L. Anderson (Seal)
Name: William L. Anderson
Title: Chief Executive Officer

WITNESS OR ATTEST: EMCON EMANATION CONTROL LTD.

Maia Elan McCahan By: William L. Anderson (Seal)
Name: William L. Anderson
Title: Chairman

WITNESS: WACHOVIA BANK, NATIONAL ASSOCIATION

Monica Sevilla By: Monica Sevilla (Seal)
Name: Monica Sevilla
Title: Senior Vice President

WITNESS: WACHOVIA CAPITAL FINANCE CORPORATION (CANADA)

_____ By: _____ (Seal)
Name:
Title:

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

WITNESS OR ATTEST:

CRYPTTEK, INC.

By: _____ (Seal)

Name:

Title:

WITNESS OR ATTEST:

EMCON EMANATION CONTROL LTD.

By: _____ (Seal)

Name:

Title:

WITNESS:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____ (Seal)

Name:

Title:

WITNESS:

WACHOVIA CAPITAL FINANCE
CORPORATION (CANADA)

By:  _____ (Seal)

Name:

Title:

Raymond Eghobamien
Vice President
Wachovia Capital Finance Corporation
(Canada)

LIST OF EXHIBITS

- A-1. Revolving Credit Note (Cryptek)
- A-2. Revolving Credit Note (Emcon)
- B. Form of Compliance Certificate
- C. Replacement Revolving Credit Note

[List of Exhibits to Financing and Security Agreement]

TRADEMARK
REEL: 004419 FRAME: 0123

01/21/2010

EXHIBIT A-1

Revolving Credit Note (Cryptek)

[Ex. A-1 to Financing and Security Agreement]

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REVOLVING CREDIT NOTE

\$5,000,000

McLean, Virginia

August 17, 2007

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FOR VALUE RECEIVED, CEMTEK, INC., a corporation organized under the laws of the State of Delaware, (the "Borrower"), promises to pay to the order of WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, its successors and assigns (the "Lender"), the principal sum of FIVE MILLION DOLLARS (\$5,000,000) (the "Principal Sum"), or so much thereof as has been or may be advanced or readvanced to or for the account of the Borrower pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined), together with interest thereon at the rate or rates hereinafter provided, in accordance with the following:

Interest

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Interest shall accrue on the unpaid principal balance of this Note from the date hereof at the LIBOR Market Index Rate, plus two hundred fifty (250) basis points per annum. "LIBOR Market Index Rate", for any day, means the rate for 1 month U.S. dollar deposits as reported on Telerate Successor page 3750 as of 11:00 a.m. London time on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined by the Lender from another recognized source or interbank quotation). The rate of interest charged under this Note shall change immediately and contemporaneously with any change in the LIBOR Rate. All interest payable under the terms of this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

Payments and Maturity

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The unpaid Principal Sum, together with interest thereon at the rate or rates provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing September 30, 2007, and on the last day of each month thereafter to maturity and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the Revolving Credit Expiration Date.

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The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

Automatic Debit of Account for Loan Payment

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The Borrower authorizes the Lender to debit demand deposit account number 2000036281752 (routing number 051400549) or any other account with the Lender designated in

TYSOND1 329691v7 012845-000332

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advance in writing by the Borrower beginning September 30, 2007 for any payments due under this Note. The Borrower further certifies that the Borrower holds legitimate ownership of this account and authorizes this periodic debit as part of its right under said ownership. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, the Borrower or Lender may voluntarily terminate automatic payments as provided in this paragraph.

Default Interest

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at a rate two percent (2%) per annum in excess of the applicable rate of interest under this Note (the "Post-Default Rate") until such Event of Default is cured.

5. Application and Place of Payments

All payments made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of the Lender at its principal office in McLean, Virginia or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Financing Agreement and Other Financing Documents

This Note is one of the "Revolving Credit Notes" described in a Financing and Security Agreement of even date herewith by and between the Borrower, Emcon Emanation Control Ltd. ("Emcon"), Wachovia Capital Finance Corporation (Canada) ("Wachovia Canada") and the Lender (as amended, modified, restated, substituted, extended and reformed at any time and from time to time, the "Financing Agreement"). The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall mean collectively this Note, that certain Revolving Credit Note of even date herewith in the original principal amount of Two Million Dollars (\$2,000,000), executed by Emcon and payable to Wachovia Canada (the "Emcon Note"), the Financing Agreement and any other instrument, agreement or document previously, simultaneously, or hereafter executed and delivered by the Borrower and/or any other Person, singularly or jointly with any other Person, evidencing, securing, guaranteeing, or in connection with the Principal Sum, this Note and/or the Financing Agreement. All capitalized terms used in this Note and not otherwise defined, shall have the meanings given to such terms in the Financing Agreement.

7. Security

This Note is secured as provided in the Financing Agreement.

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8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

(a) The failure of the Borrower to pay to the Lender when due any and all amounts payable by the Borrower to the Lender under the terms of this Note.

(b) The failure of Emcon to pay to Wachovia Canada when due any and all amounts payable by Emcon to Wachovia Canada under the terms of the Emcon Note; or

(c) The occurrence of an Event of Default (as defined therein) under the terms and conditions of any of the other Financing Documents.

9. Remedies

Upon the occurrence of an Event of Default, at the option of the Lender and without notice to the Borrower, Emcon or any other Person, (a) all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender and (b) all amounts payable by Emcon to Wachovia Canada shall immediately become due and payable by Emcon to Wachovia Canada, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The Borrower and all endorser, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, Emcon, guarantors and endorser.

10. LIMITATION ON LIABILITY, WAIVER OF PUNITIVE DAMAGES.

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

11. Expenses.

The Borrower promise to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses and all court costs.

12. Notices.

Any notice, request, or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 8.1 of the Financing Agreement.

13. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law, or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

14. Assignment.

Nothing in this Note or any of the other Financing Documents shall prohibit the Lender from pledging or assigning this Note or any of the other Financing Documents or any interest therein to any Federal Reserve Bank. The Borrower shall not assign their rights and interest hereunder without the prior written consent of the Lender, and any attempt by the Borrower to assign without the Lender's prior written consent is null and void. Any assignment shall not release the Borrower from the Obligations.

15. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

16. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

17. Applicable Law.

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the Commonwealth of Virginia, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

18. Consent to Jurisdiction.

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

19. Service of Process.

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower and (b) serving a copy thereof upon the Borrower. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

20. Patriot Act Notice.

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

21. WAIVER OF TRIAL BY JURY

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER BY EXECUTION HEREOF AND THE LENDER BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS

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NOTE THE FINANCING DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS NOTE. EACH OF THE PARTIES AGREES THAT THE TERMS HEREOF SHALL SUPERSEDE AND REPLACE ANY PRIOR AGREEMENT RELATED TO ARBITRATION OF DISPUTES BETWEEN THE PARTIES CONTAINED IN ANY FINANCING DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT HERETOFORE EXECUTED IN CONNECTION WITH, RELATED TO OR BEING REPLACED, SUPPLEMENTED, EXTENDED OR MODIFIED BY, THIS NOTE.

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

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[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, the Borrower has caused this Note to be executed under seal by its duly authorized officer as of the date first written above

WITNESS OR ATTEST: CRYPTEX, INC

William E. Anderson (SEAL)
Name: William E. Anderson
Title: Chief Executive Officer

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EXHIBIT A-2

Revolving Credit Note (Emcon)

EXHIBIT A-2

[Ex. A-2 to Financing and Security Agreement]

TRADEMARK
REEL: 004419 FRAME: 0132

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REVOLVING CREDIT NOTE

Principal Sum not to exceed US\$2,000,000.

Toronto, Ontario

August 17, 2007

FOR VALUE RECEIVED, EMIGON EMANATION CONTROL LTD., a corporation organized under the federal laws of Canada (the "Borrower"), promises to pay to the order of MACHONIA CAPITAL FINANCE CORPORATION (CANADA) at its office at Suite 1500, 141 Adelaide Street West, Toronto, Ontario M5H3L1, its successors and assigns (the "Lender"), in lawful money of the United States of America ("U.S. dollars"), in respect of Advances (Canada), the principal sum of TWO MILLION UNITED STATES DOLLARS (US\$2,000,000) (the "USD Principal Sum"), or the Canadian Equivalent Amount (as hereinafter defined) of TWO MILLION UNITED STATES DOLLARS (US\$2,000,000) (the "CAD Principal Sum", and together with the USD Principal Sum, collectively, the "Principal Sum") or so much thereof as has been or may be advanced or repaid and outstanding to or for the account of the Borrower pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined). The Principal Sum outstanding under this Note shall not exceed US\$2,000,000 at any time. The Principal Sum, together with interest thereon at the rate or rates hereinafter provided, shall be paid in accordance with the following:

Interest

Interest shall accrue on the unpaid USD Principal Sum from the date hereof at the LIBOR Market Index Rate, plus two hundred fifty (250) basis points per annum. "LIBOR Market Index Rate", for any day, means the rate for 1 month U.S. dollar deposits as reported on Teletype Successor page 3750 as of 11:00 a.m. London time on such day, or if such day is not a London business day, then the immediately preceding London business day, or, if not so reported, then as determined by the Lender from another recognized source or interbank quotation. The rate of interest charged under this Note on the USD Principal Sum shall change effective as of the opening of business on the day on which such change in the LIBOR Rate is announced. All interest payable on the unpaid USD Principal Sum shall be payable in U.S. dollars at the office of the Lender indicated above. All interest payable on the USD Principal Sum shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

Interest shall accrue on the CAD Principal Sum from the date hereof at the Canadian Prime Rate plus fifty (50) basis points. "Canadian Prime Rate" shall mean, at any time, the greater of (a) the rate from time to time publicly announced by Bank of Montreal as its prime rate in effect for determining interest rates on Canadian dollar denominated commercial loans in Canada, or (b) the annual rate of interest equal to the sum of (i) the thirty (30) day CDOR Rate at such time plus (ii) one (1%) percent per annum. "CDOR Rate" shall mean, on any day, the annual rate of interest which is equal to the average discount rate applicable to Canadian dollar bankers' acceptances for a term equivalent to the applicable interest period appearing on the Reuters Screen CDOR Page (as defined in the International Swap Dealer Association, Inc., definitions, as modified and amended from time to time) as of 10:00 a.m. on such day, provided that if such rate does not appear on the Reuters Screen CDOR Page as contemplated, then the CDOR Rate on any day shall be the thirty (30) day rate applicable in Canadian dollar bankers' acceptances quoted by any major Schedule 1 Canadian chartered bank selected by Lender as of

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10:00 a.m. on such day. The rate of interest charged under this Note on the CAD Principal Sum shall change effective as of the opening of business on the day on which such change in the Canadian Prime Rate is announced. All interest payable on the unpaid CAD Principal Sum shall be payable in Canadian dollars at the office of the Lender indicated above. All interest payable on the CAD Principal Sum shall be calculated on the basis of a year of 365 days (or 366 days, as applicable) for the actual number of days elapsed.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon in the currencies and at the rates provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing October 31, 2007, and on the last day of each month thereafter to maturity; and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the Revolving Credit Expiration Date.

The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

3. Automatic Debit of Account for Loan Payment.

The Borrower authorizes the Lender to debit the following demand deposit account or any account designated in advance in writing by the Borrower, beginning October 31, 2007, for any payments due under this Note: SWIFT Code: ROYCCO33, ABA Number 021 000 021, Bank Number 003, Transit Number 00006, Account Number 1225467. The Borrower further certifies that the Borrower holds legitimate ownership of these accounts and preauthorizes this periodic debit as part of its right under said ownership. If the funds in an account are insufficient to cover any applicable payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, the Borrower or Lender may voluntarily terminate automatic payments as provided in this paragraph.

4. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at a rate two percent (2%) per annum in excess of the applicable rate of interest under this Note (the "Post-Default Rate") until such Event of Default is cured.

5. Application and Place of Payments.

All payments made on account of this Note in respect of the USD Principal Amount shall be applied first to the payment of any late charge then due hereunder, second to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid USD Principal Sum. All payments made on account of this Note in respect of the CAD Principal Amount shall be applied first to the payment of any late charge then due hereunder,

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second to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Canadian Principal Sum. All payments on account of this Note shall be paid in immediately available funds in the appropriate currency as set forth herein during regular business hours of the Lender at its principal office in Toronto, Ontario or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Financing Agreement and Other Financing Documents

This Note is one of the "Revolving Credit Notes" described in a Financing and Security Agreement of even date herewith by and between the Borrower, Cryptek, Inc. ("Cryptek"), Wachovia Bank, National Association ("Wachovia") and the Lender (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall mean collectively this Note, that certain Revolving Credit Note of even date herewith in the original principal amount of Five Million Dollars (\$5,000,000), executed by Cryptek and payable to Wachovia (the "Cryptek Note"), the Financing Agreement and any other instrument, agreement, or document previously, simultaneously, or hereafter executed and delivered by the Borrower and/or any other Person, singularly or jointly with any other Person, evidencing, securing, guaranteeing, or in connection with the Principal Sum, this Note and/or the Financing Agreement. All capitalized terms used in this Note and not otherwise defined, shall have the meanings given to such terms in the Financing Agreement.

7. Security

This Note is secured as provided in the Financing Agreement.

8. Events of Default

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

- (a) The failure of the Borrower to pay to the Lender when due any and all amounts payable by the Borrower to the Lender under the terms of this Note;
- (b) The failure of Cryptek to pay to Wachovia when due any and all amounts payable by Cryptek to Wachovia under the terms of the Cryptek Note; or
- (c) The occurrence of an Event of Default (as defined therein) under the terms and conditions of any of the other Financing Documents.

9. Remedies

Upon the occurrence of an Event of Default, at the option of the Lender and without notice to the Borrower, Cryptek or any other Person, (a) all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender and (b) all amounts payable by Cryptek to Wachovia shall immediately become due and payable by Cryptek to Wachovia, and the Lender shall have all of the rights,

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powers and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The Borrower and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, Cypres, guarantors and endorsers.

10. LIMITATION ON LIABILITY, WAIVER OF PUNITIVE DAMAGES.

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

11. Expenses.

The Borrower promise to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable legal and attorneys' fees and expenses and all court costs.

12. Notices.

Any notice, request or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 3.1 of the Financing Agreement.

13. Definitions.

As used herein:

(a) "Canadian Equivalent Amount" means the equivalent amount in Canadian dollars of an amount expressed in U.S. dollars as determined by the Lender based on posted exchange rates by Reuters at 11 a.m. Eastern Standard Time on such date for the purchase of Canadian dollars with U.S. dollars on the relevant Computation Date (as defined in the Financing Agreement).

(b) "Exchange Rate" shall mean the prevailing spot rate of exchange based on posted exchange rates by Reuters at 11 a.m. Eastern Standard Time on the date on which any

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such conversion of currency is to be made under this Note or the amount of assets or liabilities in any one currency are to be determined in another currency under this Note.

14. Currency Indemnity.

If for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Note it becomes necessary to convert into the currency of such jurisdiction (the "Judgment Currency") any amount due under this Note in any currency other than the Judgment Currency (the "Currency Due") then conversion shall be made at the Exchange Rate at which the Lender is able, on the relevant date, to purchase the Currency Due with the Judgment Currency prevailing on the Business Day before the day on which judgment is given. In the event that there is a change in the rate of Exchange Rate prevailing between the Business Day before the day on which the judgment is given and the date of receipt by the Lender of the amount due, the Borrower will, on the date of receipt by the Lender, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Lender on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Lender is the amount then due under this Note. If the amount of the Currency Due which the Lender is able to purchase is less than the amount of the Currency Due originally due to it, the Borrower shall indemnify and save the Lender harmless from and against loss or damage arising as a result of such deficiency. The indemnity contained herein shall constitute an obligation separate and independent from the other obligations contained in this Note and the other Financing Documents, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Lender from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Note or any of the other Financing Documents or under any judgment or order.

15. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

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16. Assignment

Nothing in this Note or any of the other Financing Documents shall prohibit the Lender from pledging or assigning this Note or any of the other Financing Documents or any interest therein to (a) any Federal Reserve Bank or (b) any other Person pursuant to the terms of the Financing Agreement. The Borrower shall not assign their rights and interest hereunder without the prior written consent of the Lender, and any attempt by the Borrower to assign without the Lender's prior written consent is null and void. Any assignment shall not release the Borrower from the Obligations.

17. Partial Invalidity

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note, but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

18. Captions

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

19. Applicable Law

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the Province of Ontario and the federal laws of Canada applicable therein, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

20. Consent to Jurisdiction

The Borrower irrevocably submits any court of competent jurisdiction sitting in the Province of Ontario over any suit, action, or proceeding arising out of or relating to this Note. The Borrower irrevocably waives, to the fullest extent permitted by law, any objection that the Borrower may now or hereafter have to the laying of venue or any such suit, action, or proceeding brought in any such court and any claim that any such suit, action, or proceeding brought in any such court has been brought in an inconvenient forum. Final judgment in any such suit, action, or proceeding brought in any such court shall be conclusive and binding upon the Borrower and may be enforced in any court in which the Borrower are subject to jurisdiction by a suit upon such judgment, provided that service of process is effected upon the Borrower as provided in this Note or as otherwise permitted by applicable law.

21. Service of Process

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower and (b) serving a copy thereof upon the Borrower. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action, or proceeding, and

UNAUTHORIZED COPY

shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

22. Patriot Act Notice

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

23. WAIVER OF TRIAL BY JURY

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

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

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, the Borrower has caused this Note to be executed, signed, sealed
by its duly authorized officer as of the date first written above.

WITNESS OR ATTEST: EMCOR EMANATION CONTROL LTD.

William L. Anderson By *William L. Anderson* (SEAL)

Name: William L. Anderson
Title: Chairman

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EXHIBIT B

Compliance Certificate

[Ex. B to Financing and Security Agreement]

TRADEMARK
REEL: 004419 FRAME: 0141

COMPLIANCE CERTIFICATE

THIS CERTIFICATE is made by CRYPTTEK, INC. (the "Company") and EMCON EMANATION CONTROL, LTD. ("Emcon"), to WACHOVIA BANK, NATIONAL BANK, a national banking association ("Wachovia") and WACHOVIA CAPITAL FINANCE CORPORATION (CANADA) ("Wachovia Canada", and together with Wachovia, the "Lenders"), pursuant to Section 6.1.1 of the Financing and Security Agreement dated August 17, 2007 (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement") by and between the Company, Emcon and the Lenders.

I, _____, hereby certify that I am the _____ of the Company authorized to certify to the Lenders as follows:

1. This Certificate is given to induce the Lenders to make advances to the Company and Emcon under the Financing Agreement.

2. This Certificate accompanies the _____ financial statements for the period ended _____, 200__ (the "Current Financials") which the Company and Emcon are furnishing to the Lenders pursuant to Section 6.1.1 of the Financing Agreement. The Current Financials have been prepared in accordance with GAAP (as that term is defined in the Financing Agreement).

3. Attached hereto as Schedule 1, is a detailed computation of each financial covenant in the Financing Agreement which is applicable for the period reported.

4. On the date hereof, no change has occurred to the information contained in the Collateral Disclosure List (as defined in the Financing Agreement) (except as set forth on Schedule 2 attached hereto).

WITNESS my signature this _____ day of _____, 200__.

CRYPTTEK, INC.

By: _____

Name:

Title:

EMCON EMANATION CONTROL, LTD.

By: _____

Name:

Title:

SCHEDULE 1

(a) Net Worth

Required

Actual

\$8,000,000

\$ _____

(b) Interest Coverage Ratio (calculated on a rolling four quarters basis, except for the fiscal quarter ended September 30, 2007 which will be calculated on a year-to-date basis):

A.	Net Income	\$
B.	Interest Expense	\$
C.	Income Tax Expense	\$
D.	Sum of Lines A-C	\$
F.	Interest Expense	\$
G.	EBIT to Interest Ratio (line D divided by line F)	

Required

Actual

2.0 \geq 1.0

_____ to 1.0

SCHEDULE 2

CHANGES TO COLLATERAL DISCLOSURE LIST

REPLACEMENT REVOLVING CREDIT NOTE

\$7,500,000

McLean, Virginia
_____, 200_

FOR VALUE RECEIVED, CRYPTTEK, INC., a corporation organized under the laws of the State of Delaware, (the "Borrower"), promises to pay to the order of WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, its successors and assigns (the "Lender"), the principal sum of SEVEN MILLION FIVE HUNDRED THOUSAND DOLLARS (\$7,500,000) (the "Principal Sum"), or so much thereof as has been or may be advanced or readvanced to or for the account of the Borrower pursuant to the terms and conditions of the Financing Agreement (as hereinafter defined), together with interest thereon at the rate or rates hereinafter provided, in accordance with the following:

1. Interest.

Interest shall accrue on the unpaid principal balance of this Note from the date hereof at the LIBOR Market Index Rate, plus two hundred fifty (250) basis points per annum. "LIBOR Market Index Rate", for any day, means the rate for 1 month U.S. dollar deposits as reported on Telerate Successor page 3750 as of 11:00 a.m., London time, on such day, or if such day is not a London business day, then the immediately preceding London business day (or if not so reported, then as determined by the Lender from another recognized source or interbank quotation). The rate of interest charged under this Note shall change immediately and contemporaneously with any change in the LIBOR Rate. All interest payable under the terms of this Note shall be calculated on the basis of a 360-day year and the actual number of days elapsed.

2. Payments and Maturity.

The unpaid Principal Sum, together with interest thereon at the rate or rates provided above, shall be payable as follows:

(a) Interest only on the unpaid Principal Sum shall be due and payable monthly, commencing _____, 200_, and on the last day of each month thereafter to maturity; and

(b) Unless sooner paid, the unpaid Principal Sum, together with interest accrued and unpaid thereon, shall be due and payable in full on the Revolving Credit Expiration Date.

The fact that the balance hereunder may be reduced to zero from time to time pursuant to the Financing Agreement will not affect the continuing validity of this Note or the Financing Agreement, and the balance may be increased to the Principal Sum after any such reduction to zero.

3. Automatic Debit of Account for Loan Payment.

The Borrower authorizes the Lender to debit demand deposit account number 2000036281752 (routing number 051400549) or any other account with the Lender designated in advance in writing by the Borrower, beginning _____, 200_ for any payments due under this Note. The Borrower further certifies that the Borrower holds legitimate ownership of this account and preauthorizes this periodic debit as part of its right under said ownership. If the funds in the account are insufficient to cover any payment, Lender shall not be obligated to advance funds to cover the payment. At any time and for any reason, the Borrower or Lender may voluntarily terminate automatic payments as provided in this paragraph.

4. Default Interest.

Upon the occurrence of an Event of Default (as hereinafter defined), the unpaid Principal Sum shall bear interest thereafter at a rate two percent (2%) per annum in excess of the applicable rate of interest under this Note (the "Post-Default Rate") until such Event of Default is cured.

5. Application and Place of Payments.

All payments, made on account of this Note shall be applied first to the payment of any late charge then due hereunder, second to the payment of accrued and unpaid interest then due hereunder, and the remainder, if any, shall be applied to the unpaid Principal Sum. All payments on account of this Note shall be paid in lawful money of the United States of America in immediately available funds during regular business hours of the Lender at its principal office in McLean, Virginia or at such other times and places as the Lender may at any time and from time to time designate in writing to the Borrower.

6. Financing Agreement and Other Financing Documents.

This Note is the "Replacement Revolving Credit Note" described in a Financing and Security Agreement dated August 17, 2007 by and between the Borrower, Emcon Emanation Control Ltd. ("Emcon"), Wachovia Capital Finance Corporation (Canada) ("Wachovia Canada") and the Lender (as amended, modified, restated, substituted, extended and renewed at any time and from time to time, the "Financing Agreement"). This Note increases, amends and restates that certain Revolving Credit Note dated August 17, 2007 (the "Prior Note"), from Borrower in favor of the Lender evidencing an original principal amount of Five Million Dollars (\$5,000,000.00). This Note is not a novation to the extent of the principal balance currently outstanding under the Prior Note. The indebtedness evidenced by this Note is included within the meaning of the term "Obligations" as defined in the Financing Agreement. The term "Financing Documents" as used in this Note shall mean collectively this Note, that certain Revolving Credit Note dated August 17, 2007 in the original principal amount of Two Million Dollars (\$2,000,000), executed by Emcon and payable to Wachovia Canada (the "Emcon Note"), the Financing Agreement and any other instrument, agreement, or document previously, simultaneously, or hereafter executed and delivered by the Borrower and/or any other Person, singularly or jointly with any other Person, evidencing, securing, guaranteeing, or in connection with the Principal Sum, this Note and/or the Financing Agreement. All capitalized terms used in this Note and not otherwise defined, shall have the meanings given to such terms in the Financing Agreement.

7. Security.

This Note is secured as provided in the Financing Agreement.

8. Events of Default.

The occurrence of any one or more of the following events shall constitute an event of default (individually, an "Event of Default" and collectively, the "Events of Default") under the terms of this Note:

(a) The failure of the Borrower to pay to the Lender when due any and all amounts payable by the Borrower to the Lender under the terms of this Note;

(b) The failure of Emcon to pay to Wachovia Canada when due any and all amounts payable by Emcon to Wachovia Canada under the terms of the Emcon Note; or

(c) The occurrence of an Event of Default (as defined therein) under the terms and conditions of any of the other Financing Documents.

9. Remedies.

Upon the occurrence of an Event of Default, at the option of the Lender and without notice to the Borrower, Emcon or any other Person, (a) all amounts payable by the Borrower to the Lender under the terms of this Note shall immediately become due and payable by the Borrower to the Lender and (b) all amounts payable by Emcon to Wachovia Canada shall immediately become due and payable by Emcon to Wachovia Canada, and the Lender shall have all of the rights, powers, and remedies available under the terms of this Note, any of the other Financing Documents and all applicable laws. The Borrower and all endorsers, guarantors, and other parties who may now or in the future be primarily or secondarily liable for the payment of the indebtedness evidenced by this Note hereby severally waive presentment, protest and demand, notice of protest, notice of demand and of dishonor and non-payment of this Note and expressly agree that this Note or any payment hereunder may be extended from time to time without in any way affecting the liability of the Borrower, Emcon, guarantors and endorsers.

10. LIMITATION ON LIABILITY; WAIVER OF PUNITIVE DAMAGES.

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

11. Expenses.

The Borrower promise to pay to the Lender on demand by the Lender all costs and expenses incurred by the Lender in connection with the collection and enforcement of this Note, including, without limitation, reasonable attorneys' fees and expenses and all court costs.

12. Notices.

Any notice, request, or demand to or upon the Borrower or the Lender shall be deemed to have been properly given or made when delivered in accordance with Section 8.1 of the Financing Agreement.

13. Miscellaneous.

Each right, power, and remedy of the Lender as provided for in this Note or any of the other Financing Documents, or now or hereafter existing under any applicable law or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this Note or any of the other Financing Documents or now or hereafter existing under any applicable law, and the exercise or beginning of the exercise by the Lender of any one or more of such rights, powers, or remedies shall not preclude the simultaneous or later exercise by the Lender of any or all such other rights, powers, or remedies. No failure or delay by the Lender to insist upon the strict performance of any term, condition, covenant, or agreement of this Note or any of the other Financing Documents, or to exercise any right, power, or remedy consequent upon a breach thereof, shall constitute a waiver of any such term, condition, covenant, or agreement or of any such breach, or preclude the Lender from exercising any such right, power, or remedy at a later time or times. By accepting payment after the due date of any amount payable under the terms of this Note, the Lender shall not be deemed to waive the right either to require prompt payment when due of all other amounts payable under the terms of this Note or to declare an Event of Default for the failure to effect such prompt payment of any such other amount. No course of dealing or conduct shall be effective to amend, modify, waive, release, or change any provisions of this Note.

14. Assignment.

Nothing in this Note or any of the other Financing Documents shall prohibit the Lender from pledging or assigning this Note or any of the other Financing Documents or any interest therein to any Federal Reserve Bank. The Borrower shall not assign their rights and interest hereunder without the prior written consent of the Lender, and any attempt by the Borrower to assign without the Lender's prior written consent is null and void. Any assignment shall not release the Borrower from the Obligations.

15. Partial Invalidity.

In the event any provision of this Note (or any part of any provision) is held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision (or remaining part of the affected provision) of this Note; but this Note shall be construed as if such invalid, illegal, or unenforceable provision (or part thereof) had not been contained in this Note, but only to the extent it is invalid, illegal, or unenforceable.

16. Captions.

The captions herein set forth are for convenience only and shall not be deemed to define, limit, or describe the scope or intent of this Note.

17. Applicable Law.

The Borrower acknowledges and agrees that this Note shall be governed by the laws of the Commonwealth of Virginia, even though for the convenience and at the request of the Borrower, this Note may be executed elsewhere.

18. Consent to Jurisdiction.

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

19. Service of Process.

The Borrower hereby consents to process being served in any suit, action, or proceeding instituted in connection with this Note by (a) the mailing of a copy thereof by certified mail, postage prepaid, return receipt requested, to the Borrower and (b) serving a copy thereof upon the Borrower. The Borrower irrevocably agrees that such service shall be deemed in every respect effective service of process upon the Borrower in any such suit, action or proceeding, and shall, to the fullest extent permitted by law, be taken and held to be valid personal service upon the Borrower. Nothing in this Section shall affect the right of the Lender to serve process in any manner otherwise permitted by law or limit the right of the Lender otherwise to bring proceedings against the Borrower in the courts of any jurisdiction or jurisdictions.

20. Patriot Act Notice.

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

21. WAIVER OF TRIAL BY JURY.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER BY EXECUTION HEREOF AND THE LENDER BY ACCEPTANCE HEREOF, KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHT EACH MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS

NOTE, THE FINANCING DOCUMENTS OR ANY AGREEMENT CONTEMPLATED TO BE EXECUTED IN CONNECTION WITH THIS NOTE, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY WITH RESPECT HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO EACH PARTY TO ENTER INTO THIS NOTE. EACH OF THE PARTIES AGREES THAT THE TERMS HEREOF SHALL SUPERSEDE AND REPLACE ANY PRIOR AGREEMENT RELATED TO ARBITRATION OF DISPUTES BETWEEN THE PARTIES CONTAINED IN ANY FINANCING DOCUMENT OR ANY OTHER DOCUMENT OR AGREEMENT HERETOFORE EXECUTED IN CONNECTION WITH, RELATED TO OR BEING REPLACED, SUPPLEMENTED, EXTENDED OR MODIFIED BY, THIS NOTE.

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

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed under seal by its duly authorized officer as of the date first written above.

WITNESS OR ATTEST:

CRYPTTEK, INC.

By: _____ (SEAL)

Name:

Title:

SCHEDULES TO FINANCING AND SECURITY AGREEMENT

The following schedules refer to the Financing and Security Agreement (the "Agreement") dated as of August 17, 2007, by and CRYPTTEK, INC., a corporation organized under the laws of the State of Delaware ("Crypttek") and EMCON EMANATION CONTROL LTD, a corporation organized under the laws of Canada ("Emcon", and each of Emcon and Crypttek, a "Borrower", and collectively, the "Borrowers"); WACHOVIA BANK, NATIONAL ASSOCIATION, a national banking association, its successors and assigns ("Lender"), and WACHOVIA CAPITAL FINANCE CORPORATION (CANADA) ("Wachovia Canada").

Nothing in the following schedules is intended to broaden the scope of any representation or warranty contained in the Agreement or to create any covenant on the part of the Borrowers.

To the extent more than one representation and warranty contained in the Agreement requires the same disclosure, the appearance of such disclosure on any single schedule herein shall serve as disclosure for all other representations and warranties to which such disclosure applies. The failure by the Borrowers to cross-reference any disclosure on any particular schedule shall not constitute a breach by the Borrowers of the applicable representation or warranty as long as the matter is disclosed elsewhere in these schedules.

Inclusion of any item in the schedules (1) does not represent a determination by the Borrowers that such item is material nor shall it be deemed to establish a standard of materiality (it being the intent that the Borrowers shall not be penalized for having disclosed more than it may be required by the terms of the Agreement), (2) does not represent a determination by the Borrowers that such item did not arise in the ordinary course of business and (3) shall not constitute, or be deemed to be, an admission concerning such item by the Borrowers. The items in the schedules are descriptions of instruments or brief summaries of certain aspects of the Borrowers and the business of the Borrowers. Such descriptions and summaries are qualified in their entirety by reference to the more detailed information in documents previously delivered or made available to Buyer and its representatives.

Capitalized terms used but not defined herein shall have the same meanings ascribed to them in the Agreement. The headings in the following schedules are for reference only and shall not affect the disclosures contained therein.

LIST OF SCHEDULES

<u>Schedule 4.1.3</u>	Power and Authority
<u>Schedule 4.1.5</u>	No Conflicts
<u>Schedule 4.1.9</u>	Litigation
<u>Schedule 4.1.10</u>	Financial Condition
<u>Schedule 4.1.12</u>	Other Indebtedness
<u>Schedule 4.1.15</u>	Title to Properties
<u>Schedule 4.1.16</u>	Employee Relations
<u>Schedule 4.1.18</u>	Permitted Liens
<u>Schedule 4.1.25</u>	Employee Benefits (Canada)
<u>Schedule 6.2.14</u>	Fiscal Year

POWER AND AUTHORITY

Emcon has credit facilities in place with RBC Royal Bank as set forth in that certain agreement between Emcon and RBC dated as of July 5, 2004, as amended on August 29, 2005 and March 23, 2005 (as may be further amended from time to time, the "RBC Facility"), pursuant to which Emcon may not grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of Emcon's properties, assets or other rights.

NO CONFLICT

Pursuant to the RBC Facility, Emcon may not grant, create, assume or suffer to exist any mortgage, charge, lien, pledge, security interest or other encumbrance affecting any of Emcon's properties, assets or other rights.

LITIGATION

1. Bill Hoffman, a former employee, has alleged through his attorney that he is owed commissions of approximately \$616,000 he claims he earned in 2005. Cryptek is disputing his claim and has submitted a counter suit for damages. The suit was filed in Loudoun County Circuit Court Case No. CL 44426 in February, 2007, and remains open.

2. Kisha Morgan, a former employee, filed a complaint on July 24, 2006, with the Virginia Council on Human Rights for discrimination based on race and sex. Cryptek answered the charge on August 24, 2006, denying the charge and asking that the complaint be dismissed as the statute of limitations had passed on the claims. There was no sum alleged as damages. Cryptek has not yet heard from the Council.

FINANCIAL CONDITION

The unaudited consolidated interim financial statements of Cryptek are prepared substantially in accordance with GAAP. However, certain GAAP adjustments are not recorded on an interim basis, such as potential investment tax credits, impairment losses on goodwill and intangible assets, deferred income tax assets and liabilities, etc. Such adjustments are generally recorded as part of the year end audit process. Cryptek does not believe that these adjustments, taken as a whole, would result in a material adverse change in the Borrower's financial condition.

OTHER INDEBTEDNESS

1. The RBC Facility
2. Cryptek's 1997 Stock Option Plan and all grants thereunder.
3. Cryptek's 2002 Stock Option Plan and all grants thereunder.
4. Cryptek has a standby letter of credit in the amount of \$89,375 issued through the Lender for the benefit of Moran Road Limited Partnership in lieu of a security deposit under the real estate lease for Cryptek's office in Sterling, Virginia. The standby letter of credit is collateralized by a certificate of deposit held with the Lender.

TITLE TO PROPERTIES

On March 23, 2007, certain assets of Secure Systems Group were sold to Cryptek pursuant to an order of the United States Bankruptcy Court for the Eastern District of Virginia in accordance with Sections 105, 363 and 365 of the United States Bankruptcy Code.

EMPLOYEE RELATIONS

1. Employment Agreement with William L. Anderson, dated September 30, 2005.
2. Employment Agreement with Brian Hajost, dated February 1, 2007.
3. Employment Agreement with Peter Doig, dated March 2, 2007.
4. Cryptek has sales commission agreements and/or incentive plans in place for its sales employees.
5. Cryptek has a Short Term Incentive Program in place for key members of its management team.

LIENS ON COLLATERAL

RBC Royal Bank has a lien on Emcon's assets pursuant to the RBC Facility, as described in more detail below.

<u>Unpaid Principal</u>	<u>Asset Covered</u>	<u>Lienholder</u>	<u>Balance Available</u>
As of 7/31/07: CAD\$1,140,000	All personal property of Emcon	RBC Royal Bank	As of 7/31/07: CAD\$110,000

EMPLOYEE BENEFITS (CANADA)

1. Emcon has provided the following benefits to its employees through Great-West Life under a policy that was effective March 1, 2004:
 - Basic Life Insurance
 - Accidental Death and Dismemberment
 - Dependent Life
 - Short Term Disability
 - Long Term Disability
 - Extended Health Care
 - Dental Care
2. Emcon provides standard vacation, holiday, sick leave and bereavement leave benefits to its employees.
3. The Workplace Safety and Insurance Board (WSIB) provides a workers' compensation system for the employers and workers of Ontario.
4. EMCON is provincially regulated and as a result follows the guidelines set out in the Ontario Employment Standards Act for termination of employment and severance pay.
5. EMCON put a discretionary Profit Sharing Plan in place for its employees in May 2004 in order to promote cost savings and efficiencies and ensure continued growth and success.

FISCAL YEAR

Emcon intends to change its fiscal year from a year ending on February 28 to a year ending on December 31.