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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: **April 3, 2017**
(Date of earliest event reported)

The Eastern Company

(Exact name of Registrant as specified in its charter)

Connecticut	**0-599**	**06-0330020**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer identification No.)

112 Bridge Street, Naugatuck, Connecticut	**06770**
(Address of principal executive offices)	(Zip Code)

(203) 729-2255
(Registrant's telephone number, including area code)

_____
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2)

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On April 3, 2017, the Company entered into the Securities Purchase Agreement identified under Item 2.01 to this Current Report on Form 8-K. The information set forth under Item 2.01 of this Current Report on Form 8-K is hereby incorporated in this Item 1.01 by reference.

Item 2.01 Completion of Acquisition or Disposition of Assets.

On April 3, 2017, the Company entered into Securities Purchase Agreement (the "Securities Purchase Agreement") with Velvac Holdings, Inc., a Delaware corporation ("Valvec"), Jeffery R. Porter, W. Greg Bland, John Backovitch, Dave Otto, Bob Otto, Timothy Rintelman, Robert Brester, Dan Mcgrew, Mark Moeller, Prospect Partners II, L.P. (collectively, the "Sellers"). Pursuant to the Securities Purchase Agreement, the Company acquired 100% of the issued and outstanding stock of Valvec from the Sellers (the "Acquisition") for $39.5 million and an earnout consideration contingent upon Velvac achieving minimum earnings performance levels and based on sales of Velvac's new proprietary Road-iQ product line (the "Earnout Consideration").

Velvac is a premier designer and manufacturer of proprietary vision technology for original equipment manufacturers serving the heavy-duty and medium-duty truck, motorhome, and bus markets. Approximately two-thirds of Velvac's sales are represented by proprietary mirrors and camera-enabled vision systems that provide substantial value to their customers. The remaining one-third of sales are represented by aftermarket components. Velvac recorded net sales of approximately $60 million for Fiscal year 2016. Velvac maintains manufacturing operations in Reynoso, Mexico and has distribution facilities at its headquarters in New Berlin, Wisconsin; in El Paso, Texas; Anaheim, California; and in Toronto, Ontario, Canada. Velvac also operates a facility in Bellingham, Washington in connection with the development of the new Road-iQ product line.

The Securities Purchase Agreement contains customary representations, warranties and covenants for a transaction of this nature, including covenants by the Sellers to indemnify the Company for breaches of certain representations, warranties and covenants in the Securities Purchase Agreement. With respect to breaches of certain of thse representations, warranties and covenants, the parties have agreed to customary indemnification provisions, subject to certain customary exclusions and caps. The parties have also entered into an escrow agreement providing for an indemnity escrow to be used to satisfy certain of the indemnification obligations of the Sellers. The Company has also purchased a representations and warranties insurance policy, under which it may seek coverage for breaches of certain of the representations, warranties and covenants in the Securities Purchase Agreement, subject to customary exclusions and retention amounts. This representations and warranties insurance policy will be the sole recourse for breaches of certain of these representations, warranties and covenants. In addition, the Company has certain setoff rights against the Earnout Consideration for breaches of certain of these representations and warranties. The Stock Purchase Agreement has been filed herewith as Exhibit 2.1 and the description set forth above is qualified in its entirety by the full terms of the Stock Purchase Agreement.

The above description of the Securities Purchase Agreement and the copy of the Securities Purchase Agreement filed herewith have been included to provide the Company's stockholders with summary information regarding its terms. The representations, warranties and covenants contained in the Securities Purchase Agreement were made only for the purposes of the Securities Purchase Agreement as of the specific dates therein, were solely for the benefit of the parties to the Securities Purchase Agreement, are subject to limitations and qualifications agreed upon by such parties therein and may be subject to a contract standards of materiality different from those generally applicable to the Company's stockholders.

The Company's stockholders are not third-party beneficiaries under the Securities Purchase Agreement and should not rely on the representations, warranties and covenants or any description thereof as characterizations of the actual state of facts or conditions of the parties thereto or any of their respective subsidiaries or affiliates. Moreover, information concerning the subject matter of these representations and warranties may change after the date of the Securities Purchase Agreement which subsequent information may or may not be fully reflected in the Company's public disclosures.

Item 2.03 Creation of a Direct Financial Obligation

On April 3, 2017, the Company signed an amended and restated loan agreement (the "Loan Agreement") with People's United Bank that included a $31 million term portion and a $10 million revolving credit portion. Proceeds of the loan were used to repay the remaining outstanding term loan of the Company (approximately $1,429,000) and to acquire 100% of the common stock of Velvac Holdings Inc. The term portion of the loan requires quarterly principal payments of $387,500 for a two-year period beginning July 3, 2017. The repayment amount then increases to $775,000 per quarter beginning July 1, 2019. The term loan is a five-year loan with the remaining balance due on March 1, 2022. The revolving credit portion has a quarterly commitment fee ranging from 0.2% to 0.375% based on operating results. Under the terms of the Agreement, this rate will be 0.25% for the first six months. The revolving credit portion has a maturity date of April 1, 2022. On April 3, 2017, the Company borrowed approximately $6.6 million on the revolving credit facility.

The interest rates on the term and revolving credit portion of the Loan Agreement vary. The interest rates may vary based on the LIBOR rate plus a margin spread of 1.75% to 2.50%. The margin spread is based on operating results calculated on a rolling-four-quarter basis. The Company may also borrow funds at the lender's prime rate. On April 3, 2017, the interest rate for one half ($15.5 million) of the term portion was 2.98%, using a 1 month LIBOR rate and 3.15% on the remaining balance ($15.5 million) of the term loan based on a 3 month LIBOR rate. The interest rate on the first $5 million of the revolving credit portion was 2.98% with the remaining balance of approximately $1.6 million at 4.0%, the bank's prime rate.

The Company's loan covenants under the Loan Agreement require the Company to maintain a consolidated minimum debt service coverage ratio of at least 1.1 to 1 for periods through December 31, 2018 and 1.2 to 1 thereafter to be tested quarterly on a twelve-month trailing basis. In addition, the Company will be required to show a maximum total leverage ratio of 4.0x for periods through December 31, 2018, 3.5x for the period January 1, 2019 through December 31, 2019, 3.25x for the period January 1 2020 through December 31, 2020 and 3.0x thereafter.

On April 4, 2017, the Company entered into an interest rate swap contract with the lender with an original notational amount of $15,500,000, which is equal to 50% of the outstanding balance of the term loan on that date. The notational amount will decrease on a quarterly basis beginning July 3, 2017 following the principal repayment schedule of the term loan. The Company has a fixed interest rate of 1.98% on the swap contract and will pay the difference between the fixed rate and LIBOR when LIBOR is below 1.98% and will receive interest when the LIBOR rate exceeds 1.98%.

The information set forth under Item 2.01 of this Current Report on Form 8-K is hereby incorporated in this Item 2.03 by reference.

Item 7.01 Regulation FD Disclosure

On April 4, 2017, Eastern issued a press release announcing the closing of the Acquisition under the Securities Purchase Agreement, a copy of which press release is furnished herewith in Exhibit 99.1, and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(a) Financial statements of businesses acquired.

Financial statements are not included in this Current Report on Form 8-K and will be filed by amendment to this current report within seventy-one (71) calendar days after the date of filing hereof.

(b) Pro Forma Financial Information.

Pro forma financial information statements are not included in this Current Report on Form 8-K and will be filed by amendment to this current report within seventy-one (71) calendar days after the date of filing hereof.

(d) Exhibits

Exhibit Number	Exhibit Title
2.1	Securities Purchase Agreement dated April 3, 2017, among the Company Velvac Holdings, Inc., Jeffery R. Porter, W. Greg Bland, John Backovitch, Dave Otto, Bob Otto, Timothy Rintelman, Robert Brester, Dan Mcgrew, Mark Moeller, and Prospect Partners II, L.P.
99.1	Amended and Restated Loan Agreement between the Company and People's United Bank, National Association dated April 3, 2017
99.2	ISDA Master Agreement between the Company and People's United Bank, National Association dated April 3, 2017 (the "ISDA Master Agreement")
99.3	ISDA Schedule to the ISDA Master Agreement between the Company and People's United Bank, National Association dated April 3, 2017
99.4	Press release issued on April 4, 2017, announcing the closing of the Acquisition under the Securities Purchase Agreement

SIGNATURES

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

The Eastern Company

Date: April 7, 2017

By: /s/John L. Sullivan III
John L. Sullivan III
Vice President and Chief Financial Officer

Exhibit 2.1

SECURITIES PURCHASE AGREEMENT

DATED AS OF APRIL 3, 2017

AMONG

VELVAC HOLDINGS, INC.,

THE SECURITYHOLDERS OF VELVAC HOLDINGS, INC.

AND

THE EASTERN COMPANY

AND

PROSPECT PARTNERS II, L.P., AS SELLER REPRESENTATIVE

This document is not intended to create, nor will it be deemed to create, a legally binding or enforceable offer or agreement of any type or nature, unless and until the duly authorized and approved execution of this document by the parties and the delivery of an executed copy hereof by each of the parties to all other parties.

Table of Contents

TABLE OF SCHEDULES

SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "Agreement") is made as of April 3, 2017, among Velvac Holdings, Inc., a Delaware corporation (the "Company"), the stockholders of the Company (each, a "Stockholder" and collectively, the "Stockholders"), the optionholders of the Company (each, an "Optionholder" and collectively, the "Optionholders", and together with the Stockholders, "Sellers"), Prospect Partners II, L.P., a Delaware limited partnership, in its capacity as Seller Representative (the "Seller Representative") and The Eastern Company, a Connecticut corporation ("Purchaser").

RECITALS

WHEREAS, Sellers collectively own all of the issued and outstanding capital stock of the Company, which consists of (i) Three Thousand Five Hundred and Ninety-Four and 609/1000 (3,594.609) shares of 13% Cumulative Preferred Stock, par value $0.001 per share ("Preferred Shares"), (ii) One Million Two Hundred Fifty-Three Thousand Two Hundred and Seventy-Three (1,253,273) shares of Common Stock, par value $0.001 per share ("Common Shares", and together with the Preferred Shares, the "Shares"), and (iii) the options to acquire Sixty-Six Thousand Two Hundred and Fifty (66,250) shares of common stock pursuant to the 2005 Nonqualified Stock Option Plan, effective as of November 8, 2005, as amended (the "Options", and together with the Shares, the "Securities").

WHEREAS, the Company owns all of the outstanding capital stock of Velvac Incorporated, a Delaware corporation ("Velvac").

WHEREAS, Velvac owns all of the outstanding equity securities of Road-iQ, LLC, a Delaware limited liability company ("Road-iQ") and Velvac International, Inc., a Delaware corporation ("Velvac International"), and Velvac International and Velvac own all of the outstanding equity securities of Velvac de Reynosa, S de R.L. de C.V., a limited liability company organized under the laws of Mexico ("Reynosa") (each of Velvac, Road-iQ, Velvac International and Reynosa, a "Subsidiary" and collectively, the "Subsidiaries").

WHEREAS, for sake of clarity, Prospect is executing this Agreement both in its individual capacity as a Seller, and its capacity as Seller Representative.

WHEREAS, upon the terms and subject to the conditions set forth herein, Purchaser desires to purchase from Sellers, and Sellers desire to sell to Purchaser, the Securities.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises, representations, warranties and agreements contained herein and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I
PURCHASE AND SALE OF SECURITIES;
CLOSING AND MANNER OF PAYMENT

Section 1.01 Preferred Shares; Common Shares

. On the terms and subject to the conditions contained in this Agreement, on the Closing Date and effective as of Closing, each Seller shall sell, transfer, assign, convey and deliver to Purchaser, and Purchaser shall purchase and accept from each Seller, in each case free and clear of all options, proxies, voting trusts, voting agreements, judgments, pledges, charges, escrows, rights of first refusal or first offer, Liens, transfer restrictions and other encumbrances ("Securities Lien"), except any transfer restrictions imposed by applicable Laws:

(a) all Preferred Shares, if any, owned by such Seller, and good and marketable title thereto, in consideration of an amount in cash (payable in accordance with Section 1.04 and Section 1.05 and which Seller, for the sake of clarity, is also a Preferred Stockholder) equal to the sum of (i) the product of (A) the number of Preferred Shares owned by such Seller immediately prior to Closing and (B) One Thousand Dollars ($1,000) plus (ii) the amount of accrued but unpaid dividends with respect to the Preferred Shares owned by such Seller as set forth in a schedule delivered to Purchaser by the Seller Representative at least three (3) Business Days prior to Closing (the sum of clauses (i) and (ii) above in the aggregate for all Preferred Shares, the "Preferred Share Value"); and

(b) all Common Shares owned by such Seller, and good and marketable title thereto, in consideration of (i) an amount in cash (payable in accordance with Section 1.04 and Section 1.05 and which Seller, for the sake of clarity, is also a Common Stockholder) equal to the product of (A) the number of Common Shares owned by such Seller immediately prior to Closing and (B) the Common Per Share Amount and (ii) such Seller's portion of the Milestone Payments payable to the Seller Representative pursuant to Section 1.07.

Section 1.02 Options

. Effective immediately prior to Closing, each Option outstanding shall be and hereby is fully vested and cancelled. In consideration therefor, in addition to such Seller's portion of the Milestone Payments payable to the Seller Representative pursuant to Section 1.07, as of Closing, each Optionholder shall have the right to receive in respect of his Option an amount in cash (with respect to each Optionholder, an "Option Amount") equal to (a) the product of (i) the Fully Diluted Common Share Price times (ii) the number of Common Shares subject to such Option immediately prior to Closing (after giving effect to such full vesting) ("Option Shares") minus (b) the aggregate exercise price for such Option Shares under such Option. The Company shall be entitled to withhold and deduct from the aggregate Option Amounts otherwise payable to Optionholders pursuant to this Agreement such amounts that the Company is required to withhold under the Code or any other provision of Tax Laws. To the extent so withheld and deducted, such amounts shall be treated for all purposes of this Agreement as having been paid to the applicable Optionholder. The amounts owed by the Company to Optionholders for their cancelled Options under this Section 1.02 shall be paid to such Optionholders in accordance with Section 1.04, Section 1.05, Section 1.07 and Section 5.05.

Section 1.03 Calculation of the Aggregate Purchase Price.

(a) Subject to adjustment pursuant to Section 1.04 and Section 1.05 hereof, the aggregate purchase price for all of the Securities being purchased ((i) through (v) below, the "Aggregate Purchase Price") shall be equal to:

(i) Thirty Nine Million Five Hundred Thousand Dollars ($39,500,000);

(ii) plus the aggregate amount of Cash Equivalents;

(iii) plus the amount by which the Closing Working Capital exceeds the Target Working Capital or minus the amount by which the Target Working Capital exceeds the Closing Working Capital;

(iv) minus the aggregate amount of Indebtedness; and

(v) minus the aggregate amount of Transaction Expenses.

(b) For the avoidance of doubt, no liability shall be treated as both a Transaction Expense and Indebtedness.

(c) When used in this Agreement, the term "Estimated Closing Date Payments" shall mean the aggregate amount as of the Closing Date as estimated pursuant to Section 1.04, of the Estimated Aggregate Purchase Price, plus the aggregate amount of Indebtedness as estimated on the Indebtedness Listing and plus the aggregate amount of Transaction Expenses as estimated on the Transaction Expense Listing. For avoidance of doubt, "Estimated Closing Date Payments" shall not include any Milestone Payments.

Section 1.04 Manner of Payment of the Aggregate Purchase Price and Other Payments.

At least three (3) Business Days prior to the Closing Date, the Company shall have delivered in writing to Purchaser (a) its good faith estimate as of such date of each of (i) the Aggregate Purchase Price (the "Estimated Aggregate Purchase Price") based upon the most recent reasonably ascertainable consolidated financial information of the Company and the Subsidiaries (which estimate shall set forth the various components of the Aggregate Purchase Price as set forth in Section 1.03(a) including the amounts set forth in the Transaction Expense Listing and Cash Equivalent Listing described below), (ii) the aggregate Common Per Share Amount in respect of all Common Shares and (iii) aggregate Option Amounts in respect of all Options outstanding as of immediately prior to Closing (the "Estimated Aggregate Option Amount "), (b) a listing of all of the Transaction Expenses, identifying the name and address of each payee to whom such Transaction Expenses are to be paid, the dollar amount of such Transaction Expenses to be paid to such payee, and such payee's wiring instructions for payment (the "Transaction Expense Listing"), (c) the amount of Cash Equivalents (the "Cash Equivalent Listing") and (d) a listing of the Indebtedness to be paid pursuant to Section 1.04(b) (the "Indebtedness Listing"). For purposes of this Section 1.04, the term "Company" shall include

the Company and the Subsidiaries on a consolidated financial basis. At the Closing, Purchaser shall:

(a) deposit with Wells Fargo Bank, National Association, a national banking association, as escrow agent (the "Escrow Agent") (i) an amount equal to Five Hundred Eighteen Thousand Eight Hundred Dollars ($518,800) (the "Working Capital Escrow Amount") and (ii) an amount equal to Three Hundred Ninety-Five Thousand Dollars ($395,000) (the "Indemnity Escrow Amount" and, together with the Working Capital Escrow Amount, the "Escrow Amount"), with such funds to be kept in two segregated interest-bearing accounts (the "Escrow Account") designated by the Escrow Agent in accordance with the terms of the escrow agreement (the "Escrow Agreement") as security for amounts payable to Purchaser pursuant Section 1.05 and for amounts payable to Purchaser pursuant to the indemnification obligations contained in Article VI;

(b) pay, on behalf of the Company, in accordance with the Pay-Off Letters, all Indebtedness of the Company by wire transfer of immediately available funds;

(c) pay in full all of the Transaction Expenses set forth in the Transaction Expense Listing as well as the full premium payable for the R&W Insurance Policy, by wire transfer of immediately available funds to the account(s) designated by each person to whom such Transaction Expenses are to be paid; provided, however, if wiring instructions for such person are not included in the Transaction Expense Listing, then such payment may be made by Purchaser's check mailed to such person at the address set forth in the Transaction Expense Listing;

(d) pay by wire transfer of immediately available funds pursuant to instructions furnished by the Seller Representative (for the benefit of Sellers) prior to the Closing, an amount equal to Five Hundred Thousand Dollars ($500,000) (the "Administrative Account Amount");

(e) pay by wire transfer of immediately available funds pursuant to instructions furnished by the Seller Representative (for the benefit of the Preferred Stockholders, in respect of their Preferred Shares) prior to the Closing, an amount equal to the aggregate Preferred Share Value of all shares of Preferred Stock outstanding as of immediately prior to, and delivered at, Closing;

(f) pay by wire transfer of immediately available funds pursuant to instructions furnished by the Seller Representative (for the benefit of the Common Stockholders in respect of their Common Shares delivered at Closing) prior to the Closing an amount equal to (i) the Estimated Aggregate Purchase Price, minus (ii) the amount described in Section 1.04(e); minus (iii) 94.9792% of the Escrow Amount, minus (iv) the Estimated Aggregate Option Amount, minus (v) 94.9792% of the Administrative Account Amount; and

(g) pay to the Company by wire transfer of immediately available funds pursuant to instructions furnished by the Seller Representative an amount equal to (i) the Estimated Aggregate Option Amount in respect of the Option Shares, minus (ii) 5.0208% of the Escrow

Amount, minus (iii) 5.0208% of the Administrative Account Amount; and promptly thereafter (and in no event later than the next regular payroll period), Purchaser shall cause the Company to issue a check or make a wire transfer to each Optionholder for its applicable share of the amount so delivered to the Company under this paragraph (g), less applicable withholding.

(h) For avoidance of doubt, the aggregate amount set forth in this Section 1.04 being paid by Purchaser on the Closing Date shall equal the Estimated Closing Date Payments.

(i) In addition, for avoidance of doubt, the Milestone Payments shall be paid to the Common Stockholders and the Optionholders after the Closing in accordance with Section 1.07.

Section 1.05 Aggregate Purchase Price Adjustments.

(a) As promptly as possible, but in any event within seventy (70) days after the Closing Date, Purchaser shall cause to be prepared and delivered to the Seller Representative a statement (the "Closing Statement," and the date on which the Closing Statement is delivered to the Seller Representative, the "Delivery Date") setting forth Purchaser's calculation of the amount of the Cash Equivalents, Indebtedness, Transaction Expenses (including any of those which were not paid as of the Closing pursuant to Section 1.04(c)), Closing Working Capital, the Aggregate Purchase Price and the adjustment necessary to reconcile the Estimated Aggregate Purchase Price to the Aggregate Purchase Price. The Closing Statement shall be prepared in a manner consistent with the Accounting Principles and in accordance with the provisions of this Agreement. In preparing the Closing Statement: (x) any and all effects on the assets or liabilities of the Company of any distributions, financing or refinancing arrangements entered into by Purchaser or by the Company on or after the Closing Date or any other transaction entered into by Purchaser or by the Company on or after the Closing Date in connection with the consummation of the transactions contemplated by this Agreement shall be entirely disregarded; (y) it shall be assumed that the Company and its lines of business shall be continued as a going concern; and (z) there shall not be taken into account any of the plans, transactions or changes that Purchaser intends to initiate or make or cause to be initiated or made on or after the Closing Date with respect to the Company or its businesses or assets, or any facts or circumstances that are unique or particular to Purchaser or any assets or liabilities of Purchaser, or any obligation for the payment of the Aggregate Purchase Price hereunder.

(b) During the Dispute Period (as defined below) and thereafter until resolution of the Final Aggregate Purchase Price, Purchaser shall, and shall cause the Company to, provide the Seller Representative (and its representatives) with reasonable access during normal business hours to the books, records, supporting data, facilities and personnel of the Company for purposes of the Seller Representative's review of the Closing Statement and reasonably cooperate with the Seller Representative (and its representatives) in connection with such review.

(c) The Seller Representative shall have forty-five (45) days following the Delivery Date (the "Dispute Period") to review the Closing Statement. If the Seller Representative has any objections to the Closing Statement, the Seller Representative shall deliver to Purchaser a

statement setting forth its objections thereto (a "Dispute Notice"), which shall identify in reasonable detail those items and amounts set forth on the Closing Statement to which the Seller Representative objects and the Seller Representative's basis for such objection (the "Disputed Items"). If a Dispute Notice is not delivered to Purchaser during the Dispute Period, the Closing Statement as prepared by Purchaser shall be deemed accepted and agreed to by the Seller Representative and shall be final, binding and non-appealable by the parties hereto. If the Seller Representative delivers a Dispute Notice to Purchaser, Purchaser and the Seller Representative shall attempt to resolve the Disputed Items within thirty (30) days following the date of delivery of the Dispute Notice. If Purchaser and Seller Representative reach an agreement as to the final determination of the Closing Statement and the resulting Aggregate Purchase Price, the Aggregate Purchase Price so agreed to shall be deemed final and binding upon the parties and enforceable by a court of competent jurisdiction. If Purchaser and the Seller Representative are unable to resolve any Disputed Item within such thirty (30) day period, Purchaser and the Seller Representative shall mutually engage and submit such Disputed Item to, and the same shall be finally resolved in accordance with the provisions of this Agreement by, Blum, Shapiro & Company, P.C. or, if such firm is not available or unwilling to accept such engagement, such other impartial nationally recognized independent certified public accounting firm mutually acceptable to Purchaser and the Seller Representative (the "Independent Accountant"). The proposed Aggregate Purchase Price reflected in Purchaser's submission to the Independent Accountant may not be lower than the amount reflected by Purchaser in its Closing Statement delivered pursuant to clause (a) above, and the proposed Aggregate Purchase Price reflected in Seller Representative's submission to the Independent Accountant may not be higher than the amount reflected in its initial Dispute Notice delivered pursuant to this clause (c). Prior to such engagement, the Independent Accountant shall confirm to Purchaser and the Seller Representative as to its independence with respect to such engagement. Purchaser and the Seller Representative shall use their respective commercially reasonable efforts to promptly engage the Independent Accountant and to cause the Independent Accountant to resolve any Disputed Items as soon as practicable, but in any event within thirty (30) days (or such other period of time as Purchaser and Seller Representative shall agree) after engagement by Purchaser and the Seller Representative, and to set forth in a written statement its final determination of the Closing Statement and the resulting Aggregate Purchase Price based upon its resolution of such Disputed Items and the items and amounts with respect to the Closing Statement that were not Disputed Items. The Independent Accountant shall review the written submissions of Purchaser and the Seller Representative and base its determination solely on such submissions. In resolving any Disputed Item, the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the least value for such item claimed by either party in its submissions to the Independent Accountant. The parties hereto agree that all adjustments shall be made without regard to materiality. The decision of the Independent Accountant shall be deemed final and binding upon the parties and enforceable by a court of competent jurisdiction. Each party shall bear its own costs and expenses in connection with the resolution of such Disputed Items by the Independent Accountant. The fees and expenses of the Independent Accountant shall be allocated between Purchaser and Sellers so that the amount of fees and expenses paid by Sellers (with the remainder of such amount being paid by Purchaser) shall be equal to the product of (x) and (y), where (x) is the aggregate amount of such fees and expenses, and where (y) is a fraction, the numerator of which is an amount equal

to the amount of the Aggregate Purchase Price as submitted by the Seller Representative to the Independent Accountant minus the amount of the Aggregate Purchase Price as so determined by the Independent Accountant and the denominator of which is equal to the amount of the Aggregate Purchase Price as submitted by the Seller Representative to the Independent Accountant minus the amount of the Aggregate Purchase Price as submitted by Purchaser to the Independent Accountant.

(d) If the Aggregate Purchase Price, based upon the final determination pursuant to Section 1.05(a) and Section 1.05(c) (the "Final Aggregate Purchase Price"), exceeds the Estimated Aggregate Purchase Price (such excess, the "Upward Adjustment Amount"), then promptly (but in any event within five (5) Business Days after the determination of the Final Aggregate Purchase Price), Purchaser shall (i) cause the Company to pay each Optionholder, in respect of his or her Options, such Optionholder's Percentage Share of the Upward Adjustment Amount less applicable withholding and (ii) pay the remaining balance of the Upward Adjustment Amount pursuant to instructions furnished by the Seller Representative (for the benefit of the Common Stockholders in respect of their Common Shares), and Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to pay from the balance of the Working Capital Escrow Amount (plus all earnings thereon) in the Escrow Account (A) to the Company 5.0208% of the Working Capital Escrow Amount (plus all earnings thereon) and (B) to the Seller Representative (to be paid to each Common Stockholder by the Seller Representative in accordance with each such Common Stockholder's Percentage Share in respect of such Common Stockholder's Common Shares) the balance of the Working Capital Escrow Amount (plus all earnings thereon). Promptly following the Company's receipt of the amount paid to the Company pursuant to clause (ii)(A) of this Section 1.05(d) (and in no event later than the next regular payroll period), Purchaser shall cause the Company to issue a check or to make a wire transfer to each Optionholder, in respect of such Optionholder's Options, such Optionholder's Percentage Share of such amount, less applicable withholding.

(e) If the Estimated Aggregate Purchase Price exceeds the Final Aggregate Purchase Price (such excess, the "Downward Adjustment Amount"), then promptly (but in any event within five (5) Business Days after the determination of the Final Aggregate Purchase Price), Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to pay to Purchaser the Downward Adjustment Amount from the Escrow Account, with the Downward Adjustment Amount to be deducted from the Working Capital Escrow Amount (including any earnings thereon). If the Downward Adjustment Amount exceeds the Working Capital Escrow Amount (plus all earnings thereon), Purchaser shall be entitled (but not required) in its sole discretion to recover the amount of such excess from the Indemnity Escrow Amount, and Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to pay to Purchaser the amount of any such excess from the Indemnity Escrow Amount; provided, however, that in lieu of recovering such amounts from the Indemnity Escrow Amount, Purchaser may require that each Common Stockholder and each Optionholder directly pays its Percentage Share of such amounts to Purchaser. If the Downward Adjustment Amount does not exceed the Working Capital Escrow Amount (plus all earning thereon), Purchaser and the Seller Representative shall jointly instruct the Escrow Agent to pay from the Escrow Account (i) to the Company 5.0208% of the amount by which the Working Capital Escrow Amount (plus all earnings thereon) exceeds the Downward

Adjustment Amount (such excess, the "Excess Adjustment Release Amount") and (ii) to the Seller Representative (to be paid to each Common Stockholder by the Seller Representative, in accordance with each such Common Stockholder's Percentage Share in respect of such Common Stockholder's Common Shares) the remaining balance of the Excess Adjustment Release Amount. Promptly following the Company's receipt of the amount paid to the Company pursuant to clause (i) of this Section 1.05(e) (and in no event later than the next regular payroll period), Purchaser shall cause the Company to issue a check to each Optionholder, in respect of such Optionholder's Options, such Optionholder's Percentage Share of such amount, less applicable withholding. Any disbursements of the Working Capital Escrow Amount to the Sellers' shall be net of the Sellers' share of the fees and expenses of the Independent Accountant, if any, which amount shall be paid from the Working Capital Escrow to the Escrow Agent.

(f) Any adjustment pursuant to Sections 1.05(d) or Section 1.05(e) above shall, to the extent permitted by Law, be deemed for Tax purposes to be an adjustment to the Aggregate Purchase Price.

Section 1.06 Time and Place of Closing. The closing of the transactions contemplated by this Agreement (the "Closing") shall take place by electronic transmission concurrently with, but immediately following the, execution of this Agreement. The date on which the Closing occurs in accordance with the preceding sentence (i.e., the date of this Agreement) is referred to in this Agreement as the "Closing Date."

Section 1.07 Earn Out.

(a) Definitions. When used herein, the following definitions shall apply:

"Adjusted EBITDA" means, with respect to any Calculation Period, the net income before interest, Income Taxes, depreciation and amortization of the Company and the Subsidiaries on a consolidated basis determined in accordance with the Accounting Principles provided, however, that Adjusted EBITDA will exclude: (i) any extraordinary expenses or adjustments resulting solely from the sale of the Shares and the cancellation of the Options pursuant to this Agreement (including all any legal, accounting, investment banking or other fees or other expenses arising from or relating to the Closing of this transaction, including the costs associated with the D&O Tail Policy); (ii) any salary or bonuses payable pursuant to any retention bonus plan adopted by Purchaser for employees of the Company and its Subsidiaries (but for resolution of doubt will include other salaries and bonuses of such employees); (iii) the effect of future equity-oriented incentive grants made by Purchaser to employees of the Company and its Subsidiaries; (iv) any allocation of corporate charges or overhead by Purchaser, its Affiliates or Subsidiaries following the Closing, that are, in the aggregate, materially in excess of comparable costs incurred by the Company and its Subsidiaries prior to the Closing; (v) one-time non-recurring items that are unrelated to the ongoing business of the Company and its Subsidiaries; (vi) gains or losses associated with the sale of assets (other than sales of inventory in the ordinary course of business); (vii) extraordinary gains or losses (as determined under GAAP); and (viii) costs associated with discontinued operations. The foregoing notwithstanding, no research and development costs and

costs associated with the current Road-iQ products will be capitalized for the purpose of calculating the Adjusted EBITDA, regardless of how such costs are treated for reporting purposes. Future research and development costs associated with newly initiated Road-iQ projects will be treated as capitalized in the period incurred for purposes of calculating the Adjusted EBITDA, provided that (A) technological feasibility has been established for such newly initiated Road-iQ project, including all planning, designing, coding and testing necessary to determine that it will meet its design specifications; (B) such costs meet the GAAP definitions and qualify for consideration as capitalized costs for accounting purposes; and (C) all relevant costs and activities for such newly initiated Road-iQ project, including, payroll time records, IT coding and detail project status reports, and time tracking for employee time spent on different development activities, are recorded to support capitalization.

"Calculation Periods" shall mean, in each case, the twelve (12) fiscal-month period commencing on (i) April 3, 2017 through March 31, 2018 (the "2018 Calculation Period"), (ii) April 1, 2018 through March 30, 2019 (the "2019 Calculation Period"), (iii) March 31, 2019 through March 28, 2020 (the "2020 Calculation Period"), (iv) March 29, 2020 through April 3, 2021 (the "2021 Calculation Period"), and (v) April 4, 2021 through April 2, 2022 (the "2022 Calculation Period").

"EBITDA Threshold" means, except as provided in Section 1.07(b)(vi), with respect to each of the following Calculation Periods, the dollar amount set forth next to such Calculation Period:

Calculation Period	**Amount**
2018 Calculation Period	US $5,000,000
2019 Calculation Period	US $7,000,000
2020 Calculation Period	US $8,000,000
2021 Calculation Period	US $11,000,000
2022 Calculation Period	US $11,000,000

"Qualified Products" means the following products: (i) those products which are being sold by Road-iQ as of the Closing and identified by name and product number on Schedule 1.07(a)(i), (ii) those additional products being developed by Road-iQ as of the Closing using the Intellectual Property of Road-iQ which are described on Schedule 1.07(a)(ii) and identified thereon as "development products," and (iii) those additional products developed after the Closing that embody any Road-iQ Technology (for purposes of clarity, a camera sold as a standalone product without the Road-iQ Technology, shall not be included as Qualified Products, unless such camera is a service part for a Qualified Product).

"Road-iQ Business" means Road-iQ's telematics and connected vehicle products, services and technology business specializing in embedded systems platforms for trucks, recreational vehicles and/or trailers (each, a "Vehicle") that integrate Vehicle networks, on-board video data, GPS, and/or other Vehicle data for communication and presentation of information to mobile devices, displays, and/or remote web platforms via cellular or other wireless communications.

"Road-iQ Revenue" means, with respect to any Calculation Period, the gross revenue, determined in accordance with the Accounting Principles, in case net of commissions, returns, discounts, refunds, and allowances and other similar items from sales by Purchaser and its Affiliates (including the Company and Road-iQ) of Qualified Products.

"Road-iQ Technology" means one or a combination of the following technologies in products and services that support the Road-iQ Business: (i) hardware, (ii) embedded software, (iii) wireless communications to mobile devices and the web, (iv) wired communication to Vehicle networks, (v) camera video processing for display, recording, or image recognition, (vi) mobile and other display device applications, and/or (vii) web portal software for remotely connecting to Road-iQ systems and displaying Vehicle information to remote users.

Any time the term "Company" is used in this Section 1.07 it shall be deemed to mean, collectively, the Company, its Subsidiaries, any successor entity to the Company or any Subsidiary, or any separate business division of Purchaser or any of its Affiliates that has acquired any portion of the business of the Company or its Subsidiaries or is selling any of the Company's products (including the Qualified Products).

(b) Milestone Payments. Subject to Section 1.07(i), as additional consideration for the sale of the Common Shares and cancellation of the Options, at such times as provided in Section 1.07(c), Purchaser shall pay to the Seller Representative on behalf of the Common Stockholders and the Optionholders the following additional amounts (each a "Milestone Payment") upon the achievement by Purchaser of the following events:

(i) in the event the Adjusted EBITDA for the 2018 Calculation Period is equal to or exceeds the EBITDA Threshold for such Calculation Period, then the Milestone Payment with respect to such Calculation Period shall be equal to 7.50% of Road-iQ Revenue for such Calculation Period;

(ii) in the event the Adjusted EBITDA for the 2019 Calculation Period is equal to or exceeds the EBITDA Threshold for such Calculation Period, then the Milestone Payment with respect to such Calculation Period shall be equal to 7.50% of Road-iQ Revenue for such Calculation Period;

(iii) in the event the Adjusted EBITDA for the 2020 Calculation Period is equal to or exceeds the EBITDA Threshold for such Calculation Period, then the Milestone Payment with respect to such Calculation Period shall be equal to 7.50% of Road-iQ Revenue for such Calculation Period;

(iv) in the event the Adjusted EBITDA for the 2021 Calculation Period is equal to or exceeds the EBITDA Threshold for such Calculation Period, then the Milestone Payment with respect to such Calculation Period shall be equal to 15.00% of Road-iQ Revenue for such Calculation Period;

(v) if the Adjusted EBITDA for the 2018 Calculation Period, the 2019 Calculation Period, the 2020 Calculation Period, or the 2021 Calculation Period does not exceed the applicable EBITDA Threshold for such Calculation Period, then no Milestone Payment shall be due for such Calculation Period; provided, however, in the event that:

(X) the Adjusted EBITDA for a particular Calculation Period does not equal or exceed the EBITDA Threshold for such Calculation Period (such Calculation Period being referred to as a "Deficiency Period");

(Y) the Adjusted EBITDA for the immediately subsequent Calculation Period exceeds the EBITDA Threshold for such subsequent Calculation Period (such subsequent Calculation Period being referred to as an "Excess Period"); and

(Z) the sum of (1) and (2) equals or exceeds the EBITDA Threshold for the Deficiency Period, where (1) is the Adjusted EBITDA for the Deficiency Period, and (2) is the dollar amount by which the Adjusted EBITDA for the Excess Period exceeds the EBITDA Threshold for the Excess Period,

then in that event, there shall be a Milestone Payment due with respect to the Deficiency Period in the amount set forth in clauses (b)(i) through (b)(iv) of this Section 1.07 as applicable to such Deficiency Period.

So, by way of illustration only: if the Adjusted EBITDA were $10,000,000 for the 2021 Calculation Period, and if the Adjusted EBITDA were $12,500,000 for the 2022 Calculation Period, there would initially be no Milestone Payment with respect to the 2021 Calculation Period payable in 2021. However, since the Adjusted EBITDA for the 2022 Calculation Period exceeded the $11,000,000 EBITDA Threshold by $1,500,000, such excess amount (i.e. $1,500,000) would then be added to the actual Adjusted EBTIDA for the 2021 Calculation Period, and there would be a Milestone Payment for the 2021 Calculation Period, which would be payable in 2022. By way of further illustration, if the Adjusted EBITDA were $10,000,000 for the 2021 Calculation Period, and if the Adjusted EBITDA were $11,000,000 for the 2022 Calculation Period, there would be no Milestone Payment with respect to the 2021 Calculation Period payable in 2022, since the Adjusted EBITDA for the 2021 Calculation Period and the Adjusted EBITDA for the 2022 Calculation Period did not exceed the $11,000,000 EBITDA Threshold for each such period.

(vi) Notwithstanding the foregoing, in the event that during any Calculation Period: (A) there is adopted by Purchaser or any of its Affiliates, including the Company, a material change to the operating structure of the Company or any of its Affiliates resulting from any of a merger, consolidation, acquisition of all or substantially all of the assets or securities of another entity, or similar business combination or a restructuring, dissolution or reorganization involving Purchaser or its Affiliates, (B) such material change substantially increases the operating costs of the Company and (C) such

increased operating costs cannot be separately identified for purposes of calculating the Adjusted EBITDA for such Calculation Period, then in that event, the EBITDA Threshold for such Calculation Period and any subsequent Calculation Periods shall be deemed to be zero Dollars.

(vii) Notwithstanding the foregoing, in the event that Road-iQ makes the Qualnetics Payment, Purchaser shall have the right to set-off against any Milestone Payments thereafter coming due the amount of such Qualnetics Payment.

(c) Procedures Applicable to Determination of the Milestone Payments.

(i) On or before the date which is one hundred twenty (120) days after the last day of each of the 2018 Calculation Period, the 2019 Calculation Period, the 2020 Calculation Period and the 2021 Calculation Period, Purchaser shall prepare and deliver to the Seller Representative a written statement (in each case, a "Calculation Statement") setting forth in reasonable detail Purchaser's determination of Adjusted EBITDA and the Road-iQ Revenue, in each case, for the applicable Calculation Period and its calculation of the resulting Milestone Payment for such Calculation Period (in each case, the "Milestone Calculations"); provided, however, that if, after giving effect to the procedures set forth in this Section 1.07(c) with respect to the 2021 Calculation Period, it was finally determined that the 2021 Calculation Period was a Deficiency Period (i.e., that the Adjusted EBITDA for such Calculation Period did not equal or exceed the applicable EBITDA Threshold), then, in that event, within one hundred twenty (120) days after the last day of the 2022 Calculation Period, Purchaser shall prepare and deliver to the Seller Representative a Calculation Statement setting forth in reasonable detail its determination of Adjusted EBITDA for the 2022 Calculation Period, its determination of the Road-iQ Revenue for the 2021 Calculation Period and, using the previous year's final determination of the Adjusted EBITDA for the 2021 Calculation Period, Purchaser's calculation of the resulting Milestone Payment, if any, for the 2021 Calculation Period. If applicable, the Calculation Statement shall also state whether Purchaser is exercising the set-off rights described in Section 1.07(b)(vii), the amount of the Qualnetics Payment, and evidence of its payment thereof.

(ii) The Seller Representative shall have thirty (30) days after receipt of a Calculation Statement for the applicable Calculation Period (in each case, the "Review Period") to review the Calculation Statement and the Milestone Calculations set forth therein. During the Review Period, Purchaser shall, and shall cause the Company and Road-iQ to provide the Seller Representative and its representatives with reasonable access during normal business hours to the books, records, supporting data, facilities, personnel and accountants of the Company and Road-iQ for purposes of the Seller Representative's review of the applicable Calculation Statement and reasonably cooperate with the Seller Representative (and its representatives) in connection with such review. If the Seller Representative has any objections to the Calculation Statement, the Seller Representative shall deliver to Purchaser a statement setting forth its objections thereto (a "Calculation Dispute Notice"), which shall identify in reasonable detail those items and amounts set

forth on the Calculation Statement to which the Seller Representative objects and Seller Representative's basis for such objection (the "Disputed Calculation Items").

(iii) If a Calculation Dispute Notice is not delivered to Purchaser during the Review Period, the Calculation Statement as prepared by Purchaser shall be deemed accepted and agreed to by the Seller Representative and shall be final, binding and non-appealable by the parties hereto. If the Seller Representative delivers a Calculation Dispute Notice to Purchaser, Purchaser and the Seller Representative shall attempt to resolve the Disputed Calculation Items within thirty (30) days following the date of delivery of the Calculation Dispute Notice. If Purchaser and Seller Representative reach an agreement as to the final determination of the Disputed Calculation Item and the resulting Milestone Payment, if any, then the Milestone Payment so agreed to shall be deemed final and binding upon the parties and enforceable by a court of competent jurisdiction. If Purchaser and the Seller Representative are unable to resolve any Disputed Calculation Item within such thirty (30) day period, Purchaser and the Seller Representative shall mutually engage and submit such Disputed Calculation Item to, and the same shall be finally resolved in accordance with the provisions of this Agreement to the Independent Accountant. Prior to such engagement, the Independent Accountant shall confirm to Purchaser and the Seller Representative as to its independence with respect to such engagement. Purchaser and the Seller Representative shall use their respective commercially reasonable efforts to promptly engage the Independent Accountant and to cause the Independent Accountant to resolve any Disputed Calculation Items as soon as practicable, but in any event within thirty (30) days (or such other period of time as Purchaser and Seller Representative shall agree) after engagement by Purchaser and the Seller Representative, and to set forth in a written statement its final determination of the Disputed Calculation Item and the resulting Milestone Payment based upon its resolution of such Disputed Calculation Items and the items and amounts with respect to the Calculation Statement that were not Disputed Calculation Items. The Independent Accountant shall review the written submissions of Purchaser and the Seller Representative and base its determination solely on such submissions. In resolving any Disputed Calculation Item, the Independent Accountant may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the least value for such item claimed by either party in the Calculation Statement or Calculation Dispute Notice. The parties hereto agree that all adjustments shall be made without regard to materiality. The decision of the Independent Accountant shall be deemed final and binding upon the parties and enforceable by a court of competent jurisdiction. Each party shall bear its own costs and expenses in connection with the resolution of such Disputed Calculation Items by the Independent Accountant. The fees and expenses of the Independent Accountant shall be allocated between Purchaser and Sellers so that the amount of fees and expenses paid by Sellers (with the remainder of such amount being paid by Purchaser) shall be equal to the product of (x) and (y), where (x) is the aggregate amount of such fees and expenses, and where (y) is a fraction, the numerator of which is an amount equal to the amount of the Milestone Payment set forth in the Seller Representative's Calculation Statement as submitted by the Seller Representative to the Independent Accountant minus the amount of the Milestone Payment as so finally

determined by the Independent Account and the denominator of which is equal to the amount of the Milestone Payment set forth in the Seller Representative's Calculation Statement as submitted by the Seller Representative to the Independent Accountant minus the amount of the Milestone Payment set forth in Purchaser's Calculation Statement as submitted by Purchaser to the Independent Accountant.

(d) Timing of Payment of Milestone Payments. Subject to Section 1.07(g), Section 1.07(b)(i) and Section 6.05(a)(iv), any Milestone Payment that Purchaser is required to pay pursuant to Section 1.07(b) hereof shall be paid on October 31 of the year in which the Road-iQ Revenue and amount of the Milestone Payment for the applicable Calculation Period becomes final and binding upon the parties as provided in Section 1.07(c); provided, however, that any amount subject to a Calculation Dispute Notice that becomes final and binding upon the parties pursuant to Section 1.07(c) after October 31 of such year shall be paid by Purchaser within ten (10) days after final resolution thereof pursuant to Section 1.07(c), together with interest from and including October 31 of the year in which the Milestone Payment was originally due, and including the date such payment has been made, at *The Wall Street Journal* Prime Rate, as in effect from time to time, plus two hundred (200) basis points. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed, without compounding. Notwithstanding the foregoing, if the Milestone Payment was determined following submission of a dispute with respect thereto to the Independent Accountant, then no interest shall be due with respect to such Milestone Payment in the event that more than 50% of the fees and expenses of the Independent Accountant in such dispute are allocable to the Sellers pursuant to Section 1.07(c)(iii). Purchaser shall (i) pay to the Seller Representative (on behalf of the Common Stockholders) the applicable Milestone Payment in cash by wire transfer of immediately available funds to the bank account designated in writing by the Seller Representative for such payment and the Seller Representative shall promptly pay to each of the Common Stockholders such Common Stockholder's Percentage Share of such Milestone Payment; and (ii) cause the Company to pay each Optionholder, in respect of his or her Options, such Optionholder's Percentage Share of such Milestone Payments, less applicable withholding.

(e) Sale of the Company or Road-iQ. Until such time as Purchaser has no further obligation to make any Milestone Payments pursuant to this Section 1.07, if Purchaser effects a sale, exchange or other transfer, directly or indirectly, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries on a consolidated basis or of Road-iQ, or an issuance or sale of stock, merger, consolidation, recapitalization or other transaction in which any person other than Purchaser or any wholly-owned subsidiary of Purchaser becomes the beneficial owner, directly or indirectly, of 50% or more of the combined voting power of all interests in the Company and its Subsidiaries on a consolidated basis or of Road-iQ, Purchaser may assign its obligations, in whole or in part, to such transferee or successor, provided that such transferee or successor acknowledges and agrees to perform such obligations as set forth in this Agreement. Notwithstanding any such assignment, Purchaser shall remain responsible for all of its payment obligations with respect to the Milestone Payments set forth in this Section 1.07.

(f) Post-closing Operation. Subsequent to the Closing, subject to the provisions of this Section 1.07(f), Purchaser shall have sole discretion with regard to all matters relating to the operation of the Company and its Subsidiaries, including Road-iQ, and Purchaser has no obligation or duty to any of the Sellers, whether express or implied, to operate the Company and its Subsidiaries, including Road-iQ, in order to achieve any EBITDA Threshold, Road-iQ Revenue, Milestone Payment, or the commercialization of any "development products" identified on Schedule 1.07(a)(i), or to maximize the amount of any Adjusted EBITDA Threshold, Road-iQ Revenue, Milestone Payment or the commercialization of any such "development products." Notwithstanding the foregoing, until earlier of (X) the end of the 2022 Calculation Period or (Y) the date upon any Milestone Payment is finally determined to be payable with respect to the 2021 Calculation Period, (i) Purchaser, on the one hand, and the Company and the Subsidiaries, on the other hand, shall maintain separate books and records, and (ii) Purchaser, the Company and the Subsidiaries shall not (A) divert any sales opportunities belonging to the Company or the Subsidiaries to Purchaser or any Affiliate thereof (other than the Company and the Subsidiaries) so that such opportunities are not reflected in Adjusted EBITDA or Road-iQ Revenue (for the avoidance of doubt, Purchaser or any Affiliates may, in its discretion, divert any sales opportunities with respect to any product (other than any Qualified Product) that is produced or sourced by Purchaser or any Affiliate (other than the Company and the Subsidiaries)); (B) sell any products of the Company or the Subsidiaries to Purchaser or any Affiliate thereof (other than the Company and the Subsidiaries) at rates less favorable to the Company or the Subsidiaries than would be the case with unrelated third parties in arm's length transactions unless such rates are consistent with past practices of the Company and the Subsidiaries prior to the Closing; or (C) purchase any products or services on behalf of the Company or the Subsidiaries from Purchaser or any Affiliate thereof (other than the Company and the Subsidiaries) at rates less favorable to the Company or the Subsidiaries than would be the case with unrelated third parties in arm's length transactions unless such rates are consistent with past practices of the Company and the Subsidiaries prior to the Closing.

(g) Right of Set-off. Purchaser's obligations to pay the Milestone Payments hereunder are subject to Purchaser's set-off rights set forth in Section 6.05(a)(iv).

(h) No Security**.** The parties hereto understand and agree that (i) the contingent rights to receive any Milestone Payment shall not be represented by any form of certificate or other instrument, are not transferable, except by operation of Laws relating to descent and distribution, divorce and community property, and do not constitute an equity or ownership interest in Purchaser, the Company or any of its Subsidiaries, including Road-iQ, and (ii) neither the Seller Representative, the Common Stockholders, the Preferred Stockholders, nor the Optionholders shall any have any rights as a securityholder of Purchaser, the Company or any of its Subsidiaries, including Road-iQ, as a result of the contingent right to receive any Milestone Payment hereunder.

(i) Milestone Cap. Notwithstanding anything in this Section 1.07 to the contrary, in no event will the aggregate amount of Milestone Payments to be paid by Purchaser exceed $35,000,000 (the "Milestone Cap") and Purchaser shall have no obligation to make any payments of Milestone Payments in excess of the Milestone Cap. In the event that the aggregate

amount of Milestone Payments finally determined to be payable pursuant to Section 1.07(c) is finally determined to be equal to or greater than the Milestone Cap, then all obligations and rights of the parties pursuant to clauses (c), (e), and (f) of Section 1.07 shall terminate.

ARTICLE II
REPRESENTATIONS AND WARRANTIES

Section 2.01 Representations and Warranties of Purchaser. As a material inducement to the Sellers' entering into this Agreement, Purchaser makes the following representations and warranties to Sellers as of the Closing. Such representations and warranties shall survive the Closing for the applicable time period set forth in Section 6.11, and none shall merge into any instrument of conveyance.

(a) Corporate Organization. Purchaser is a corporation duly organized, existing and in good standing, under the Laws of the State of Connecticut. Purchaser has all requisite corporate power and authority to execute, deliver and perform this Agreement. The execution, delivery and performance of this Agreement by Purchaser and the consummation by Purchaser of the transactions contemplated hereby have been duly and validly authorized by all necessary action of Purchaser. This Agreement has been duly executed and delivered by Purchaser and constitutes a legal, valid and binding agreement of Purchaser, enforceable against Purchaser by Company and the Sellers in accordance with its terms, except as limited by (i) applicable bankruptcy, reorganization, insolvency, moratorium or other similar Laws affecting the enforcement of creditors' rights generally from time to time in effect, and (ii) the availability of specific performance, injunctive relief or other equitable remedies and general principles of equity (regardless of whether enforceability is considered in a proceeding at Law or in equity) (collectively (i) and (ii) together, the "General Enforceability Exceptions").

(b) Consents. No consent, authorization, order or approval of, or filing or registration with, any Governmental Authority is required to be obtained by Purchaser in connection with the execution, delivery and performance of this Agreement by Purchaser or the consummation by Purchaser of the transactions contemplated hereby, other than filings to be made with the Securities Exchange Commission subsequent to the Closing.

(c) Absence of Conflicts. Neither the execution and delivery of this Agreement by Purchaser, nor the consummation by Purchaser of the transactions contemplated hereby, will conflict with or result in a breach of any of the terms, conditions or provisions of Purchaser's Certificate of Incorporation or Bylaws, or of any Laws applicable to Purchaser, or of any order, writ, injunction, judgment or decree of any Governmental Authority or of any arbitration award to which Purchaser is subject. Purchaser is not a party to any unexpired, undischarged or unsatisfied written or oral contract, agreement, indenture, mortgage, debenture, note or other instrument under the terms of which performance by Purchaser according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by Purchaser according to the terms of this Agreement may be prohibited, prevented or delayed.

(d) Solvency. No transfer of property is being made by Purchaser and no obligation is being incurred by Purchaser in connection with the transactions contemplated by this Agreement with the intent to hinder, delay or defraud either present or future creditors of the Company or any Subsidiary.

(e) Accredited Investor. Purchaser is acquiring the Securities for its own account with the present intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities Laws. Purchaser is an "accredited investor" as defined in Regulation D promulgated by the Securities and Exchange Commission under the Securities Act of 1933, as amended (the "Securities Act"). In reliance on truth and accuracy of the representations and warranties of the Company and each of the Sellers set forth in this Article II, Purchaser acknowledges that it is informed as to the material risks of the transactions contemplated hereby and of ownership of the Shares. Purchaser acknowledges that the Securities have not been registered under the Securities Act or any state or foreign securities Laws and that the Securities may not be sold, transferred, offered for sale, assigned, pledged, hypothecated or otherwise disposed of unless such transfer, sale, assignment, pledge, hypothecation or other disposition is pursuant to the terms of an effective registration statement under the Securities Act and the Securities are registered under any applicable state or foreign securities Laws or sold pursuant to an exemption from registration under the Securities Act and any applicable state or foreign securities Laws.

(f) WARN Act. In reliance on the truth and accuracy of the representations and warranties set forth in Section 2.02(y), Purchaser has no present plans or intention to, cause, or to cause the Company or any Subsidiary (in each case to the extent that each is an employer as defined the WARN Act) to cause, following the Closing, such "employment losses" for purposes of such WARN Act sufficient to create liability for Sellers under such Warn Act.

(g) Brokers and Finders. Other than Corporate Fuel Securities, LLC, no person is or will become entitled, by reason of any contract or arrangement entered into or made by or on behalf of Purchaser or any of its Affiliates, to receive a broker's commission, finder's fee, investment banker's fee or similar payment in connection with the transactions contemplated by this Agreement.

Section 2.02 Representations and Warranties of the Company. As a material inducement to Purchaser's entering into this Agreement, the Company makes the following representations and warranties to Purchaser as of the Closing. All such representations and warranties shall survive the Closing for the applicable time period set forth in Section 6.11 , and none shall merge into any instrument of conveyance. The representations and warranties are made subject to the exceptions noted in the section of the disclosure schedule prepared by the Company and attached hereto and incorporated herein by reference (the "Company Disclosure Schedule") corresponding to the section of this Section 2.02 to which exception is being taken or in another section of the Company Disclosure Schedule to the extent that it is reasonably apparent (and without further inquiry) from the language of such disclosure in one section of the Company Disclosure Schedule that such disclosure is applicable to such other section of the Company Disclosure Schedule.

(a) Organization; Authority; Officers and Directors. The Company and each Subsidiary are corporations or limited liability companies duly organized, validly existing and in good standing under the laws of their respective jurisdiction of incorporation or formation, and each has all requisite corporate power and authority and all authorizations, licenses and permits necessary to own and operate its properties and to carry on its businesses as now conducted. The Company and the Subsidiaries are each qualified to do business and each is in good standing in every jurisdiction in which the ownership of its property or the conduct of its business as now conducted requires it to qualify, and Schedule 2.02(a) sets forth, by entity, each jurisdiction where the Company and each of its Subsidiaries is so qualified and in good standing. The Company has all requisite corporate power and authority to enter into and perform this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby have been duly and validly authorized by all necessary action of the Company. This Agreement has been duly executed and delivered by the Company and constitutes a legal, valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as limited by the General Enforceability Exceptions. Schedule 2.02(a) of the Company Disclosure Schedule sets forth a listing of the names of, and positions held by, the present officers and directors, by entity, of the Company and each of its Subsidiaries. Schedule 2.02(a) of the Company Disclosure Schedule sets forth a listing of the names of the former officers or former directors, by entity, of the Company and each of its Subsidiaries.

(b) Consents and Approvals. No consent, authorization, order or approval of, or filing or registration with, any Governmental Authority is required for or in connection with the consummation by the Company of the transactions contemplated hereby, except for those disclosed on Schedule 2.02(b) which are required by Environmental Permits (such Environmental Permits otherwise exclusively the subject matter of Section 2.02(q)). Except as set forth on Schedule 2.02(b), no unexpired, undischarged or unsatisfied Material Contract to which the Company or any Subsidiary is a party to, or bound by, will require (i) the consent or approval of, or notice to any person as a result of the execution, delivery and performance by the Company or any of the Sellers of this Agreement and the consummation of the transactions contemplated hereby, or (ii) the waiver or consent of any person in order that such execution, delivery, performance of this Agreement and such consummation will not result in a breach, lapse, cancellation, right to terminate, default or acceleration of any right or obligation under such Material Contract (each of the foregoing a "Required Consent").

(c) Conflicts. Neither the execution and delivery of this Agreement by the Company, nor the consummation by the Company of the transactions contemplated hereby, (i) will conflict with or result in a breach of any of the terms, conditions or provisions of the Certificate of Incorporation or Bylaws of the Company or any Subsidiary (or, with respect to Road-iQ, the Certificate of Formation or Limited Liability Company Operating Agreement, or, with respect to Reynosa, the Articles of Formation or Bylaws), any Laws applicable to the Company or any Subsidiary, or any order, writ, injunction, judgment or decree of any Governmental Authority or of any arbitration award to which the Company or any Subsidiary is a party or by which the Company or any Subsidiary is bound or (ii) will result in the creation or imposition of any Lien

other than those created by Purchaser on any properties or assets of the Company or any of its Subsidiaries.

(d) Capitalization.

(i) The Company and each Subsidiary has the authorized and issued and outstanding capital stock as indicated on Schedule 2.02(d). Neither the Company nor any Subsidiary has any other classes of authorized, issued or outstanding shares of capital stock.

(ii) All of the issued and outstanding Shares have been validly issued, are fully paid and non-assessable and are owned of record as set forth in Schedule 2.02(d). Said Schedule also shows the correct Percentage Share of each Preferred Stockholder, Common Stockholder and Optionholder (to three decimal places).

(iii) Except as set forth in Schedule 2.02(d), (A) there are no outstanding subscriptions, options, warrants, rights (including preemptive rights), calls, convertible securities or other agreements or commitments of any character relating to the issued or unissued capital stock, registered capital or other securities of the Company or any Subsidiary obligating any of them to issue any securities of any kind, and (B) neither the Company nor any Subsidiary has outstanding or authorized any stock appreciation, phantom stock, profit participation or similar rights or has any outstanding or authorized plans, contacts or agreements pursuant to which any capital stock or other securities of the Company or any Subsidiary or any such rights would be issuable; and (C) none of the authorized but unissued capital stock or other securities of the Company or any Subsidiary has been reserved for issuance for any purpose. There are no voting trusts, stockholder agreements, proxies or other agreements or understandings in effect with respect to the voting or transfer of any of the Shares.

(iv) All of the issued and outstanding shares of capital stock of Velvac have been validly issued, are fully paid and non-assessable and are owned of record by the Company. All of the outstanding equity securities of the Company and each of its Subsidiaries (including the Shares) were issued in compliance with applicable Laws and none were issued in violation of any agreement, arrangement or commitment to which the Company or any Subsidiary is a party or is subject to or in violation of any preemptive or similar rights of any person. All of the issued and outstanding equity securities of Road-iQ and Velvac International have been validly issued, are fully paid and non-assessable and are owned of record by Velvac. All of the issued and outstanding membership interests of Reynosa have been validly issued, are fully paid and are owned by Velvac and Velvac International. The Company does not own any direct or indirect interest in any person, other than the Subsidiaries. Velvac does not own any direct or indirect interest in any person, other than Velvac International, Road-iQ and Reynosa. Velvac International does not own any direct or indirect interest in any person, other than Reynosa. Road-iQ does not own any direct or indirect interest in any other person.

(v) Upon consummation of the transactions contemplated by this Agreement, (A) Purchaser shall own all of the Shares, (B) the Company shall own all of the issued and outstanding equity securities of Velvac, (C) Velvac shall own all of the issued and outstanding equity securities of Velvac International and Road-iQ; and (D)

Velvac and Velvac International shall own all of the issued and outstanding membership interests of Reynosa, in each case, free and clear of all Securities Liens except any transfer restrictions imposed by applicable Laws, and no Options shall be outstanding.

(e) Financial Statements; Undisclosed Liabilities.

(i) True, complete and correct copies of the consolidated balance sheets and the related statements of income, cash flows and shareholders' equity of the Company and its Subsidiaries for the fiscal year ended December 31, 2015, and for the fiscal year ended December 31, 2014, as audited by RSM US LLP, are contained in Schedule 2.02(e). Such financial statements described in the preceding sentence are referred to herein as the "Financial Statements." Copies of the consolidated balance sheet and the related statement of income, cash flow and shareholders' equity of the Company and its Subsidiaries for the twelve (12) month period ended December 31, 2016 are also contained in Schedule 2.02(e). Such financial statements described in the preceding sentence are referred to herein as the "Interim Financial Statements." December 31, 2016 is referred to herein as the "Interim Financial Statement Date." The Financial Statements and the Interim Financial Statements are based on the books and records of the Company and its Subsidiaries. The Financial Statements and the Interim Financial Statements (i) have been prepared in accordance with GAAP applied on a consistent basis throughout the period involved, and (ii) present fairly the financial position of the Company and its Subsidiaries as of the dates thereof and the results of operations of the Company and its Subsidiaries for the periods covered by said statements, in conformity with GAAP, in each case, except as (X) disclosed therein and (Y) as set forth in Schedule 2.02(e) and subject, in the case of the Interim Financial Statements, to normal and recurring year-end adjustments (the effect of which will not be materially adverse) and the absence of notes that, if presented, would not differ materially from those presented in the Financial Statements. The Company and the Subsidiaries maintain a standard system of accounting established and administered in accordance with GAAP. The Company and the Subsidiaries have established and maintain a system of internal controls over financial reporting sufficient for a privately owned company to provide reasonable assurance (i) regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with GAAP, (ii) that receipts and expenditures of the Company and the Subsidiaries are being made only in accordance with the authorization of the Company's and each Subsidiary's management and directors, and (iii) regarding prevention or timely detection of the unauthorized acquisition, use or disposition of the Company's or any Subsidiary's assets that could have a material effect on the Company's consolidated financial statements, including the Interim Financial Statements or Financial Statements.

(ii) Undisclosed Liabilities. Neither the Company nor any of the Subsidiaries has any liabilities, obligations or commitments of any nature whatsoever, asserted or unasserted, known or unknown, absolute or contingent, accrued or unaccrued, matured or unmatured or otherwise ("Liabilities"), except (A) those which are adequately reflected or reserved in the Financial Statements or Interim Financial Statements; (B) those which have been incurred in the ordinary course of business and consistent with past practices since the Interim Financial Statement Date; (C) Liabilities incurred in the ordinary course of business and consistent with past practices under the executory portion of any written purchase order, sale order, lease, agreement or commitment of any kind by which the Company is bound and which was entered into in the ordinary course of business and consistent with past practices; (D) Liabilities under the executory portion of Permits, licenses and governmental directories and agreements issued to, or entered into by, the Company in the ordinary course of business and consistent with past practices; (E) Liabilities for Transaction Expenses and Indebtedness taken into account in the determination of the Aggregate Purchase Price and pursuant to Section 1.04(b) and Section 1.04(c); or (F) Liabilities under this Agreement or any agreements entered into pursuant to this Agreement.

(f) Title to Assets. The Company or a Subsidiary has good title to the tangible assets reflected on the balance sheet included in the Interim Financial Statements as of the Interim Financial Statement Date or acquired thereafter, other than those assets sold, transferred or otherwise disposed of in the ordinary course of business following the Interim Financial Statement Date, free and clear of any mortgages, indentures, liens, security interests and other encumbrances (collectively, "Liens"), except for the following: (i) Liens reserved against in the Financial Statements or the Interim Financial Statements or disclosed in the notes thereto; (ii) Liens for Taxes and other governmental charges and assessments which are not yet due and payable or which may hereafter be paid without penalty or which are being contested in good faith; (iii) Liens of landlords, carriers, warehousemen, mechanics and materialmen or other like Liens incurred in the ordinary course of business for sums not yet due; (iv) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security or to secure the performance of tenders, statutory obligations, surety and appeal bonds, bids, leases, government contracts, performance and return of money bonds and similar obligations; (v) security interests in any bank account in favor of the depositary bank, and security interests in any securities account in favor of the broker or other entity that maintains such account; (vi) easements, covenants, rights-of-way and other similar restrictions or conditions of record, imperfections of title or encumbrances, in each case, on real property, and in each case, that do not detract from the value of or impair the existing use of the real property affected by such imperfection or encumbrance; (vii) Liens securing the Indebtedness of which shall be discharged upon the making of the payments described in Section 1.04(b); (viii) Liens arising under original purchase price conditional sales contracts and equipment leases with third parties entered into in the ordinary course of business and under which neither the Company nor any Subsidiary is in default; (ix) matters that would be disclosed by an accurate survey of the Leased Premises; (x) zoning, entitlement, building and other land use regulations imposed by a Governmental Authority having jurisdiction over the property; (xi) Liens that have been placed by

any developer, landlord or landlord's financing sources on real property over which the Company or any Subsidiary has easement rights or on the fee title of the real property constituting the Leased Premises or any statutory liens of a landlord on the Leased Premises; (xii) non-exclusive licenses or sublicenses to Intellectual Property granted in the ordinary course of business that are included in Company IP Agreements; and (xiii) Liens identified on Schedule 2.02(f) (each of the foregoing (i) through (xiii), a "Permitted Lien," and, collectively, the "Permitted Liens"). Except for the definition of Permitted Liens, the foregoing representation and warranty shall not apply to Intellectual Property matters, which are dealt with exclusively in Section 2.02(s).

(g) Insurance. Schedule 2.02(g) sets forth a true and complete list of all current policies or binders of fire, liability, product liability, umbrella liability, real and personal property, workers' compensation, vehicular, directors' and officers' liability, fiduciary liability and other casualty and property insurance maintained by the Company and each of the Subsidiaries and relating to the assets, business, operations, employees, officers and directors of the Company and its Subsidiaries (collectively, the "Insurance Policies"). All the Insurance Policies are in full force and effect and the consummation of the transactions contemplated by this Agreement will not cause the termination or cancellation of any such Insurance Policies. Neither the Company nor any Subsidiary has received notice of cancellation of any such Insurance Policies. The Insurance Policies do not provide for any retrospective premium adjustment or other experience-based liability on the part of the Company. All such Insurance Policies are valid and binding in accordance with their terms. Except as set forth on Schedule 2.02(g), there are no claims related to the business of the Company or its Subsidiaries pending under any such Insurance Policies as to which coverage has been questioned, denied or disputed or in respect of which there is an outstanding reservation of rights. Neither the Company nor any of the Subsidiaries is in default under, or has otherwise failed to comply with any provision contained in any such Insurance Policy.

(h) Taxes.

(i) Except as set forth in Schedule 2.02(h)(i):

(A) All income and other Tax Returns required to be filed with respect to any pre-Closing Tax Period on or before the Closing Date by the Company or any of its Subsidiaries have been, or will be, timely filed. Such Tax Returns are, or will be, true, complete and correct in all respects. All Taxes due and owing by the Company (whether or not shown on any Tax Return) have been, or will be, timely paid.

(B) The Company and each Subsidiary has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, customer, shareholder or other party, and complied with all information reporting and backup withholding provisions of applicable Law.

(C) No claim has been made within the last three (3) years by any Taxing Authority in any jurisdiction where the Company or any Subsidiary does not file Tax Returns that it is, or may be, subject to Tax by that jurisdiction.

(D) No currently effective extensions or waivers of statutes of limitations have been given or requested with respect to any Taxes or Tax Returns of the Company or any of its Subsidiaries.

(E) The amount of the Company's and the Subsidiaries' Liability for unpaid Taxes for all periods ending on or before Interim Financial Statement Date does not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) reflected on the Interim Financial Statement. The amount of the Company's and the Subsidiaries' Liability for unpaid Taxes for all periods following the end of the most recent period covered by the Interim Financial Statement shall not, in the aggregate, exceed the amount of accruals for Taxes (excluding reserves for deferred Taxes) as adjusted for the passage of time in accordance with the past custom and practice of the Company and the Subsidiaries (and which accruals shall not exceed comparable amounts incurred in similar periods in prior years).

(ii) Schedule 2.02(h)(ii) sets forth, in each case with respect to Taxes:

(A) the taxable years of the Company as to which the applicable statutes of limitations on the assessment and collection of Taxes have not expired;

(B) those years for which examinations by any Taxing Authority have been completed; and

(C) those taxable years for which examinations by any Taxing Authority are presently being conducted.

(iii) Except as set forth in Schedule 2.02(h)(iii):

(A) All deficiencies asserted, or assessments made, against the Company or any Subsidiary as a result of any examinations by any Taxing Authority have been fully paid.

(B) Neither the Company nor any Subsidiary is a party to any Action by any Taxing Authority. There are no pending or threatened Actions by any Taxing Authority.

(C) The Company has made available in the Data Room to Purchaser copies of all Tax Returns of the Company or any Subsidiary for all Tax periods ending after December 31, 2011.

(D) There are no Liens for Taxes (other than for current Taxes not yet due and payable) upon the assets of the Company or any of its Subsidiaries.

(E) Neither the Company nor any of the Subsidiaries is a party to, or bound by, any Tax indemnity, Tax sharing or Tax allocation agreement, other than any agreement the principal subject of which is not Tax.

(F) No private letter rulings, technical advice memoranda or similar agreement or rulings have been requested, entered into or issued by any Taxing Authority with respect to the Company or any of the Subsidiaries that are binding after the Closing.

(G) Neither the Company nor any Subsidiary has been a member of an affiliated, combined, consolidated or unitary Tax group for Tax purposes (other than a Tax group of which the Company is the parent and the Subsidiaries and Industrias Velvac have been the sole members). Neither the Company nor any Subsidiary has Liability for Taxes of any person (other than the Company) under Treasury Regulations Section 1.1502-6 (or any corresponding provision of state, local or foreign Law), or as transferee or successor.

(iv) Neither the Company nor any Subsidiary will be required to include any item of income in, or exclude any item or deduction from, taxable income for any taxable period or portion thereof ending after the Closing Date as a result of:

(A) any change in a method of accounting under Section 481 of the Code (or any comparable provision of state, local or foreign Tax Laws), or use of an improper method of accounting, for a taxable period ending on or prior to the Closing Date;

(B) an installment sale or open transaction occurring on or prior to the Closing Date;

(C) a prepaid amount received on or before the Closing Date;

(D) any closing agreement under Section 7121 of the Code, or similar provision of state, local or foreign Law; or

(E) any election under Section 108(i) of the Code.

(v) Neither the Company, nor any Subsidiary, is or has been, a United States real property holding corporation (as defined in Section 897(c)(2) of the Code) during the applicable period specified in Section 897(c)(1)(a) of the Code.

(vi) Within the last two (2) years, neither the Company, nor any Subsidiary has been a “distributing corporation” or a “controlled corporation” in connection with a distribution described in Section 355 of the Code.

(vii) Neither the Company, nor any Subsidiary is, or has been, a party to, or a promoter of, a "listed transaction" within the meaning of Section 6707A(c)(2) of the Code and Treasury Regulations Section 1.6011-4(b).

(viii) Schedule 2.02(h)(viii) sets forth all foreign jurisdictions in which the Company or any Subsidiary is subject to Tax, is engaged in business or has a permanent establishment or has entered into a gain recognition agreement pursuant to Treasury Regulations Section 1.367(a)-8. Neither the Company, nor any Subsidiary has transferred an intangible the transfer of which is subject to the rules of Section 367(d) of the Code.

(ix) No property owned by the Company or any Subsidiary is (A) required to be treated as being owned by another person pursuant to the so-called "safe harbor lease" provisions of former Section 168(f)(8) of the Internal Revenue Code of 1954, as amended, (B) subject to Section 168(g)(1)(A) of the Code, or (C) subject to a disqualified leaseback or long-term agreement as defined in Section 467 of the Code.

(x) Notwithstanding any of the representations and warranties contained elsewhere in this Agreement, the representations and warranties in this Section 2.02(h) and in Section 2.02(i)(xxii) shall be the sole representations and warranties with respect to matters relating to Taxes of the Company and the Subsidiaries.

(xi) Notwithstanding anything to the contrary in this Agreement, the Company makes no representation or warranty, and provides no other assurance, with respect to the availability after the Closing Date of any Tax Attributes.

(i) Conduct of Business. Except as set forth in Schedule 2.02(i), since the Interim Financial Statement Date, neither the Company nor any Subsidiary has:

(i) sold, transferred or otherwise disposed of any material asset or property, except for sales of inventory and transfers of cash in payment of the Company's or any Subsidiary's liabilities, all in the ordinary course of business, and except as permitted by this Agreement;

(ii) suffered any loss, or any material interruption in use, of any material assets or property (whether or not covered by insurance), on account of fire, flood, riot, strike or other hazard or act of God or other similar cause;

(iii) suffered a Material Adverse Effect;

(iv) waived any material right other than in the ordinary course of business consistent with past practices;

(v) increased the salary payable to any director or employee at the executive officer level or more senior, other than normal periodic increases in the ordinary course of business consistent with past practices;

(vi) amended the charter, by-laws or other organizational documents of the Company or any of the Subsidiaries;

(vii) split, combined or reclassified any capital stock (or membership interests) of the Company or any of its Subsidiaries;

(viii) issued, sold or disposed of any capital stock (or membership interests) of the Company or any of its Subsidiaries, other than shares of the Company's Common Stock issued upon the exercise of an option and all of which are included in the Common Shares or granted any options, warrants or other rights to purchase or obtain (including upon conversion, exchange or exercise) capital stock (or membership interests) of the Company or any of its Subsidiaries, other than the options to acquire shares of the Company's Common Stock, all of which are included in the Options and which shall be cancelled prior to the Closing;

(ix) declared or paid any dividends or distributed on or in respect of the capital stock (or membership interests) of the Company or any of its Subsidiaries or redeemed, purchased or acquired any such capital stock (or membership interests);

(x) made any change in any method of accounting or accounting practice of the Company, except as required by GAAP or as disclosed in the notes to the Financial Statements;

(xi) incurred, assumed or guaranteed any indebtedness for borrowed money except unsecured current obligations and Liabilities incurred in the ordinary course of business consistent with past practice or under current agreements and facilities which agreements and facilities will be terminated upon the payment on behalf of the Company in accordance with the Pay-Off Letters as described in Section 1.04(b) or are identified in Schedule 2.02(j)(iv)(H);

(xii) transferred, assigned or granted any license or sublicense of any material rights under or with respect to any Company Intellectual Property or Company IP Agreements, other than any non-exclusive license or sublicense granted in the ordinary course of business that are included in Company IP Agreements;

(xiii) made any material capital expenditures, other than in the ordinary course of business consistent with past practices;

(xiv) (A) granted any bonuses, whether monetary or otherwise, in respect of its current or former employees, officers, directors, independent contractors or consultants, other than as provided for in any written agreements or in the ordinary course of business consistent with past practices, or (B) taken action to accelerate the vesting or payment of any compensation or benefit for any current or former employee, officer, director, independent contractor or consultant, other than as provided for in any written agreements or in the ordinary course of business consistent with past practices;

(xv) hired or promoted any person as or to (as the case may be) an officer or hired or promoted any employee below officer except to fill a vacancy or in the ordinary course of business;

(xvi) adopted or materially modified or terminated any: (A) employment, severance or retention agreement with any current or former employee, officer, director, independent contractor or consultant, (B) Benefit Plan or (C) collective bargaining or other agreement with a union, in each case whether written or oral, other than as provided for in any written agreements or in the ordinary course of business consistent with past practices;

(xvii) made any loan to (or forgave any loan to), or entered into any other transaction with, any of stockholders (or members) or current or former directors, officers and employees of the Company or any of its Subsidiaries;

(xviii) entered into a new line of business or abandoned or discontinued existing lines of business;

(xix) adopted any plan of merger, consolidation, reorganization, liquidation or dissolution or filed a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consented to the filing of any bankruptcy petition against it under any similar Law;

(xx) purchased, leased or otherwise acquired the right to own, use or lease any property or assets for an amount in excess of $100,000 in the aggregate, except for purchases of inventory or supplies in the ordinary course of business consistent with past practice;

(xxi) acquired by merger or consolidation with, or by purchase of a substantial portion of the assets or stock of, or by any other manner, any business or any person or any division thereof;

(xxii) taken any action to make, change or rescind any Tax election, amended any Tax Return or taken any position on any Tax Return, taken any action, omitted to take any action or entered into any other transaction, in each case that is outside the ordinary course of business and has the effect of materially increasing the Tax liability or materially reducing any Tax asset of Purchaser in respect of any period following the Closing;

(xxiii) made any capital investment in, or any loan to, any other person;

(xxiv) made any change in the Company's or any of its Subsidiaries' cash management practices and its policies, practices and procedures with respect to collection of accounts receivable, establishment of reserves for uncollectible accounts, accrual of accounts receivable, inventory control, prepayment of expenses, payment of trade accounts

payable, accrual of other expenses, deferral of revenue and acceptance of customer deposits; or

(xxv) entered into any agreement to do any of the foregoing, or taken any action or omitted to take any action that would result in any of the foregoing.

(j) Material Contracts.

(i) Schedule 2.02 (j)(i) lists all Material Contracts, identifying each by reference to the particular subclause under clause (iv) of this Section 2.02(j) to which it applies.

(ii) Except as set forth in Section 2.02(j)(ii): (A) all Material Contracts are valid, binding and in full force and effect as to the Company and/or any Subsidiary, as the case may be, and, to the Company's knowledge, the other parties thereto; (B) no default by the Company or any Subsidiary has occurred thereunder and, to the Company's knowledge, no default by the other contracting parties has occurred thereunder; and (C) the Company has not received written notice from any party to a Material Contract, and the Company has no knowledge, that an event has occurred that with the passage of time would result in a default under any Material Contract or in a termination thereof or would permit the acceleration or other changes of any right or obligation or the loss of any benefit. Complete and correct copies of each Material Contract (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Purchaser through the electronic data room established on behalf of the Company in connection with the negotiation of this Agreement (the "Data Room").

(iii) Neither the Company nor any Subsidiary is a party to, or bound by, any unexpired, undischarged or unsatisfied Material Contract under the terms of which performance by the Company or any Subsidiary according to the terms of this Agreement will be a default or an event of acceleration, or grounds for termination, or whereby timely performance by the Company of this Agreement may be prohibited, prevented or delayed.

(iv) For purposes hereof, "Material Contracts" means the following undischarged written contracts, agreements, leases and other instruments to which the Company or any Subsidiary is a party:

(A) agreements for the employment of any employee of the Company or any Subsidiary providing for annual base compensation in excess of $150,000;

(B) consulting agreements providing for annual payments in excess of $100,000;

(C) customer agreements providing for annual payments in excess of $500,000;

(D) supplier agreements, including purchase contracts and sales contracts, resulting in, or reasonably likely to result in, annual payments by the Company or any Subsidiary in excess of $1,000,000 individually, other than any (1) purchase orders and sales orders entered into in the ordinary course of business and (2) supplier price lists;

(E) leases or subleases, either as lessee or sublessee, lessor or sublessor, of personal property or intangibles, where the lease or sublease provides for an annual payment in excess of $100,000 and has an unexpired term as of the Closing Date in excess of one (1) year;

(F) agreements restricting in any manner the Company's or any Subsidiary's rights to compete with any person, restricting the Company's or any Subsidiary's rights to sell to or purchase from any person, restricting the right of any person to compete with the Company or any Subsidiary, or the ability of any person to employ any of the Company's or any Subsidiary's employees;

(G) agreements between the Company or any Subsidiary, on the one hand, and any of their respective Affiliates, on the other hand, with respect to the purchase of goods or the performance of services;

(H) loan or credit agreements, pledge agreements, notes, security agreements, mortgages, debentures, indentures, factoring agreements or letters of credit or other evidence of Indebtedness (including and identifying those to be released, terminated or canceled in connection with the Closing pursuant to the Payoff Letters, except security agreements ancillary to any lease of personal property with respect to the property so leased);

(I) guaranties, performance, bid or completion bonds, or surety agreements;

(J) partnership agreements or joint venture agreements;

(K) any other agreement which requires the payment of a transaction-related bonuses or any change of control severance or termination payments;

(L) all leases for the Leased Premises; or

(M) any agreement in favor of any Officer of the Company or any of its Subsidiaries containing provisions for the indemnification or exculpation of, or advancement of fees to such Officer with respect to any D&O Claims;

provided, however, that a Material Contract shall not include any (x) purchase or sale order entered into in the ordinary course of business; (y) Material Contract terminable on notice of thirty (30) days or less without penalty; or (z) confidentiality or non-disclosure agreement entered into in the ordinary course of business or in connection with the transactions contemplated by this Agreement or transactions comparable to those contemplated by this Agreement.

(k) Permits. The Company and the Subsidiaries possess all material licenses, permits, registrations and government approvals (the "Permits") (other than Environmental Permits as defined herein, which are exclusively provided for in Section 2.02(q)) from any Governmental Authority which are required in order for the Company and the Subsidiaries to each conduct its businesses as presently conducted. All such Permits are valid and in full force and effect and the Company has not received written notice from any Governmental Authority that an event has occurred that would result in a termination of any Permit. Complete and correct copies of each Permit (including all modifications, amendments and supplements thereto and waivers thereunder) have been made available to Purchaser through the Data Room.

(l) Employee Benefits.

(i) Schedule 2.02(l)(i) lists each of the Company's and the Subsidiaries' Benefit Plans and Foreign Benefit Plans. "Benefit Plans" means each employee pension benefit plan (as defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), employee welfare benefit plan (as defined in Section 3(1) of ERISA), or other material bonus, deferred compensation, stock purchase, stock option, severance, salary continuation, vacation, sick leave, or similar material plan, arrangement, policy, practice or agreement maintained by the Company, Velvac or Road-iQ (or to which any of them is a party). "Foreign Benefit Plan" means any plan or other arrangement maintained by Reynosa that is not subject to any law of the United States but that otherwise would fall within the definition of "Benefit Plan" set forth in the preceding sentence. The term "Benefit Plans" does not include "Foreign Benefit Plans." Other than the Subsidiaries, the Company has no ERISA Affiliates.

(ii) None of the Company, any Subsidiary, or any trade or business, whether or not incorporated, that is, along with the Company and the Subsidiaries, a member of a controlled group of corporations, under common control, or a member of an affiliated service group, as described in Section 414(b), (c), or (m) of the Code or that is required to be aggregated with the Company or any Subsidiary under Section 414(o) of the Code ("ERISA Affiliate") maintains or contributes to (or in the past six (6) years has maintained or contributed to) any employee benefit plan that is subject to Title IV of ERISA (including a "defined benefit plan" as defined in Section 3(35) of ERISA or a "multiemployer plan" as defined in Section 3(37) of ERISA).

(iii) Except as required by Section 4980B of the Code, Part 6 of Subtitle B of Title I of ERISA or applicable state Law or during any post-termination severance period, the Company and the Subsidiaries do not provide any former employee coverage under any retiree or post-employment medical benefit plan.

(iv) With respect to each Benefit Plan:

(A) Each Benefit Plan complies (and has complied) with, and has been administered in accordance with, all applicable laws, statutes, ordinances, rules, regulations and orders in all respects, and has been operated in accordance with its respective terms in all respects, and is in compliance with all applicable statutory and regulatory standards and requirements with respect to form, fiduciary conduct and reporting and disclosure to governmental agencies and participants.

(B) Each Benefit Plan that is intended to qualify under Section 401(a) of the Code meets in all respects all requirements for qualification under Section 401(a) of the Code and the regulations thereunder. Each such Benefit Plan has either received a favorable determination as to its qualification under the Code or is entitled to rely on opinion letter, in either case issued by the IRS, and the Company and the Subsidiaries have made available to Purchaser a copy of the most recent favorable determination letter or opinion letter issued by the IRS concerning such Benefit Plan's qualification. To the Company's knowledge, each such Benefit Plan has been administered in all respects in accordance with its terms and the applicable provisions of ERISA and the Code and the regulations thereunder.

(C) No "prohibited transaction" (within the meaning of Section 406 of ERISA or Section 4975(c) of the Code) has occurred with respect to a Benefit Plan that could result in liability to the Company or any of its Subsidiaries. Each fiduciary of a Benefit Plan (within the meaning of Section 3(21)(A) of ERISA) has complied in all respects with the requirements of the Code, ERISA and all other applicable laws with respect to the Benefit Plan. Neither the Company nor any ERISA Affiliate, nor, to the knowledge of the Company, any of their directors, officers or employees (to the extent they or any of them are fiduciaries with respect to a Benefit Plan) have breached any responsibility or other obligation imposed upon fiduciaries under Title I of ERISA which would subject the Company or any of its Subsidiaries to a Tax, penalty or liability under ERISA, nor have they engaged in any other transaction with respect to a Benefit Plan which would reasonably be expected to result in any claim being made under, by or on behalf of such plan by a party with standing to make such a claim.

(D) With respect to each Benefit Plan, there has been made available to Purchaser in the Data Room, to the extent applicable, a true and complete copy of: the Form 5500 annual report for the most recently completed year for which such a report was required to have been filed; the summary plan description together with each summary of modifications thereto; the plan document and all amendments thereto; and any ruling or interpretive letter issued by the Department of Labor, the Internal Revenue Service or any other governmental agency with respect to any Benefit Plan.

(E) To the Company's knowledge, no act or omission has occurred with respect to a Benefit Plan that would reasonably be expected to subject the Company or any Subsidiary to any fine, penalty, Tax or liability of any kind imposed by ERISA or the Code (other than liabilities for benefits and administrative expenses under such Benefit Plan). Except for claims for benefits arising in the ordinary course with respect to any Benefit Plan, there are no claims, actions, suits, proceedings, investigations or hearings pending or, to the Company's knowledge, threatened with respect to any Benefit Plan.

(F) Contributions to each Benefit Plan have been made and allocated pursuant to the provisions of each Benefit Plan.

(v) To the Company's knowledge, each Benefit Plan which is a group health plan (within the meaning of Section 5000(b)(1) of the Code) complies in all respects with and has been maintained and operated in all respects in accordance with each of the applicable requirements of ERISA and the Code, including Section 4980B of the Code and Part 6 of Subtitle B of Title I of ERISA. To the Company's knowledge, (A) each Benefit Plan which is a group health plan complies in all respects with and has been maintained and operated in all respects in accordance with the privacy requirements of the Health Insurance Portability and Accountability Act of 1996, as amended and the regulations related thereto ("HIPAA"), and (B) all of the requirements of HIPAA relating to "protected health information" (as defined for purposes of HIPAA and the regulations related thereto) have been satisfied in all respects.

(vi) Each Benefit Plan which is a nonqualified deferred compensation arrangement for purposes of Section 409A of the Code has been administered in all respects in accordance with the provisions of Section 409A of the Code and the regulations and guidance issued thereunder, and no act or omission has occurred with respect to any nonqualified deferred compensation arrangement maintained by the Company or an ERISA Affiliate that would subject the Company or any of its Subsidiaries (or any employee of the Company or any of its Subsidiaries) to any fine, penalty, Tax or liability of any kind imposed by the Code.

(vii) Except as set forth in Schedule 2.02(l)(vii), the execution of, and the consummation of the transactions contemplated by, this Agreement do not constitute a triggering event under any Benefit Plan, which (either alone or upon the occurrence of any additional or subsequent event) will or is reasonably expected to result in any payment, acceleration, vesting or increase in benefits to any employee or former employee of the Company or any Subsidiary. The consummation of the transactions contemplated by this Agreement will not cause any amounts payable under any Benefit Plan to fail to be deductible for federal income tax purposes under the "excess parachute" payment provisions of Section 280G of the Code.

(viii) Each Foreign Benefit Plan complies, in form and operation, in all material respects, with all applicable statutes, laws and regulations of Mexican Governmental Authorities.

(ix) Notwithstanding any of the representations and warranties contained elsewhere in this Agreement, the representations and warranties in this Section 2.02(l) shall be the sole representations and warranties with respect to matters relating to Benefit Plans of the Company and the Subsidiaries.

(m) Employees. Except as set forth in Schedule 2.02(m), with respect to employees of the Company and the Subsidiaries:

(i) There is no collective bargaining agreement currently in effect.

(ii) There is not presently pending or existing, and during the last twelve (12) months there has not been, and there is not threatened:

(A) any strike, slowdown, picketing or work stoppage;

(B) any material charge, grievance proceeding or other claim against or affecting the Company or the Subsidiaries relating to the alleged violation of any Law pertaining to labor relations or employment matters, including any charge or complaint filed by an employee or union with the National Labor Relations Board, the Equal Employment Opportunity Commission or any comparable Governmental Authority; or

(C) any application for certification of a collective bargaining agent.

(iii) There is no lockout of any employees of the Company or any Subsidiary and no such action is contemplated by the Company or any Subsidiary.

(iv) The Company and each Subsidiary is in compliance with all applicable Laws and orders relating to the employment of workers, including the National Labor Relations Act, the Fair Labor Standards Act, Title VII of the Civil Rights Act of 1964 as amended, Executive Order 11246, the Occupational Safety and Health Act, and the Family Medical Leave Act, as amended. There have been no claims, charges, complaints, demands made, or, to the Company's knowledge, threatened to be made, before any Governmental Authority with respect to any alleged violation of any such applicable Laws since December 1, 2011.

(n) Litigation and Claims. Except as set forth in Schedule 2.02(n), since December 1, 2011, there has been no, and there is currently no Actions, at law or in equity, pending or, to the Company's knowledge, threatened against the Company, any Subsidiary or any of their respective present or current officers, directors or Affiliates, with respect to or affecting (i) the Company's or any Subsidiary's operations, assets, business, products sales practices or financial condition, or with respect to the consummation of the transactions contemplated hereby, or (ii) with respect to which the Company or any of its Subsidiaries has an indemnification obligation (including with respect to any asserted or unasserted D&O Claim), and, in each case, the Company has not received any written notice, and the Company has no knowledge, that an event has occurred

or that any circumstance exists which would be reasonably likely to give rise to any of the foregoing. Since December 1, 2011, there has been no, and there is currently no proceedings or governmental investigations before any Governmental Authority, commission or other administrative authority, pending or, to the Company's knowledge, threatened against the Company, any Subsidiary or any of their respective present or current Officers, directors or Affiliates, with respect to or affecting the Company's or any Subsidiary's operations, business, assets, products sales practices or financial condition, or with respect to the consummation of the transactions contemplated hereby, and, in each case, the Company has not received any written notice and has no knowledge that an event has occurred or that any circumstance exists which would be reasonably likely to give rise to any of the foregoing.

(o) Brokers and Finders. With the exception of Cleary Gull, no person is or will become entitled, by reason of any contract or arrangement entered into or made by or on behalf of Sellers or any of their Affiliates or the Company or any Subsidiary to receive a broker's commission, finder's fee, investment banker's fee or similar payment in connection with the transactions contemplated by this Agreement. All fees and expenses of Cleary Gull owing by the Company or any of the Subsidiaries or any Seller or Affiliate of any Seller in connection with the transactions contemplated by this Agreement will be identified in the Transaction Expense Listing delivered by the Company pursuant to Section 1.04.

(p) Compliance with Laws. The Company and each of its Subsidiaries has complied, and is now complying, with all Laws applicable to it or its business, properties, products sales practices or assets. Neither the Company nor any Subsidiary is a party to, or, to the Company's knowledge, bound by, any decree, order or arbitration award (or agreement entered into in any administrative, judicial or arbitration proceeding with any Governmental Authority) with respect to or affecting the properties, assets, personnel or business activities of the Company or any Subsidiary. The Company and the Subsidiaries are not in material violation of, or delinquent in respect to, any arbitration award or Law of or agreement with, or any Permit from, any Governmental Authority to which the property, assets, personnel or business activities of the Company or any Subsidiary are subject, including Laws relating to equal employment opportunities, fair employment practices, occupational health and safety, wages and hours, and discrimination. The Company and each of its Subsidiaries are in compliance with all Customs and International Trade Laws and each of the Company and each of its Subsidiaries has all necessary authority under all Customs and International Trade Laws to conduct its operations as currently conducted, including but not limited to all necessary licenses for any pending export transactions, all necessary licenses and clearances for the disclosure of information to foreign persons and all necessary registrations with governmental entities with authority to implement the Customs and International Trade Laws. Without limiting the foregoing, the Company and each of its Subsidiaries are in compliance with all Customs and International Trade Laws and none of them has made or provided any material false information or material omission to any governmental entity in connection with the importing or exporting of products, the valuation or classification of imported or exported products, the duty treatment of imported or exported products, the eligibility of imported or exported products for favorable duty rates or other special treatment, country-of-origin marking, NAFTA certifications, other statements or certificates concerning origin, quota or

visa rights, export licenses or other authorizations, licenses or approvals relating to the same. Neither the Company nor any Subsidiary has received any written notice of or been charged with, or made any voluntary disclosure to a governmental entity regarding, a violation of any Customs and International Trade Laws. Neither the Company nor any of its Subsidiaries have participated directly or indirectly in any boycotts or other similar practices in violation of the regulations of the United States Department of Commerce or Section 999 of the Code. The foregoing representations and warranties set forth in this Section 2.02(p) shall not apply to: (i) environmental matters, which are exclusively provided for in Section 2.02(q) hereof; (ii) matters related to Taxes, which are exclusively provided for in Section 2.02(h) hereof; or (iii) matters related to Benefit Plans, which are exclusively provided for in Section 2.02(l) hereof.

(q) Environmental Matters. Except as set forth in Schedule 2.02(q):

(i) The Company and each of the Subsidiaries, and their operations at the Leased Premises, have been in compliance and are in compliance in all material respects with applicable Environmental Laws.

(ii) The Company and each of the Subsidiaries and, to the Company's knowledge, the Leased Premises, have possessed and now possess all Environmental Permits that are required for the operation of its businesses as currently conducted.

(iii) Since December 1, 2011, neither the Company nor any of the Subsidiaries has received any written communication alleging any material failure by the Company or any Subsidiary to comply with any applicable Environmental Laws.

(iv) There is no Environmental Claim pending or, to the Company's knowledge, threatened, against the Company, any Subsidiary or the Leased Premises.

(v) Since December 1, 2011, neither the Company nor any of the Subsidiaries has received any written notice from any person that the Company or any Subsidiary is a potentially responsible party with respect to any Offsite Facility pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, et seq., or any comparable state or foreign Law.

(vi) Neither the Company nor any of the Subsidiaries has caused a Release of any Hazardous Substance in violation of Environmental Law.

(vii) Notwithstanding any of the representations and warranties contained elsewhere in this Agreement, the representations and warranties in this Section 2.02(q) shall be the sole representations and warranties with respect to environmental matters of or affecting the Company and the Subsidiaries.

(r) Real Estate.

(i) Neither the Company nor any Subsidiary owns any real property.

(ii) Schedule 2.02(r)(ii) lists each of the real properties leased, subleased, licensed or occupied by the Company or any Subsidiary as tenants, subtenants, licensees or occupants (the "Leased Premises"). The Leased Premises are leased to the Company or a Subsidiary pursuant to written leases, subleases, licenses or agreements, correct and complete copies of which have previously been made available to Purchaser through the Data Room. All leases with respect to the Leased Premises are valid, binding and in full force and effect as to the Company and the Subsidiaries, and, to the Company's knowledge, the other parties thereto, except as limited by the General Enforceability Exceptions. Neither the Company nor any Subsidiary has received notice that the Company or any Subsidiary is in default thereunder and, to the Company's knowledge, no default by the other contracting parties has occurred thereunder. Neither the Company nor any Subsidiary has received notice that any of the improvements comprising the Leased Premises, or the businesses conducted by the Company or any Subsidiary thereon, are in violation of any building line or use or occupancy restriction, limitation, condition or covenant of record or any zoning or building Law, code or ordinance or public utility or other easements.

(iii) To the Company's knowledge, there are no condemnation Actions or proceedings pending, or to the Company's knowledge, threatened with respect to the Leased Premises. Neither the Company nor any Subsidiary has subleased, licensed or otherwise granted any person the right to use or occupy the Leased Premises or any portion thereof.

(s) Intellectual Property.

(i) Schedule 2.02(s)(i) contains a correct, current and complete list of (A) all Company IP Registrations, and specifying as to each Company IP Registration, as applicable: the title, mark, or design; the record owner and inventor(s), if any; the jurisdiction by or in which it has been issued, registered, or filed; the patent, registration, or application serial number; the issue, registration, or filing date; and the current status and (B) all trademarks, service marks, trade names, trade dress, brands, logos and similar designations of source or origin, and all Software, in each case that is included in Company Intellectual Property that is not registered but that is material to the Company's business or operations as currently conducted and as planned to be conducted immediately after the Closing Date. All required assignments, instruments, recordings, filings and fees necessary to establish, record, perfect, and maintain the Company's ownership interest in the Company IP Registrations have been validly executed, timely filed with and paid to the relevant Governmental Authorities and authorized registrars, and all Company IP Registrations are otherwise in good standing, subsisting and in full force and effect. The Company has provided Purchaser with true and complete copies of file histories, documents, certificates, office actions, correspondence, assignments, and other materials related to all Company IP Registrations in the Data Room.

(ii) Schedule 2.02(s)(ii) contains a correct, current and complete list of all Company IP Agreements. The Company has provided Purchaser with true and complete copies (or in the case of any oral agreements, a complete and correct written description)

of all Company IP Agreements in the Data Room, including all modifications, amendments and supplements thereto and waivers thereunder. Each Company IP Agreement is valid and binding on the Company or its Subsidiary that is a party thereto (including, for resolution of doubt, Road-iQ) in accordance with its terms and is in full force and effect. Neither the Company, nor any Subsidiary (including, for resolution of doubt, Road-iQ) nor, to the knowledge of the Company, any other party thereto, is in breach of or default under (or is alleged to be in breach of or default under), or has provided or received any written notice (or other form of notice) of breach or default of or any intention to terminate (including by non-renewal), any Company IP Agreement.

(iii) Except as set forth in Schedule 2.02(s)(iii), the Company (or one of its Subsidiaries, including, for resolution of doubt, Road-iQ) is the sole and exclusive legal and beneficial (and with respect to Company IP Registrations, record), owner of all right, title and interest in and to the Company Intellectual Property, and has the valid right to use all other Intellectual Property used in or necessary for the conduct of the current business or operations of the Company and each of the Subsidiaries (including, for resolution of doubt, Road-iQ) as currently conducted and as planned to be conducted immediately after the Closing Date, in each case, free and clear of Liens other than Permitted Liens. Without limiting the generality of the foregoing, the Company and each Subsidiary (including, for resolution of doubt, Road-iQ) has entered into binding, written agreements with each of its respective current and former employees, and with each of its respective current and former independent contractors, whereby each such employee and independent contractor (A) grants to the Company or such Subsidiary (including, for avoidance of doubt, to Road-iQ where Road-iQ is a party thereto) a present, irrevocable assignment of any ownership interest and right they may have in all Intellectual Property invented, created, or developed by such employee or independent contractor within the scope of his or her employment or engagement with the Company or its Subsidiary, to the extent such Intellectual Property does not constitute a "work made for hire" under applicable Law; and (B) to the extent such Intellectual Property does constitute a "work made for hire" under applicable Law, acknowledges that such Intellectual Property is a "work made for hire". The Company has provided Purchaser with true and complete copies of all such agreements in the Data Room.

(iv) The consummation of the transactions contemplated hereunder will not result in the loss or impairment of, or payment of any additional amounts with respect to, nor require the consent of any third party in respect of, the right of the Company and each of its Subsidiaries (including, for avoidance of doubt, Road-iQ) to own, use or hold for use any Intellectual Property as owned, used or held for use in the conduct of the its respective business or operations as currently conducted

(v) All of the Company IP Registrations (other than pending applications for any Company IP Registrations) are subsisting and enforceable and, to the knowledge of the Company, valid. The Company and each of its Subsidiaries (including, for avoidance of doubt, Road-iQ) has taken all reasonable steps to maintain its Company

Intellectual Property and to protect and preserve the confidentiality of all trade secrets included in the Company Intellectual Property, including requiring all persons having access thereto to execute written non-disclosure agreements.

(vi) The conduct of the business of the Company and each of its Subsidiaries (including, for avoidance of doubt, Road-iQ) as currently and formerly conducted, and the products, processes and services of the Company and each of its Subsidiaries (including, for avoidance of doubt, Road-iQ) as currently and formerly conducted, have not infringed, misappropriated, diluted or otherwise violated, and do not and will not infringe, dilute, misappropriate or otherwise violate, the Intellectual Property rights of any third party. To the knowledge of the Company, no third party has infringed, misappropriated, diluted or otherwise violated, or is currently infringing, misappropriating, diluting or otherwise violating, any Company Intellectual Property.

(vii) Except as set forth in Schedule 2.02(s)(vii), there are no Actions (including any oppositions, cancellations, post-grant proceedings, interferences or re-examinations), whether settled, pending or, to the knowledge of the Company, threatened (including in the form of offers to obtain a license): (A) alleging any infringement, misappropriation, dilution or violation of the Intellectual Property of any person by the Company or of its Subsidiaries (including, for avoidance of doubt, Road-iQ); (B) challenging the validity, enforceability, registrability or ownership of any Company Intellectual Property or the rights of the Company and each of its Subsidiaries (including, for avoidance of doubt, Road-iQ) with respect to any Company Intellectual Property; or (C) by the Company, or any of its Subsidiaries (including, for avoidance of doubt, Road-iQ), or, to the knowledge of the Company, any other person alleging any infringement, misappropriation, dilution or violation by any person of the Company Intellectual Property. Neither the Company nor any of its Subsidiaries (including, for avoidance of doubt, Road-iQ) is aware of any facts or circumstances that could reasonably be expected to give rise to any such Actions. Neither the Company nor any of its Subsidiaries (including, for avoidance of doubt, Road-iQ) is subject to any outstanding or prospective order of any Governmental Authority (including any motion or petition therefor) that does or would restrict or impair the use of any Company Intellectual Property.

(viii) Except as set forth in Schedule 2.02(s)(viii), none of the Software included in the Company Intellectual Property (including, for avoidance of doubt, any Software developed by or on behalf of Road-iQ) was developed using, includes, incorporates, links to or otherwise requires the use of any open source, free software, or freeware of any kind. The Company and its Subsidiaries (including, for avoidance of doubt, Road-iQ) have complied with all notice, attribution, and other requirements of each license for the applicable open source, free software, or freeware disclosed in Schedule 2.02(s)(viii). Neither Company nor any of its Subsidiaries (including, for avoidance of doubt, Road-iQ) has used any open source, free software, or freeware of any kind, including but not limited to any open source, free software, or freeware included in Schedule 2.02(s)(viii), in a manner that does, will, or would reasonably be expected to, require the (A) disclosure or distribution of any Software included in the Company

Intellectual Property (including, for avoidance of doubt, any Software developed by or on behalf of Road-iQ) in source code form or object code form; (B) license or other provision of any such Software on a royalty-free basis; or (C) grant of any patent license, non-assertion covenant, or other rights under any Intellectual Property or rights to modify, make derivative works based on, decompile, disassemble, or reverse engineer any portion of such Software.

(ix) The Company and its Subsidiaries (including, for avoidance of doubt, Road-iQ) are in actual possession of and have exclusive control over a complete and correct copy of the source code for all Software included in the Company Intellectual Property (including, for avoidance of doubt, any Software developed by or on behalf of Road-iQ).

(x) Other than to third parties who have participated in the development of such Software and who have executed a written non-disclosure agreement before having access to such source code, the Company and its Subsidiaries (including, for avoidance of doubt, Road-iQ) have not disclosed, delivered, licensed, or otherwise made available, and does not have a duty or obligation (whether present, contingent, or otherwise) to disclose, deliver, license, or otherwise make available, any source code for any Software included in the Company Intellectual Property (including, for avoidance of doubt, any Software developed by or on behalf of Road-iQ) to any third party, including any escrow agent.

(xi) Schedule 2.02(s)(xi) sets out for a full, complete and accurate list of all of the persons who participated in making, developing, creating, conceiving, reducing to practice and/or improving the Software included in the Company Intellectual Property (including, for avoidance of doubt, any Software developed by or on behalf of Road-iQ), and specifying as to each person, the identification of such Software that such person participated in making, developing, creating, conceiving, reducing to practice and/or improving.

(t) Related Party Transactions. Schedule 2.02(t) describes each business relationship (excluding employee compensation paid in the ordinary course of business, and other ordinary incidents of employment) existing on the date of this Agreement between the Company and any Subsidiary, on the one hand, and any officer, director, stockholder, Seller or Affiliate of Sellers, on the other hand.

(u) Customers and Suppliers. Schedule 2.02(u) sets forth (i) the Company's and the Subsidiaries' ten (10) largest customers as a percentage of the Company's and the Subsidiaries' gross sales (on a consolidated basis) for the fiscal year ended December 31, 2016 (the "Key Customers"), and (ii) the Company's and the Subsidiaries' ten (10) largest suppliers as a percentage of the Company's and the Subsidiaries' purchases (on a consolidated basis) for the fiscal year ended December 31, 2016 (the "Key Suppliers"). To the Company's knowledge, none of the Key Customers or Key Suppliers has, since December 31, 2015, notified any of the Company or any Subsidiary that it has cancelled or materially adversely altered, or intends to

cancel or materially adversely alter, its business relationship with the Company or any Subsidiary.

(v) Accounts Receivable. The accounts receivable arising since the Interim Financial Statement Date (i) have arisen from bona fide transactions entered into by the Company and each of its Subsidiaries involving the sale of goods or the rendering of services in the ordinary course of business consistent with past practice; (ii) constitute only valid, undisputed claims of the Company and each of its Subsidiaries not subject to claims of set-off or other defenses or counterclaims other than normal cash discounts accrued in the ordinary course of business consistent with past practice; and (iii) subject to a reserve for bad debts shown on the Interim Financial Statement or, with respect to accounts receivable arising after the Interim Financial Statement Date, on the accounting records of the Company, are collectible in full within ninety (90) days after billing. The reserve for bad debts with respect to accounts receivable arising after the Interim Financial Statement Date on the accounting records of the Company and its Subsidiaries have been determined in accordance with GAAP, consistently applied, subject to normal year-end adjustments and the absence of disclosures normally made in footnotes.

(w) Inventory. All inventory of the Company and each of its Subsidiaries, whether or not reflected in the Interim Financial Statements, consists of a quality and quantity usable and salable in the ordinary course of business consistent with past practice, except for obsolete, damaged, defective or slow-moving items that have been written off or written down to fair market value or for which adequate reserves have been established. All such inventory is owned by the Company and its Subsidiaries free and clear of all Liens, except Permitted Liens (all of which shall be discharged as of the Closing), and no inventory is held on a consignment basis. The quantities of each item of inventory (whether raw materials, work-in-process or finished goods) are not excessive, but are reasonable in the present circumstances of the Company and its Subsidiaries.

(x) Warranty and Product Liability.

(i) Schedule 2.02(x)(i) sets forth a copy of the standard form of product warranty offered by the Company or any of its Subsidiaries, and, other than such standard product warranty or as otherwise set forth on Schedule 2.02(x)(i), neither the Company nor any Subsidiary has offered or provided any express product warranty on any goods or services which any of them has sold since December 1, 2011.

(ii) Schedule 2.02(x)(ii) sets forth a correct and complete listing of:

(A) the amount expended by Company or any of its Subsidiaries from December 1, 2015 through November 30, 2016 in respect of warranty claims which have been made against the Company or any of its Subsidiaries on account of products and services sold; and

(B) except in the case of claims covered by insurance, the amount expended by the Company or any of its Subsidiaries from December 1,

2015 through November 30, 2016 in defending against or satisfying product liability claims which have been made against Company or any of its Subsidiaries on account of the products sold.

(y) WARN Act. Neither the Company nor any Subsidiary has caused, nor made any decision to cause, (i) a plant closing or business closing as defined in the WARN Act, affecting any site of employment or one or more operating units within any site of employment of the Company or of any Subsidiary or (ii) a mass layoff as defined in the WARN Act, nor has the Company or any Subsidiary been affected by any transaction or engaged in layoffs or employment terminations sufficient in number to trigger application of the WARN Act. Schedule 2.02(y) sets forth the number of employees of the Company and its Subsidiaries in each State whose employment was terminated for any reason or who suffered an "employment loss" for purposes of the WARN Act (i) with respect to those employees in the State of Wisconsin during the sixty (60)-day period ending on the Closing Date, and (ii) with respect all employees (including the State of Wisconsin), during the ninety (90)-day period ending on the Closing Date.

Section 2.03 Individual Representations and Warranties of Sellers

. As a material inducement to Purchaser's entering into this Agreement, each Seller, individually and not jointly, represents and warrants with respect to herself, himself or itself, as the case may be, to Purchaser as of the Closing as follows:

(a) Power and Authority. If such Seller is a limited partnership, then: (i) such Seller has full power and authority to execute and perform this Agreement; (ii) the execution and delivery of this Agreement by such Seller and the performance by it of all of its obligations under this Agreement have been duly approved by all requisite action of such Seller; and (iii) the approval of such Seller's partners, for it to execute this Agreement or consummate the transactions contemplated hereby is either not required or has been duly given. If such Seller is a limited partnership, then such Seller is duly organized, existing and in good standing under the Laws of its jurisdiction of formation.

(b) Conflicts. Neither the execution and delivery of this Agreement by such Seller, nor the consummation by such Seller of the transactions contemplated hereby will conflict with or constitute a breach of any of the terms, conditions or provisions of (i) its Certificate or Articles of Formation, any Bylaws or similar documents, Limited Partnership Agreement, or other organizational documents, (ii) any Laws applicable to such Seller, or (iii) any order, writ, injunction, judgment or decree of any Governmental Authority or of any arbitration award, to which such Seller is a party or by which such Seller is bound.

(c) Execution and Delivery. This Agreement has been duly executed and delivered by each Seller and constitutes a legal, valid and binding agreement of such Seller, enforceable against such Seller in accordance with its terms, except as limited by the General Enforceability Exceptions.

(d) Consents and Approvals. Each Seller is not a party to, or bound by, any unexpired, undischarged or unsatisfied contract, under the terms of which the execution, delivery and performance by such Seller of this Agreement and the consummation of the transactions

contemplated hereby by such Seller will (i) result in a Securities Lien on any of the Shares or Options owned by such Seller, (ii) require a consent, approval or notice, (iii) result in a breach, lapse, cancellation, right to terminate, default or acceleration of any right or obligation.

(e) Ownership. Such Seller owns the number of Preferred Shares, Common Shares and Options listed opposite such Seller's name on Schedule 2.02(d), free and clear of all Securities Liens, except any transfer restrictions imposed by applicable Laws and such Seller does not own (beneficially or of record) any capital stock, registered capital or other securities of the Company or any Subsidiary, and does not have any subscription, option, warrant, right (including any preemptive right), call, convertible securities or other agreements or commitments of any character relating to the capital stock, registered capital or other securities of the Company or any Subsidiary. Schedule 2.02(d) also shows the correct Percentage Share for such Seller as Preferred Stockholder, as Common Stockholder and as Optionholder (to three decimal places), as applicable. Prior to the Closing, all of the Options listed opposite such Seller's name on Schedule 2.02(d) shall be terminated and of no further force and effect Upon consummation of the transactions contemplated by this Agreement, Purchaser shall own all of, and good and marketable title to, the Shares listed opposite such Seller's name on Schedule 2.02(d), free and clear of all Securities Liens, except any transfer restrictions imposed by applicable Laws.

(f) Brokers and Finders. No person is or will become entitled, by reason of any contract or arrangement entered into or made by or on behalf of such Seller to receive a broker's commission, finder's fee, investment banker's fee or similar payment in connection with the transactions contemplated by this Agreement.

Section 2.04 Limitation on Warranties

. Except as expressly set forth in Section 2.02 and Section 2.03, (a) neither the Company nor Sellers make any express or implied warranty of any kind whatsoever, including any representation as to physical condition or value of any of the assets of the Company or any Subsidiary or the future profitability or future earnings performance of the Company and Subsidiaries and (b) no covenants, warranties or representations are made, or have been made, by Sellers, the Company or Cleary Gull or any of their respective representatives or agents with respect to the accuracy or completeness of any information contained in the Confidential Information Memorandum distributed by Cleary Gull (the "Confidential Information Memorandum") or in the management presentation or Data Room materials distributed by Cleary Gull or the Company and none of them shall have any liability to Purchaser arising out of the use of the information contained in such Confidential Information Memorandum or such management presentation or Data Room materials. THE REPRESENTATIONS AND WARRANTIES OF THE COMPANY IN SECTION 2.02 AND SELLERS IN SECTION 2.03 CONSTITUTE THE SOLE AND EXCLUSIVE REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND SELLERS TO PURCHASER IN CONNECTION WITH THE TRANSACTIONS CONTEMPLATED HEREBY, AND PURCHASER UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ALL OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE EXPRESS OR IMPLIED (INCLUDING, BUT NOT LIMITED TO, ANY RELATING TO THE FUTURE OR HISTORICAL FINANCIAL CONDITION, RESULTS OF OPERATIONS, ASSETS OR LIABILITIES OF THE COMPANY, IMPLIED WARRANTIES OF

MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE) ARE SPECIFICALLY DISCLAIMED BY THE COMPANY AND SELLERS AND PURCHASER ACKNOWLEDGE AND AGREE THAT IT IS NOT RELYING ON ANY SUCH OTHER REPRESENTATION OR WARRANTY OF ANY KIND OR NATURE EXPRESS OR IMPLIED. The Company and Sellers hereby disclaim any such other or implied representations and warranties with respect to the assets of the Company and its Subsidiaries, notwithstanding the delivery or disclosure to Purchaser, its Affiliates and their respective officers, directors, employees and representatives of any documentation or other information. The parties make no representations or warranties to each other, except as contained in this Agreement, and any and all prior representations and warranties made by any party or its representatives, whether verbally or in writing, are merged into this Agreement, it being intended that no such prior representations or warranties shall survive the execution and delivery of this Agreement. Purchaser acknowledges that any estimates, forecasts or projections furnished or made available to it concerning the Company and the Subsidiaries (including the contents of the Confidential Information Memorandum or management presentation and Data Room materials) regarding its properties, business or assets may not have been prepared in accordance with GAAP or standards applicable under the Securities Act, and such estimates, and the estimates reflected in the Financial Statements and the Interim Financial Statements, reflect numerous assumptions, and are subject to material risks and uncertainties. Purchaser acknowledges that actual results may vary, perhaps materially. Purchaser further acknowledges that it has conducted an independent investigation of the financial condition, assets, liabilities, properties and projected operations of the Company and the Subsidiaries in making its determinations as to the propriety of the transactions contemplated by this Agreement, and in entering into this Agreement, has relied solely on the representations and warranties of the Company and Sellers expressly contained in this Agreement. Nothing in this Section 2.04 shall limit the rights or remedies of Purchaser or any Purchaser Indemnitee under applicable Law for matters involving fraud (as defined by statute or the common law) or a fraudulent misrepresentation.

Section 2.05 Definition of Knowledge. For the purposes of this Agreement, (a) the knowledge of the Company or words of similar import shall mean the actual knowledge as of the date hereof and as of the Closing Date of each of Richard C. Tuttle (Chairman of the Board), Jeffery Porter (President and Chief Executive Officer), Timothy Rintelman (Chief Financial Officer), Dan McGrew (VP of Operations) and Mark Moeller (Chief Technology Officer), and (b) the knowledge of Purchaser or words of similar import shall mean the actual knowledge as of the date hereof and as of the Closing Date of each of August M. Vlak (Chief Executive Officer and President) and John L. Sullivan, III (Chief Financial Officer and Vice President).

ARTICLE III
[INTENTIONALLY OMITTED]

ARTICLE IV
CLOSING DELIVERIES; OTHER EVENTS OCCURING AS OF THE CLOSING

Section 4.01 Purchaser's Closing Deliveries. At the Closing, Purchaser shall deliver to the Seller Representative each of the following:

(a) a copy of the Certificate of Incorporation of Purchaser, certified as of a recent date by the Secretary of State for the State of Connecticut;

(b) a certificate of good standing of Purchaser, issued as of a recent date by the Secretary of State for the State of Connecticut;

(c) a certificate of the Secretary or Assistant Secretary of Purchaser, dated as of the Closing Date, as to (i) no amendments to the Certificate of Incorporation of Purchaser since the date specified in the Certificate of Incorporation delivered pursuant to Section 4.01(a), (ii) the Bylaws of Purchaser, (iii) the resolutions of the Board of Directors of Purchaser authorizing the execution and performance of this Agreement and the transactions contemplated hereby, and (iv) the incumbency and signatures of the officers of Purchaser executing this Agreement and any other agreement or certificate executed by Purchaser in connection with the Closing;

(d) the Escrow Agreement, executed by Purchaser;

(e) the conditional binder with respect to the R&W Insurance Policy.

Any agreement or document to be delivered to the Seller Representative pursuant to this Section 4.01 shall be in form and substance reasonably satisfactory to the Seller Representative.

Section 4.02 Company's Closing Deliveries. At the Closing, the Seller Representative, on behalf of the Sellers, shall deliver to Purchaser each of the following:

(a) stock certificates and a stock power for all of the Shares, duly executed by each applicable Seller (such stock certificates representing all of the Shares);

(b) a copy of (i) the Certificate of Incorporation of each of the Company, Velvac and Velvac International, (ii) the Certificate of Formation of Road-iQ, in each case (i) and (i), as amended and certified as of a recent date by the Secretary of State of the State of Delaware, and (iii) in the case of Reynosa, the Articles of Formation certified as true, complete and correct by a Company officer;

(c) a certificate of good standing of each of the Company, Velvac, Velvac International and Road-iQ, each issued as of a recent date by the Secretary of State of the State of Delaware and a certificate of good standing or equivalent certificate for Reynosa from the Governmental Authority in its jurisdiction of organization;

(d) a certificate of the Secretary or Assistant Secretary of the Company, dated as of the Closing Date, as to (i) no amendments to the Certificate of Incorporation or Formation, as applicable, of the Company, Velvac, Velvac International and Road-iQ since the date specified in the Certificates of Incorporation or Formation, as applicable, delivered pursuant to Section 4.02(b), (ii) the Bylaws, as amended, of each of the Company, Velvac and Velvac International and the Limited Liability Company Operating Agreement, as amended, of Road-iQ, (iii) the resolutions of the Board of Directors of the Company authorizing the execution and

performance of this Agreement and the transactions contemplated hereby, and (iv) the incumbency and signatures of the officers of the Company executing this Agreement and any other agreement or certificate executed by the Company in connection with the Closing;

(e) a statement certifying that the Company is not, and has not been during the shorter of the periods specified in Section 897(c)(1)(A)(ii) of the Code, a "United States real property holding corporation" for purposes of Sections 897 and 1445 of the Code;

(f) the Escrow Agreement, executed by the Seller Representative and the Escrow Agent;

(g) pay-off letters (the "Pay-Off Letters") in a form reasonably satisfactory to Purchaser, with respect to the pay-off amounts of the Indebtedness of the Company and the Subsidiaries, including the Indebtedness identified on Schedule 4.02(g), and all Liens and guarantees related to such Indebtedness shall either be terminated and released or the Pay-Off Letters shall specify they will be so terminated and released after satisfaction of the conditions specified therein (in a fashion that will not adversely impact the availability or material terms of any financing arrangements of Purchaser with respect to the transactions contemplated hereby) and Purchaser shall have received evidence of the foregoing reasonably satisfactory to it;

(h) Employment Agreements, executed by Jeffery Porter, Dan McGrew, Andrew Worley, Mark Moeller, Timothy Rintelman, Christian Slesak, Paul Hughes, Herb Brown, Tim McMahon, Jeff Steinbach, Chris Edgington and Rory McLeod each in favor of the Company, dated and effective as of the Closing Date (the "Employment Agreements");

(i) a Confidentiality Agreement, executed by each Seller (other than Jeffery Porter) in favor of Purchaser, dated and effective as of the Closing Date (each a "Seller Party Confidentiality Agreement");

(j) a release, executed by each Seller in favor of the Company and its Subsidiaries (each a "Seller Party Release") dated and effective as of the Closing Date;

(k) resignations from each of the officers and directors of the Company and each Subsidiary (and in the case of Reynosa, from the persons holding the equivalent positions) dated and effective as of the Closing Date;

(l) stock certificates (or lost certificate affidavits, in lieu thereof) for all the issued and outstanding capital stock of each of the Subsidiaries in favor of the Company or Subsidiary who is the sole owner thereof, as applicable;

(m) the original stock book and minute book (and in the case of Reynosa, the equivalent records) of each of the Subsidiaries;

(n) the Termination of Management Agreement executed by Prospect Partners, L.L.C. and the Company (the "Termination of Management Agreement");

(o) complete and correct copies of all the Required Consents.

Any agreement or document to be delivered to Purchaser pursuant to this Section 4.02 shall be in form and substance reasonably satisfactory to Purchaser.

Section 4.03 Termination of Certain Agreements. The parties hereby agree that effective as of Closing, and without any further action, the following agreements are hereby terminated, and the Company and each Seller a party thereto agrees that any requirement or condition therein which was or could be a condition to such Seller's or the Company's obligations or performance of its respective obligations under this Agreement which has not been met, satisfied or waived, is hereby waived:

(a) Executive Securities Agreement, made as of February 26, 2008, by and among the Company and John Backovitch;

(b) Executive Securities Agreement, made as of August 31, 2005, by and among the Company and Jeffery Porter; and

(c) Investor Securities Agreement, made as of August 31, 2005, by and among the Company and Prospect Partners II, L.P.

ARTICLE V
POST-CLOSING AGREEMENTS

Section 5.01 Access to Records. Purchaser shall cause the Company and the Subsidiaries to provide access to the books and records of the Company and the Subsidiaries to the Seller Representative on behalf of the Sellers, and its designees or representatives, for purposes of each Seller's compliance with such Seller's obligations under Section 5.04 and such Seller's defending indemnification claims pursuant to Article VI at all reasonable times during normal business hours, for a six (6) year period after the Closing Date, in each case, to the extent relating to the business of the Company or any Subsidiary prior to the Closing Date, as reasonably required by Seller Representative. As used in this Section 5.01, the right of access includes the right to make extracts or copies, at Seller Representative's cost.

Section 5.02 Compliance with WARN Act. In reliance on the truth and accuracy of the Company's representations and warranties in Section 2.02(y), Purchaser agrees that it will not, and will cause the Company and the Subsidiaries to not, cause any of the employees of the Company and the Subsidiaries to suffer an "employment loss" for purposes of the WARN Act if such employment loss would create any liability for Sellers in their capacity as such under the WARN Act. For avoidance of doubt, no past or current employee of the Company or any Subsidiary, nor any of such employee's heirs, personal representatives, administrators, successors or assigns, shall be entitled to rely on, be entitled to assert any claim with respect to, or otherwise have any third-party beneficiary rights with respect to, Purchaser's covenants in this Section 5.02 or Purchaser's representations and warranties in Section 2.01(f).

Section 5.03 Officers and Directors Liability.

(a) From and after the Closing Date, Purchaser shall cause the Company and the Subsidiaries to: (i) maintain in effect for a period of six (6) years from the Closing Date those provisions (the "Indemnification Provisions") contained in each of Company's and/or a Subsidiary's organizational documents which are in effect on the Closing Date to the extent such provisions provide for the Company or a Subsidiary to indemnify and hold harmless each present or former officer, director, or shareholder or partner of the Company or any Subsidiary or any present or former officer, director, employee, agent or trustee of any Benefit Plan (each, an "Officer") from and against any losses, claims, damages, liabilities, judgments, costs, expenses (including reasonable attorneys' fees), fines and settlements in connection with any threatened, pending or completed claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or pertaining to any action by or omission of such Officer occurring on or prior to the Closing Date whether asserted or commenced prior to, on or after the Closing Date to the full extent required or permitted by the Indemnification Provisions (each, a "D&O Claim"), other than a D&O Claim against any past or present Officer who is a Seller and which such D&O Claim has arisen or arises out of, or has related or relates to, a claim asserted by any other Seller (or such other Seller's heirs, executors, personal representatives, successors and assigns) with respect to the transactions contemplated by this Agreement (each, a "Released D&O Claim"), all such Released D&O Claims to be released pursuant to the Seller Party Release of each Seller delivered pursuant to Section 4.02(k) at the Closing; (ii) honor such Indemnification Provisions and advance expenses to the Officers in connection with each D&O Claim other than the Released D&O Claims to the full extent required or permitted by the Indemnification Provisions; and (iii) following the Closing obtain, and for a period of six (6) years after the Closing, maintain a tail policy (the "D&O Tail Policy") to the current director and officer liability insurance policy maintained by the Company and identified in Schedule 2.02(g).

(b) The provisions of this Section 5.03 are intended to be for the benefit of, and shall be enforceable by, each of the parties described in this Section 5.03, their heirs and their personal representatives and shall be binding on all successors and permitted assigns of the Company, the Subsidiaries and Purchaser. Purchaser shall cause the surviving or resulting entity of any merger, consolidation or similar transaction involving the Company or any Subsidiary to assume the obligations of such Company or Subsidiary imposed by this Section 5.03.

Section 5.04 Tax Matters.

(a) Liability for Taxes.

(i) Each Seller shall be severally liable for and pay any Income Taxes due in respect of, and shall be responsible for the Seller Representative's preparation and filing of, the Tax Returns to be prepared by Seller Representative under Section 5.04(b)(i); provided, however, that Sellers shall not be liable for or pay, and shall not indemnify or hold harmless any Purchaser Indemnitee from and against, (A) any Taxes to the extent of the amount taken into account as a liability or reserve for Taxes in computing the Final Aggregate Purchase Price; (B) any Taxes that result from any actual or deemed election

under Section 338 of the Code or any similar provisions of state, local or foreign law as a result of the purchase of the Securities or the deemed purchase of shares of any Subsidiary or that result from Purchaser, any Affiliate of Purchaser, the Company or any Subsidiary engaging in any activity or transaction that would cause the transactions contemplated by this Agreement to be treated as a purchase or sale of assets of the Company or any Subsidiary for Tax purposes and (C) any Taxes imposed on the Company or any Subsidiary as a result of transactions occurring on the Closing Date that are properly allocable (based on, among other relevant factors, factors set forth in Treas. Reg. § 1.1502-76(b)(1)(ii)(B)) to the portion of the Closing Date after the Closing.

(ii) Sellers shall be entitled to any refund of (or credit against) Income Taxes allocable to any Pre-Closing Tax Period. Upon the request of the Seller Representative, Purchaser shall (or cause its Affiliates to) take such steps as may be reasonably available to secure any such refund or credit and to carry back items of loss, deduction or credit from Pre-Closing Tax Periods, including the filing of amended Tax Returns or an IRS Form 1139. Purchaser shall inform the Seller Representative shortly after the end of each calendar year as to whether any such refund or credit is, or with the taking of action, would be, available.

(iii) Subject to Section 5.04(a)(i), Purchaser and, after the Closing, the Company shall be liable for and pay all Taxes imposed on the Company or any Subsidiary.

(iv) For purposes of Section 5.04(a)(i), whenever it is necessary to determine any refund of (or credit against) Taxes of the Company or any Subsidiary for the portion of a Straddle Period that ends on or before the Closing Date, the determination shall be made by assuming that the Straddle Period consisted of two (2) taxable years or periods, one which ended at the close of the Closing Date and the other which began at the beginning of the day following the Closing Date, and items of income, gain, deduction, loss or credit of the Company or any Subsidiary for the Straddle Period shall be allocated between such two (2) taxable years or periods on a "closing of the books basis" by assuming that the books of the Company and the Subsidiaries were closed at the close of the Closing Date; provided, however, that (A) transactions occurring on the Closing Date that are properly allocable (based on, among other relevant factors, factors set forth in Treas. Reg. § 1.1502-76(b)(1)(ii)(B)) to the portion of the Closing Date after the Closing shall be allocated to the taxable year or period that is deemed to begin at the beginning of the day following the Closing Date, and (B) exemptions, allowances or deductions that are calculated on an annual basis, such as property Taxes and depreciation deductions, shall be apportioned between such two (2) taxable years or periods on a daily basis.

(v) Purchaser and Sellers shall each be liable for and pay one-half of the amount any real property transfer or gains Tax, sales Tax, use Tax, stamp Tax, stock transfer Tax, or other similar Tax imposed on the transactions contemplated by this Agreement.

(vi) Notwithstanding anything to the contrary herein, Sellers and Purchaser agree that Sellers make no representation, warranty, and provide no other assurance, with respect to the amount of any Tax Attributes of the Company or any Subsidiary, or with respect to the availability on and after the Closing Date of any Tax Attributes of the Company or any Subsidiary. Sellers shall have no liability for any Taxes resulting from or arising with respect to any sale of the Company or any Subsidiary (or any assets thereof) following the Closing Date.

(vii) Any and all deductions related to (A) any exercise, or cancellation pursuant to Section 1.02, of an Option that occurs on or prior to the Closing Date (including any deduction for any payment in respect of any such Option, regardless of when such payment is made), (B) any bonuses paid on or prior to the Closing Date in connection with the transactions contemplated hereby, (C) expenses with respect to Indebtedness being paid in connection with the Closing, and (D) all transaction expenses and payments that are deductible for Tax purposes, including Transaction Expenses and other fees and expenses of legal counsel, accountants, investment bankers and the Seller Representative (such deductions described in clauses (A) through (D), the "Transaction Tax Deductions") shall be claimed in a taxable period ending on or prior to the Closing Date, except as otherwise required by applicable Law.

(viii) To the extent it is established in accordance with the procedures set forth in this Section 5.04(a)(viii), that any Transaction Tax Deduction results in a reduction of the federal, state or local income, franchise or similar Taxes of the Company, any Subsidiary, Purchaser or any Affiliate or successor thereof for any taxable year or period beginning after the Closing Date or any Straddle Period (each such reduction, a "Tax Reduction"), then Purchaser shall pay to Sellers an amount equal to such Tax Reduction. Purchaser shall be required to claim, and to cause the Company, any Subsidiary, any Affiliate or successor thereof to claim, a deduction or similar Tax item (and to claim no income, gain or similar Tax item) with respect to a Transaction Tax Deduction unless there is no reasonable basis for doing so under the standards of Section 6662 of the Code. Any dispute regarding whether the standard set forth in the preceding sentence is met, or regarding the calculation of the Tax Reduction, shall be referred to a mutually acceptable independent accounting firm for final resolution. Payment of any Tax Reduction shall be made at the due date for filing the Tax Return (after taking into account extensions) for the taxable year or period in which the Tax Reduction in question occurs, together with interest on the amount of such payment computed at the applicable federal rate (determined under Section 1274 of the Code) from the due date for filing such Tax Return (without taking into account extensions) through the date of payment. Sellers shall refund to Purchaser any Tax Reduction to the extent it has been paid by Purchaser to Sellers but is subsequently disallowed.

(b) Tax Returns.

(i) Seller Representative shall timely prepare and file, or cause to be timely prepared and filed, when due (taking into account all extensions properly obtained) all Tax Returns with respect to Income Taxes and VDA Taxes that are required to be filed

by or with respect to the Company or any Subsidiary for any taxable year or period of the Company or any Subsidiary that ends on or before the Closing Date. Purchaser shall remit or cause to be remitted any Taxes due in respect of Tax Returns to be filed by Seller Representative pursuant to this Section 5.04(b)(i); provided, however, that Sellers shall reimburse Purchaser the Taxes for which Sellers are liable pursuant to and in accordance with Section 5.04(a)(i) provided, further that Seller Representative and Purchaser shall reasonably cooperate in causing the Company to avail itself of any procedure that would result in an extension of time for payment of such Taxes (including the filing of an IRS Form 1138). Purchaser shall assist the Seller Representative in preparing any Tax Returns which Seller Representative is responsible for preparing and filing in accordance with this Section 5.04(b)(i), and in connection therewith, provide the Seller Representative with any necessary powers of attorney.

(ii) Purchaser shall timely file or cause to be timely filed when due (taking into account all extensions properly obtained) all Tax Returns (including those relating to Straddle Periods) that are permitted or required to be filed by or with respect to the Company or any Subsidiary after the Closing Date, other than the Tax Returns described in Section 5.04(b)(i), and Purchaser and the Company shall remit or cause to be remitted any Taxes due in respect of such Tax Returns. With respect to Tax Returns to be filed by Purchaser pursuant to this Section 5.04(b) that relate to any Pre-Closing Tax Period, (A) such Tax Returns shall be filed in a manner consistent with past practice and no position shall be taken, election made or method adopted that is inconsistent with positions taken, elections made or methods used in prior periods in preparing and filing similar Tax Returns and (B) such Tax Returns shall be submitted to the Seller Representative not less than thirty (30) days prior to the due date for filing such Tax Returns (or, if such due date is within forty-five (45) days following the Closing Date, as promptly as practicable following the Closing Date) for review and approval by the Seller Representative (not to be unreasonably withheld, delayed or conditioned).

(iii) None of Purchaser, the Company, any Subsidiary or any Affiliate of Purchaser shall amend, re-file or otherwise modify (or grant an extension of any statute of limitation with respect to) any Tax Return relating in whole or in part to the Company or any Subsidiary with respect to any Pre-Closing Tax Period without the prior written consent of the Seller Representative (not to be unreasonably withheld, delayed or conditioned), or take any other action that would reduce any Tax benefit in respect of any Pre-Closing Tax Period or any Tax Reduction.

(b) Contest Provisions.

(i) Purchaser shall promptly notify the Seller Representative in writing upon receipt by Purchaser, any of its Affiliates, or, after the Closing Date, the Company or any Subsidiary of notice of any pending or threatened federal, state, local or foreign Tax audits or assessments relating to any Pre-Closing Tax Period.

(ii) From and after the Closing, Seller Representative shall have the sole right to represent the Company's and the Subsidiaries' interests in any Tax audit or

administrative or court proceeding relating to a Pre-Closing Tax Period (other than a Straddle Period), and to employ counsel of Seller Representative's choice at Seller Representative's expense; provided, further, that Purchaser and its representatives shall be permitted, at Purchaser's expense, to be present at, and participate in, any such audit or proceeding. From and after the Closing, Purchaser shall have the sole right to represent the Company's and the Subsidiaries' interests in any Tax audit or administrative or court proceeding relating to a Straddle Period, and to employ counsel of Purchaser's choice at Purchaser's expenses; provided, however, that the Seller Representative and its representatives shall be permitted, at the Seller Representative's expense, to be present at, and participate in, any such audit or proceeding relating to a refund of (or credit against) Income Taxes allocable to such Pre-Closing Tax Period. None of Purchaser, any of its Affiliates, the Company or any Subsidiary shall be entitled to settle, either administratively or after the commencement of litigation, any claim for Taxes in respect of any Pre-Closing Tax Period or any Tax Reduction, without the prior written consent of the Seller Representative (not to be unreasonably withheld, delayed or conditioned).

(c) Subject to Limitations on Sellers' Indemnification Obligations. Notwithstanding anything to the contrary contained in this Section 5.04, the provisions of Section 6.01(b), Section 6.02, and Sections 6.05 through and including 6.15 (as provided therein) shall also apply to each Seller's obligations under this Section 5.04.

Section 5.05 Post-Closing Payments with respect to Options

. After the Closing, Purchaser agrees to cooperate with the Seller Representative, at the Seller Representative's request, to cause the Company or any Subsidiary to receive funds from, or as directed by, the Seller Representative with respect to, or related to, any amounts intended to be paid pursuant to this Agreement to the Optionholders (including pursuant to any adjustment to the Aggregate Purchase Price pursuant to Section 1.04, the payment of any Milestone Payment pursuant to Section 1.07 or pursuant to the Escrow Agreement) and deliver such funds to Optionholders after withholding and deducting amounts that the Company or any Subsidiary is required to withhold under the Code or any other provision of Tax Law. For all purposes of this Agreement, if a provision requires or provides for a payment to be made by the Company to the Optionholders pursuant to Article I, Article VI or otherwise under this Agreement, and such Optionholder does not have a current or past employment relationship with the Company or its Subsidiaries, Seller Representative may, or may direct Purchaser to, make payment directly to such Optionholder (and not through the Company or its Subsidiaries) by wire transfer of immediately available funds pursuant to instructions furnished by such Optionholder or Seller Representative. To the fullest extent permissible, payments to the Optionholders under this Agreement are intended to be exempt from the definition of "nonqualified deferred compensation" within the meaning of Section 409A of the Code, and to the extent that any payment hereunder is or becomes subject to Section 409A, this Agreement is intended to comply with the applicable requirements thereof. This Agreement shall be interpreted and administered to the extent possible in a manner consistent with the foregoing statement of intent. In furtherance (and without limiting the generality) of the foregoing, (i) each payment made in respect of the Options is intended to constitute a separate payment within the meaning of Code Section 409A, and (ii) to the extent Optionholders receive payments in respect

of their Options pursuant to an Escrow Account disbursement and such payments are subject to Section 409A, such payments are intended to comply with Treasury Regulation Section 1.409A-3(i)(5)(iv)(A).

Section 5.06 Company Group Obligations. Purchaser shall cause each of the Company and the Subsidiaries to comply with all obligations binding on the Company or any Subsidiary, as applicable, under this Agreement as of Closing.

Section 5.07 R&W Insurance Policy. Promptly following issuance of the R&W Insurance Policy, Purchaser shall provide a complete copy to the Seller Representative.

Section 5.08 Further Assurances

. As and when required by any party, each party shall execute and deliver, or cause to be executed and delivered, all such documents and instruments and will take, or cause to be taken, at the requesting party's expense, all such further or other actions, as such other party may reasonably deem necessary or desirable to transfer and convey the Securities to Purchaser, on the terms herein contained, and to otherwise comply with the terms of this Agreement and consummate the transactions contemplated hereby.

ARTICLE VI
INDEMNIFICATION

Section 6.01 Sellers' Indemnification Obligations. Following the Closing, and subject to the provisions of Section 6.02, and Section 6.05 through and including 6.15, each Seller shall indemnify and hold harmless Purchaser, the Company, and each of the Subsidiaries, the officers, directors, members, managers, employees and agents of Purchaser, the Company, and each of the Subsidiaries, and the heirs, personal representatives, its successors and assigns of each of the foregoing (each a "Purchaser Indemnitee" and, collectively, the "Purchaser Indemnitees") against and from, any and all Damages incurred or sustained by, or imposed upon, any of Purchaser Indemnitees, based upon, as a result of, or arising from:

(a) any breach of any representation or warranty made to Purchaser by the Company in Section 2.02 or by any Seller in Section 2.03; provided, however, that to the extent that a breach of any of the representations or warranties contained in Section 2.03, is by a particular Seller, only the Seller whose representations or warranties were so breached shall have an obligation of indemnification under this Section 6.01(a) with respect to such breach; and

(b) any breach by any Seller or Seller Representative of, or failure of any Seller or Seller Representative to comply with, any covenant or obligation under this Agreement to be performed by such Seller after the Closing Date (including obligations under Section 1.05(e) , Section 5.04 and this Article VI); provided, however, that, to the extent that such breach is by a particular Seller, only the Seller whose covenant or obligation was so breached shall have an obligation of indemnification under this Section 6.01 with respect to such breach.

Section 6.02 Limitations on Sellers' Obligations. Notwithstanding anything to the contrary set forth in this Agreement (but subject in each case to the provisions of Section 6.13),

Sellers' obligations pursuant to the provisions of this Article VI are subject to the following limitations and conditions:

(a) The Purchaser Indemnitees shall not be entitled to indemnification under Section 6.01(a) if, with respect to any individual item (or series of related items) of Damages, such item is less than $25,000 ("Minor Claim"); provided that the limitation set forth in this Section 6.02(a) shall not apply to any breach of the Fundamental Representations, the Tax Representations, or the Broker Representations.

(b) The Purchaser Indemnitees shall not be entitled to indemnification under Section 6.01(a) until the aggregate amount of all Damages (excluding Minor Claims) for which the Purchaser Indemnitees are entitled to indemnification thereunder exceeds $395,000 (the "Deductible"), and then only for the excess over the Deductible; provided that the limitation set forth in this Section 6.02(b) shall not apply to any breach of a Fundamental Representation, the Tax Representations or the Broker Representations.

(c) The Purchaser Indemnitees' sole and exclusive source of recovery for Damages pursuant to Section 6.01(a) (other than with respect to a breach of the Fundamental Representations, the Tax Representations, the Broker Representations (all of which, for clarity's sake, are subject to Section 6.02(d)) or the Road-iQ Representations (which, for clarity's sake, are subject to Section 6.02(f))) from any Common Stockholder or Optionholder shall be from the Indemnity Escrow Amount held pursuant to the Escrow Agreement, to the extent that the funds representing the Indemnity Escrow Amount have not been released to the Sellers in accordance with the terms of this Agreement (it being understood that Purchaser Indemnitees shall not be permitted to seek recovery with respect to such Damages directly from Sellers).

(d) The maximum amount of Damages that the Purchaser Indemnitees are entitled to recover from any Common Stockholder or Optionholder pursuant to (i) Section 6.01(a) with respect to a breach of the Fundamental Representations, the Tax Representations or the Broker Representations, and (ii) pursuant to Section 6.01(b), shall not, in the aggregate, exceed such Common Stockholder's or Optionholder's Overall Common Cap Amount.

(e) The maximum amount of Damages that the Purchaser Indemnitees are entitled to recover from any Preferred Stockholder with respect to a breach of any of the Fundamental Representations, the Tax Representations or the Broker Representations or pursuant to Section 6.01(b) shall not exceed such Preferred Stockholder's Overall Preferred Cap Amount.

(f) Purchaser's sole and exclusive source of recovery for Damages for a breach of the Road-iQ Representations shall be from the Indemnity Escrow Amount, and Purchaser's right of set-off against Milestone Payments as provided under Section 1.07(g) and Section 6.05(a)(iv).

(g) No Purchaser Indemnitee shall be entitled to recover under this Article VI:

(i) except in the case of fraud (as defined by statute or the common law) or fraudulent misrepresentation, with respect to consequential, indirect, special, punitive or exemplary damages, except to the extent such damages are actually awarded to a Governmental Authority or other third party; or

(ii) to the extent the matter in question, (A) taken together with all similar matters, does not exceed the amount of any reserves with respect to such matters which are reflected in the Closing Statement or (B) is taken into account in the determination of the Aggregate Purchase Price.

(h) The recovery by the Purchaser Indemnitees under this Agreement shall be net of any reimbursement actually received from any insurance carrier (other than proceeds from the R&W Insurance Policy) or other third person (net of increased premiums and costs reasonably incurred by the Purchaser Indemnitees in seeking or obtaining such reimbursement), in either case, in connection with the Damages that form the basis of the Purchaser Indemnitee's claim for indemnification hereunder.

(i) No Purchaser Indemnitee shall be entitled to recover under Section 6.01 unless a notice with respect to the Direct Claim or Third Party Claim shall have been delivered as provided in Section 6.06(a) or Section 6.07, as applicable, within the Applicable Limitation Period, if applicable to such Direct Claim or Third Party Claim; provided, however, that if such notice is so delivered in accordance with the foregoing, such Direct Claim or Third Party Claim for indemnification shall survive until it has been fully resolved.

(j) Nothing in the foregoing provisions of Section 6.02 shall in any way limit any Purchaser Indemnitee from making, or require any Purchaser Indemnitee to make, a claim under the R&W Insurance Policy or to have received any proceeds thereunder.

Section 6.03 Purchaser's and the Company's Indemnification Obligations. Following the Closing, and subject to the provisions of Section 6.04 and Section 6.06 through and including 6.15, Purchaser and the Company, shall jointly and severally indemnify and hold harmless each Seller, (and, if Seller is a limited partnership, its general partner and the officers, directors, employees and agents of such Seller and of its general partner), and the heirs, personal representatives, successors and assigns of each of them (each a "Seller Indemnitee" and, collectively, the "Seller Indemnitees") against and from, any and all Damages incurred or sustained by, or imposed upon any Seller Indemnitee based upon, as a result of, or arising from:

(a) any breach of any representation or warranty made by Purchaser to Sellers in Section 2.01; and

(b) any breach by Purchaser of, or failure of Purchaser to comply with, any covenant or obligation under this Agreement to be performed by Purchaser or the Company after the Closing (including its obligations under this Article VI).

Section 6.04 Limitations on Purchaser's and the Company's Obligations. Notwithstanding anything to the contrary set forth in this Agreement (but subject, in each case, to

the provisions of Section 6.13), Purchaser's and the Company's obligations pursuant to the provisions of this Article VI are subject to the following limitations and conditions:

(a) The Seller Indemnitees shall not be entitled to indemnification under Section 6.03(a) if, with respect to any individual item (or series of related items) of Damages, such item is less than $25,000 ("Seller Minor Claim"); provided that the limitation set forth in this Section 6.04(a) shall not apply to any breach of the representations and warranties set forth in Section 2.01(a), Section 2.01(d), Section 2.01(e) or Section 2.01(g).

(b) The Seller Indemnitees shall not be entitled to indemnification under Section 6.03(a) until the aggregate amount of all Damages (excluding Seller Minor Claims) for which the Seller Indemnitees are entitled to indemnification thereof exceeds $395,000 (the "Seller Deductible"), and then only for the excess over the Seller Deductible; provided that the limitation set forth in this Section 6.04(b) shall not apply to any breach of the representations and warranties set forth in Section 2.01(a), Section 2.01(d), Section 2.01(e) or Section 2.01(g).

(c) The maximum amount of Damages that the Seller Indemnitees are entitled to recover pursuant to Section 6.03(a) shall not exceed $5,000,000; provided that the limitation set forth in this Section 6.04(c) shall not apply to any breach of the representations and warranties set forth in Section 2.01(a), Section 2.01(d), Section 2.01(e) or Section 2.01(g), for which the maximum amount of Damages that the Seller Indemnitees are entitled is the Aggregate Purchase Price. The maximum amount of Damages that the Seller Indemnitees are entitled to recover pursuant to Section 6.03(b) shall not exceed the Aggregate Purchase Price.

(d) The recovery by the Seller Indemnitees under this Agreement shall be net of any reimbursement actually received from any insurance carrier or other third person (net of costs reasonably incurred by the Seller Indemnitees in seeking such reimbursement), in either case, in connection with the Damages that form the basis of the Seller Indemnitee's claim for indemnification hereunder.

(e) Except in the case of fraud (as defined by statute or the common law) or fraudulent misrepresentation, no Seller Indemnitee shall be entitled to recover under this Article VI with respect to consequential, indirect, special, punitive or exemplary damages, except to the extent such damages are actually awarded to a Governmental Authority or other third party.

(f) No Seller Indemnitee shall be entitled to recover under Section 6.03 unless a notice with respect to the Direct Claim or Third Party Claim shall have been delivered as provided in Section 6.06(a) or Section 6.07, as applicable, within the Applicable Limitation Period, if applicable to such Direct Claim or Third Party Claim; provided, however, that if such notice shall have been so delivered in accordance with the foregoing, such Direct Claim or Third Party Claim for indemnification shall survive until it has been fully resolved.

Section 6.05 Satisfaction of Certain Purchaser Damages.

(a) All Damages of the Purchaser Indemnitees pursuant to Section 6.01(a) with respect to a breach by the Company of its representations under Section 2.02, shall be satisfied in accordance with the following provisions:

(i) The Purchaser Indemnitees shall not be entitled to recover until Damages pursuant to Section 6.01(a) exceed the Deductible, except for breaches of Fundamental Representations, Tax Representations and the Broker Representations;

(ii) The Indemnity Escrow Amount held pursuant to the Escrow Agreement shall be the source of funds to satisfy such Damages in excess of the amount of such Damages for which the Purchaser Indemnitees are not entitled to recover pursuant to Section 6.05(a)(i) (other than for breaches of Fundamental Representations, the Tax Representations or the Broker Representations, which Damages shall be satisfied out of the Indemnity Escrow Amount held pursuant to the Escrow Agreement without regard to the Deductible and as provided in Section 6.05(a)(iii));

(iii) If and only if the Damages in question have arisen with respect to the breach of Fundamental Representations, Tax Representations or Broker Representations made by the Company, then:

(A) to the extent that the Retention Amount is in excess of zero dollars, the Common Stockholders and Optionholders shall be responsible for satisfying such Damages which are not satisfied from the Indemnity Escrow Amount held pursuant to the Escrow Agreement up to the amount of such excess;

(B) in the event that the aggregate amount of all Damages pursuant to Section 6.01(a) and all Damages pursuant to Section 6.01(b) with respect to a breach of Sellers' and the Seller Representative's respective covenants in Sections 5.04(a)(i) and 5.04(b)(i) exceed the R&W Policy Coverage Limit, then:

(1) the Common Stockholders and Optionholders, in accordance with their respective Percentage Share, shall be responsible for satisfying such Damages for breaches of Fundamental Representations, Tax Representations or Broker Representations made by the Company, subject to the limitations set forth in Section 6.02(d); and

(2) the Preferred Stockholders, in accordance with their respective Percentage Share, shall be responsible for satisfying the Damages for such breaches of Fundamental Representations, Tax Representations or Broker Representations made by the Company to the extent that the amount thereof exceeds the sum of the amount of Damages satisfied pursuant to clause (1) immediately above, subject to the limitations set forth in Section 6.02(e).

(C) in the event the Damages in question have arisen with respect to the breach of Tax Representations and out of a matter covered by the R&W Policy Tax Exclusion, in addition to Sellers' responsibility for such Damages as set forth under subparagraphs (A) and (B) above, the remaining balance of the Administrative Account Amount shall be available to satisfy such Damages, provided that an AA Notice shall have been delivered or transmitted to the Seller Representative as to such Damages on or before June 30, 2018; and

(D) for clarity's sake, each such Indemnifying Party's responsibility for Damages under this Section 6.05(a)(iii) shall not be conditioned upon or require (1) any other Indemnifying Party's satisfaction of such Damages, (2) any Purchaser Indemnitee to make a claim with respect to such Damages under the R&W Insurance Policy or (3) the satisfaction of any such Damages pursuant to the R&W Insurance Policy or otherwise by the R&W Insurer.

(iv) If the Damages in question have arisen out of any Seller's obligations under Section 6.01(a) with respect to a Road-iQ IP Representation, then upon notice to the Seller Representative specifying in reasonable detail the basis therefor, Purchaser (for itself or on behalf of any Purchaser Indemnitee) shall have the right to set off the amount of such Damages against any Milestone Payments which may hereafter become payable pursuant to Section 1.07; provided that to the extent such Damages are ultimately determined to not have been due and owing by Sellers under Section 6.01(a), Purchaser shall promptly deliver any amounts so set off to the Seller Representative (on behalf of the Common Stockholders) and the Company (on behalf of the Optionholders) (together with interest from and including October 31 of the year in which the Milestone Payment was originally due, and including the date such payment has been made, at *The Wall Street Journal* Prime Rate, as in effect from time to time, plus two (200) hundred basis points; such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed, without compounding); and the Seller Representative shall promptly pay to each of the Common Stockholders such Common Stockholder's Percentage Share of such payment and the Company shall promptly pay to each of the Optionholders such Optionholder's Percentage Share of such payment (subject to applicable withholding as set forth in Section 1.02).

(b) All Damages of the Purchaser Indemnitees with respect to claims under Section 1.05(e) (and indemnification claims with respect thereto under Section 6.01(b)), shall be satisfied as follows:

(i) The Working Capital Escrow Amount held pursuant to the Escrow Agreement shall be the source of funds to satisfy the amount due to Purchaser under Section 1.05(e);

(ii) the Common Stockholders and Optionholders, in accordance with their respective Percentage Share, shall be responsible for satisfying such Damages to the extent that the amount thereof exceeds the amount of such Damages actually satisfied from

the Working Capital Escrow Amount held pursuant to the Escrow Agreement, subject to the limitations set forth in Section 6.02(d); and

(iii) the Preferred Stockholders, in accordance with their respective Percentage Share, shall be responsible for satisfying such Damages to the extent the amount thereof exceeds the sum of (A) the amount of such Damages actually satisfied from the Working Capital Escrow Amount held pursuant to the Escrow Agreement, plus (B) the aggregate amount which the Common Stockholders and Optionholders are responsible for satisfying pursuant to clause (b)(ii) above, subject to the limitations set forth in Section 6.02(e);

provided, however, that for clarity's sake, each such Indemnifying Party's responsibility for the amount due to Purchaser under Section 1.05(e) under this Section 6.03(b) shall not be conditioned upon or require any other Seller's satisfaction of such Damages.

(c) All Damages of the Purchaser Indemnitees pursuant to Section 6.01(b), other than solely with respect to a breach by any particular Seller of such Seller's own covenants or obligations under this Agreement, shall be satisfied as follows:

(i) the Common Stockholders and Optionholders, in accordance with their respective Percentage Share, shall be responsible for satisfying such Damages, subject to the limitations set forth in Section 6.02(d);

(ii) the Preferred Stockholders, in accordance with their respective Percentage Share, shall be responsible for satisfying such Damages to the extent the amount thereof exceeds the amount of such Damages which the Common Stockholders and Optionholders are responsible for satisfying pursuant to clause (c)(i) above, subject to the limitations set forth in Section 6.02(e); and

(iii) in the event the Damages in question have arisen with respect to the breach of the covenants of the Seller Representative in Section 5.04(b)(i) and out of a matter covered by the R&W Policy Tax Exclusion, the remaining balance of the Administrative Account Amount shall be available to satisfy such Damages, provided that an AA Notice shall have been delivered or transmitted as to such Damages on or before June 30, 2018 (it being understood that no Purchaser Indemnitee shall be required to seek or receive satisfaction of such Damages pursuant to clauses (i) or (ii) immediately above as a condition to the availability of, or payment from, the remaining balance of the Administrative Account Amount pursuant to this clause (iii)).

provided, however, that for clarity's sake, each such Indemnifying Party's responsibility under this Section 6.05(c) for Damages shall not be conditioned upon or require any other Indemnifying Party's satisfaction of such Damages.

(d) All Damages of the Purchaser Indemnitees pursuant to Section 6.01(a) with respect to a breach by any particular Seller of such Seller's own representations and warranties under Section 2.03 shall be satisfied in accordance with the following provisions:

(i) The Purchaser Indemnitees shall not be entitled to recover until Damages pursuant to Section 6.01(a) exceed the Deductible, except for breaches of Sellers' Fundamental Representations and the Sellers' Broker Representations;

(ii) The Indemnity Escrow Amount held pursuant to the Escrow Agreement shall be the source of funds to satisfy such Damages in excess of the amount of such Damages for which the Purchaser Indemnitees are not entitled to recover pursuant to Section 6.05(d)(i), (other than for breaches of Sellers' Fundamental Representations and the Sellers' Broker Representations, which Damages shall be satisfied out of the Indemnity Escrow Amount held pursuant to the Escrow Agreement without regard to the Deductible and as provided in Section 6.05(d)(iii)); and

(iii) If and only if the Damages in question have arisen with respect to a breach of the Fundamental Representations or Broker Representations of a particular Seller to the extent that the Retention Amount is in excess of zero dollars, such particular Seller shall be responsible for satisfying the Damages for breaches of such Sellers' Fundamental Representations and such Sellers' Broker Representations which are not satisfied from the Indemnity Escrow Amount held pursuant to the Escrow Agreement up to the amount of such excess.

(e) All Damages of the Purchaser Indemnitees pursuant to Section 6.01(b), with respect to a breach by any particular Seller of such Seller's own covenants or obligations under this Agreement, in each case,

(i) shall be satisfied by such Seller subject to the limitations set forth in Section 6.02(d) and Section 6.02(e); and

(ii) in the event the Damages in question have arisen with respect to the breach of covenants of such Seller's covenant in Section 5.04(a)(i) and out of a matter covered by the R&W Policy Tax Exclusion, the remaining balance of the Administrative Account Amount shall be available to satisfy such Damages, provided that an AA Notice shall have been delivered or transmitted as to such Damages on or before June 30, 2018 (it being understood that no Purchaser Indemnitee shall be required to seek or receive satisfaction of such Damages pursuant to clause (i) immediately above as a condition to the availability of, or payment from, the remaining balance of the Administrative Account Amount pursuant to this clause (ii)).

(f) Each of the Sellers and Seller Representative acknowledges and agrees that to the extent that the facts or circumstances giving rise to a claim by a Purchaser Indemnitee under Section 6.01(a) for a breach of any representation and warranty of the Company set forth in Section 2.02 and a breach of any representation and warranty of a particular Seller in Section 2.03, satisfaction of those Damages pursuant to Section 6.05(a) may proceed at Purchaser Indemnitee's election under Section 6.05(a) (and from any one or more Indemnifying Parties thereunder), or Section 6.05(d) (without duplication).

Section 6.06 Third Party Claims. Subject to Section 6.06(e):

(a) Promptly following the receipt of notice of a Third Party Claim, the party receiving the notice of the Third Party Claim shall (i) notify the other party of its existence setting forth with reasonable specificity the facts and circumstances of which such party has received notice, including copies of all material written evidence thereof, and (ii) if the party giving such notice is an Indemnified Party, specifying the basis hereunder upon which the Indemnified Party's claim for indemnification is asserted and indicating the estimated amount, if reasonably practicable, of the Damages that has been or may be sustained by the Indemnified Party provided, however, that for any indemnification claim against any of the Sellers pursuant to this Section, all notice requirements shall be satisfied by delivery of such notice to Seller Representative and the Seller Representative shall be deemed to be the "Indemnifying Party" for purposes of the procedures set forth in this Section 6.06. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or is otherwise materially prejudiced by such failure.

(b) The Indemnifying Party shall have the right to participate in, or by giving written notice to the Indemnified Party, to assume the defense of any Third Party Claim at the Indemnifying Party's expense and by the Indemnifying Party's own counsel, and the Indemnified Party shall cooperate in good faith in such defense; provided that if the Indemnifying Party is a Seller or the Seller Representative, such Indemnifying Party shall not have the right to defend or direct the defense of any such Third Party Claim that (x) is asserted directly by or on behalf of a person that is a supplier or customer of the Company or any of its Subsidiaries, or (y) seeks an injunction or other equitable relief against the Indemnified Party. In the event that the Indemnifying Party assumes the defense of any Third Party Claim, subject to Section 6.06(e), it shall have the right to take such action as it deems reasonably necessary to avoid, dispute, defend, appeal or make counterclaims pertaining to any such Third Party Claim in the name and on behalf of the Indemnified Party. The Indemnified Party shall have the right to participate in the defense of any Third Party Claim with counsel selected by it subject to the Indemnifying Party's right to control the defense thereof. The fees and disbursements of such counsel shall be at the expense of the Indemnified Party, provided, that if in the reasonable opinion of counsel to the Indemnified Party, (A) there are legal defenses available to an Indemnified Party that are different from or additional to those available to the Indemnifying Party; or (B) there exists a conflict of interest between the Indemnifying Party and the Indemnified Party that cannot be waived, the Indemnifying Party shall be liable for the reasonable fees and expenses of counsel to the Indemnified Party in each jurisdiction for which the Indemnified Party reasonably determines counsel is required. If the Indemnifying Party elects not to compromise or defend such Third Party Claim, fails to promptly notify the Indemnified Party in writing of its election to defend as provided in this Agreement within thirty (30) days after the date that it was notified of such Third Party Claim, or fails to diligently prosecute the defense of such Third Party Claim, the Indemnified Party may, subject to Section 6.06(c), pay, compromise, defend such Third Party Claim and seek indemnification for any and all Damages based upon, arising from or relating to such Third Party Claim; provided however, that during said thirty (30) day period, so long as the Indemnifying Party has not so notified the Indemnified Party of its election to defend, Indemnified Party can take such action as it deems reasonably necessary to avoid, dispute, defend, appeal or make counterclaims

with respect to such Third Party Claim. Sellers, the Seller Representative and Purchaser shall cooperate with each other in all reasonable respects in connection with the defense of any Third Party Claim. Notwithstanding anything herein contained, no Indemnifying Party which is the Seller, a Seller Indemnitee or the Seller Representative shall be entitled to assume or maintain the defense of a Third Party Claim if a material portion of the Damages arising from such Third Party Claim are reasonably likely to be satisfied under the R&W Insurance Policy and the insurer under the R&W Insurance Policy or the terms of the R&W Insurance Policy prohibit the assumption of the defense of such Third Party Claim by such Indemnifying Party.

(c) For resolution of doubt, any Third Party Claim Expenses incurred by the Indemnifying Party shall constitute indemnifiable Damages for purposes of calculation of the Minor Claim or Deductible and shall be reimbursed to the Indemnifying Party from the Indemnity Escrow Amount; provided, however that, if (i) such Third Party Claim arose *other than* with respect to a Fundamental Representation, a Tax Representation, a Brokers Representation or a Road-iQ Representations and the Deductible has otherwise been exceeded, and the Indemnity Escrow Amount has otherwise been depleted, or (ii) if the Indemnifying Party is no longer entitled to assume or maintain the defense of such Third Party Claim by virtue of the provisions of the last sentence of Section 6.06(b) then, all such Third Party Claim Expenses thereafter incurred with respect to such Third Party Claim by the Seller Representative (on behalf of such Seller) or such Seller, shall be borne, solely and exclusively, by Purchaser and Purchaser will, thereupon, automatically have the exclusive right to contest, defend, litigate and settle such Third Party Claim and any and all other Third Party Claims which are subject of indemnification pursuant to Section 6.01(a) *other than* with respect to a Fundamental Representation, a Tax Representation, a Brokers Representation or a Road-iQ IP Representation which shall continue to be subject to the foregoing provisions of this Section 6.07.

(d) Notwithstanding any other provision of this Agreement, the Indemnifying Party shall not enter into settlement of any Third Party Claim without the prior written consent of the Indemnified Party in its sole discretion, except as provided in this Section 6.06(d). If a firm offer is made to settle a Third Party Claim without leading to liability or the creation of a financial or other obligation on the part of the Indemnified Party and provides, in customary form, for the unconditional release of each Indemnified Party from all liabilities and obligations in connection with such Third Party Claim and the Indemnifying Party desires to accept and agree to such offer, the Indemnifying Party shall give written notice to that effect to the Indemnified Party. If the Indemnified Party fails to consent to such firm offer within ten (10) days after its receipt of such notice, the Indemnified Party may continue to contest or defend such Third Party Claim and in such event, the maximum liability of the Indemnifying Party as to such Third Party Claim shall not exceed the amount of such settlement offer. If the Indemnified Party fails to consent to such firm offer and also fails to assume defense of such Third Party Claim, the Indemnifying Party may settle the Third Party Claim upon the terms set forth in such firm offer to settle such Third Party Claim. If the Indemnified Party has assumed the defense pursuant to Section 6.06(a), it shall not agree to any settlement without the written consent of the Indemnifying Party (which consent shall not be unreasonably conditioned, withheld or delayed).

(e) Any Third Party Claim that constitutes a Tax contest shall be governed by the provisions of Section 5.04(c) rather than this Section 6.06.

Section 6.07 Direct Claims. Any Action by an Indemnified Party on account of Damages which does not result from a Third Party Claim (a "Direct Claim") shall be asserted by the Indemnified Party giving the Indemnifying Party reasonably prompt written notice thereof, but in any event not later than sixty (60) days after the Indemnified Party becomes aware of such Direct Claim provided, however, that for any indemnification claim against any of the Sellers pursuant to this Section 6.07, all notice requirements shall be satisfied by delivery of such notice to Seller Representative and the Seller Representative shall be deemed to be the "Indemnifying Party" for purposes of the procedures set forth in this Section 6.07. The failure to give such prompt written notice shall not, however, relieve the Indemnifying Party of its indemnification obligations, except and only to the extent that the Indemnifying Party forfeits rights or defenses by reason of such failure or is otherwise materially prejudiced by such failure. Such notice by the Indemnified Party shall describe the Direct Claim in reasonable detail, shall include copies of all material written evidence thereof and shall indicate the estimated amount, if reasonably practicable, of the loss that has been or may be sustained by the Indemnified Party. The Indemnifying Party shall have thirty (30) days after its receipt of such notice to respond in writing to such Direct Claim. The Indemnified Party shall allow the Indemnifying Party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim, and whether and to what extent any amount is payable in respect of the Direct Claim and the Indemnified Party shall assist the Indemnifying Party's investigation by giving such information and assistance (including access to the Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the Indemnifying Party or any of its professional advisors may reasonably request. If the Indemnifying Party does not so respond within such thirty (30) day period, the Indemnifying Party shall be deemed to have rejected such claim, in which case the Indemnified Party shall be free to pursue such remedies as may be available to the Indemnified Party on the terms and subject to the provisions of this Agreement.

Section 6.08 Adjustment of the Aggregate Purchase Price. Sellers and Purchaser agree to report each indemnification payment made in respect of any Damages as an adjustment to the Aggregate Purchase Price for federal Income Tax purposes.

Section 6.09 Indemnity Payments on an After-Tax Basis. The indemnity payments hereunder with respect to any Damages shall be calculated after taking into account all reductions in Taxes (including estimated Taxes) realized by the Indemnified Party as a result of, and realized during the first three (3) years after, the event giving rise to such Damages. All calculations shall be made at the time of the relevant indemnification payment using reasonable assumptions (as agreed to by the Indemnifying Party and Indemnified Party) and present value concepts (using a discount rate equal to the applicable federal rate in effect at the time of the event giving rise to the Damages (based on the federal mid-term rate) using semi-annual compounding). Purchaser shall, and shall cause its Affiliates to, realize all such reductions in Taxes reasonably available, including through the filing of amended Tax Returns. Purchaser shall inform the Seller

Representative shortly after the end of each calendar year as to whether Purchaser could possibly realize a reduction in Taxes that is to be taken into account hereunder.

Section 6.10 Exclusive Remedy.

(a) Purchaser acknowledges and agrees that, except to the fullest extent provided for in Section 6.13 and Section 9.14, its sole and exclusive remedy with respect to any and all claims relating (directly or indirectly) to this Agreement (including the Schedules and the Company Disclosure Schedule) and the Escrow Agreement (but for avoidance of doubt, not any of the other written agreements (including employment agreements, or equity or similar agreements), releases, and resignations delivered at the Closing), the occurrence of the Closing, the Securities, the Company's or the Subsidiary's businesses, operations, assets, liabilities, actions or inactions, the subject matter of this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, whether at law or in equity, or otherwise, shall be in accordance with, and subject to the limitations set forth in, this Article VI and Purchaser Indemnitees shall have no other remedy or recourse with respect to any of the foregoing. Purchaser acknowledges and agrees that, except to the fullest extent provided for in Section 6.13 and Section 9.14, the Purchaser Indemnitees may not avoid such limitation on liability by (i) seeking damages for breach of contract, tort or pursuant to any other theory of liability, all of which are hereby waived or (ii) asserting or threatening any claim against any person that is not a party hereto (or a successor to a party hereto) for breaches of the representations, warranties and covenants contained in this Agreement. PURCHASER (FOR ITSELF AND EACH PURCHASER INDEMNITEE) EXPRESSLY WAIVES ALL RIGHTS AFFORDED BY ANY STATUTE WHICH LIMITS THE EFFECT OF A RELEASE WITH RESPECT TO UNKNOWN CLAIMS. PURCHASER (FOR ITSELF AND EACH PURCHASER INDEMNITEE) UNDERSTANDS THE SIGNIFICANCE OF THIS RELEASE OF UNKNOWN CLAIMS AND WAIVER OF STATUTORY PROTECTION AGAINST A RELEASE OF UNKNOWN CLAIMS. PURCHASER (FOR ITSELF AND EACH PURCHASER INDEMNITEE) ACKNOWLEDGES AND AGREES THAT THIS WAIVER IS AN ESSENTIAL AND MATERIAL TERM OF THIS AGREEMENT.

(b) Each Seller acknowledges and agrees that, except to the fullest extent provided for in Section 6.13 and Section 9.14, its sole and exclusive remedy with respect to any and all claims relating (directly or indirectly) to this Agreement (including Schedules and the Company Disclosure Schedule) and the Escrow Agreement (but for avoidance of doubt, not any of the other written agreements (including employment agreements, or equity or similar agreements), releases, and resignations delivered at the Closing), the occurrence of the Closing, the Securities, the Company's or the Subsidiary's businesses, operations, assets, liabilities, actions or inactions, the subject matter of this Agreement or the transactions contemplated hereby, regardless of the legal theory under which such liability or obligation may be sought to be imposed, whether sounding in contract or tort, whether at law or in equity, or otherwise, shall be in accordance with, and subject to the limitations set forth in, this Article VI and the Seller Indemnitees shall have no other remedy or recourse with respect to any of the foregoing. Each Seller acknowledges and agrees that the Purchaser Indemnitees may not avoid such limitation on

liability by (i) seeking damages for breach of contract, tort or pursuant to any other theory of liability, all of which are hereby waived or (ii) asserting or threatening any claim against any person that is not a party hereto (or a successor to a party hereto) for breaches of the representations, warranties and covenants contained in this Agreement. EACH SELLER (FOR ITSELF AND EACH OF ITS SELLER INDEMNITEES) EXPRESSLY WAIVES ALL RIGHTS AFFORDED BY ANY STATUTE WHICH LIMITS THE EFFECT OF A RELEASE WITH RESPECT TO UNKNOWN CLAIMS. EACH SELLER (FOR ITSELF AND EACH OF ITS SELLER INDEMNITEES) UNDERSTANDS THE SIGNIFICANCE OF THIS RELEASE OF UNKNOWN CLAIMS AND WAIVER OF STATUTORY PROTECTION AGAINST A RELEASE OF UNKNOWN CLAIMS. EACH SELLER (FOR ITSELF AND EACH OF ITS SELLER INDEMNITEES) ACKNOWLEDGES AND AGREES THAT THIS WAIVER IS AN ESSENTIAL AND MATERIAL TERM OF THIS AGREEMENT.

Section 6.11 Survival. All representations and warranties under this Agreement (and any obligations under Section 6.01 and Section 6.03 with respect thereto) and any covenants and agreements of the parties set forth in this Agreement shall survive the execution and delivery of this Agreement and the Closing; except that:

(a) other than the Fundamental Representations, the Tax Representations, the representations and warranties set forth in Section 2.01(a), (d), (e) or (g), the Road-iQ IP Representations or the Broker Representations, the representations and warranties of the parties contained in this Agreement (and any obligations under Section 6.01(a) or 6.03(a) with respect thereto) shall survive the Closing until June 30, 2018 (the "Basic Survival Period");

(b) the Tax Representation contained in this Agreement (and any obligations under Section 6.01(a) with respect thereto) and the parties' obligations under Section 5.04 shall survive until the expiration of the statutes of limitations applicable thereto (including extensions) (the "Tax Survival Period");

(c) the Road-iQ IP Representations contained in this Agreement (and any obligations under Section 6.01 with respect thereto) shall expire on the third anniversary of the Closing Date; (the "Road-iQ Survival Period");

(d) any covenant or agreement of the parties set forth in this Agreement which contemplate continuance until a specified date or for a specified period (and any obligations under Section 6.01 and Section 6.03 with respect thereto) shall survive until sixty (60) days after the last specified date or such specified period such covenant or agreement imposes an obligation on such party (the "Special Covenant Survival Period") (each of the Special Covenant Survival Period, Basic Survival Period, the Tax Survival Period and the Road-iQ Survival Period, as applicable, an "Applicable Limitation Period"); and

(e) for avoidance of doubt, the Fundamental Representations and the representations and warranties set forth in Section 2.01(a), (d), (e) and (g) (and any obligations under Section 6.01 or Section 6.03, as applicable, with respect thereto) and all covenants of the parties shall survive the execution and delivery of this Agreement and the Closing indefinitely.

Section 6.12 Materiality Scrape. Notwithstanding anything herein contained, for purposes of this Article VI, any inaccuracy in or breach of any representation or warranty and the amount of any Damages resulting from a breach thereof shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in such representation or warranty; provided, however, that this Section 6.12 shall not apply to Section 2.02(e) and 2.02(i)(iii).

Section 6.13 Fraud. Notwithstanding anything to the contrary in this Agreement, nothing in this Agreement shall limit the rights or remedies of any party hereto under applicable Law for matters involving fraud (as defined by statute or the common law) or a fraudulent misrepresentation, by a party hereto.

Section 6.14 Payment. Once any Damages are agreed to by the Indemnifying Party or finally adjudicated to be payable pursuant to this Article VI, the Indemnifying Party shall satisfy its obligations within fifteen (15) Business Days of such agreement or final adjudication by wire transfer of immediately available funds. The parties hereto agree that should an Indemnifying Party not make full payment of any such obligations within such fifteen (15) Business Day period, any amount payable shall accrue interest from and including the date of agreement of the Indemnifying Party or final, non-appealable adjudication to and including the date such payment has been made at a rate per annum equal to *The Wall Street Journal* Prime Rate, as in effect from time to time, plus two hundred (200) basis points. Such interest shall be calculated daily on the basis of a 365 day year and the actual number of days elapsed, without compounding.

Section 6.15 R&W Insurance Policy. Purchaser is obtaining the R&W Insurance Policy to insure Purchaser (and the additional insureds thereunder) against certain Damages arising out of or in connection with breaches of any of the Sellers' and the Company's representations and warranties contained in this Agreement. Nothing in this Agreement shall (i) in any way limit the Purchaser Indemnitees from making a claim or recovering under the R&W Insurance Policy, (ii) be deemed to limit any rights of Purchaser as against the R&W Insurer under the R&W Insurance Policy (or other additional insured thereunder who is a Purchaser Indemnitee), or (iii) obligate Purchaser or any of the Purchaser Indemnitees to take action to recover under the R&W Insurance Policy, it being understood that any such decision shall be in the sole discretion of Purchaser.

ARTICLE VII
[INTENTIONALLY OMITTED]

ARTICLE VIII
SELLER REPRESENTATIVE

Section 8.01 Appointment of Seller Representative. Each Seller hereby appoints the Seller Representative to serve as representative of such Seller and as such Seller's attorney-in-fact and agent in connection with the execution and performance of this Agreement and the transactions contemplated hereby with such authority and power as may be necessary, appropriate or helpful to properly represent the Sellers and to make and receive all payments and notices and

take (or refrain from taking) all actions required or permitted to be taken by Seller Representative as and to the extent provided in this Agreement and the Escrow Agreement. This power is irrevocable and coupled with an interest, and shall not be affected by the death, incapacity, illness, dissolution or other inability to act of any of Sellers.

Section 8.02 Authority. Each Seller hereby irrevocably grants the Seller Representative full power and authority:

(a) to execute and deliver, on behalf of such Seller, and to accept delivery of, on behalf of such Seller, such documents as the Seller Representative determines, in its sole discretion, to be appropriate to consummate and perform the obligations under this Agreement;

(b) interpret the terms and provisions of this Agreement, the Escrow Agreement, or any of the instruments to be delivered to Purchaser by such Seller pursuant to this Agreement;

(c) to acknowledge receipt of the Aggregate Purchase Price for any Securities held by such Seller as payment in full thereof, to designate the manner of payment of such Aggregate Purchase Price, and to certify, on behalf of such Seller, as to the accuracy of the representations and warranties of the Company and Sellers under, or pursuant to the terms of, this Agreement;

(d) to receive any payments due to such Seller, on behalf of such Seller, for distribution to such Seller in accordance with the terms of this Agreement, including any amount of Milestone Payments;

(e) to execute and deliver all agreements, certificates, statements, notices, approvals, extensions, waivers, undertakings, amendments and other documents required or permitted to be given in connection with the performance of this Agreement and the consummation of the transactions contemplated hereby;

(f) to (i) dispute or refrain from disputing, on behalf of such Seller, any claim made by Purchaser or any Purchaser Indemnitee under this Agreement; (ii) negotiate and compromise, on behalf of such Seller, any dispute that may arise under, and to exercise or refrain from exercising any remedies available under, this Agreement; and (iii) execute, on behalf of such Seller, any settlement agreement, release or other document with respect to such dispute or remedy;

(g) to give or agree to, on behalf of such Seller, any and all consents, waivers, amendments or modifications, the Seller Representative determines, in its sole discretion, to be necessary or appropriate, under this Agreement, and, in each case, to execute and deliver any documents that may be necessary or appropriate in connection therewith;

(h) to enforce, on behalf of such Seller, any claim against Purchaser arising under this Agreement;

(i) to engage attorneys, accountants and agents at the expense of Sellers;

(j) to retain the Administrative Account Amount for the benefit of the Sellers, as a fund, and to invest such retained portion for the benefit of the Sellers, for the payment of (i) Sellers' obligations to pay any purchase price adjustment to Purchaser, (ii) transaction expenses (including legal, accounting, banking and other professional fees and expenses) to be paid by Sellers in connection with the transactions contemplated by this Agreement, (iii) Sellers' indemnification obligations pursuant to this Agreement, (iv) any expenses (including legal, accounting, banking and other professional fees and expenses) incurred by the Seller Representative on Sellers' behalf after the Closing Date with respect to any post-Closing matters (including any negotiations or disputes with respect to the Closing Statement or any indemnification claims) in connection with this Agreement or the transactions contemplated hereby, or (v) for other reasonable purposes in connection with this Agreement as the Seller Representative shall determine in its sole discretion; notwithstanding anything herein to the contrary, the Seller Representative shall not be entitled to distribute the remaining balance of the Administrative Account Amount not used for the foregoing purposes to the Sellers (the "Remainder Amount") except in compliance with the provisions of Section 8.06.

(k) to amend this Agreement (other than this Article VIII), the Escrow Agreement or any of the instruments to be delivered to Purchaser by such Seller pursuant to this Agreement; and

(l) to give such instructions and to take such action or refrain from taking such action, on behalf of such Seller, as the Seller Representative deems, in its sole discretion, necessary or appropriate to carry out the provisions of this Agreement.

Section 8.03 Reliance. Each Seller hereby agrees that:

(a) all actions taken by Seller Representative under this Agreement and the Escrow Agreement shall be binding upon each such Seller and such Seller's successors, heirs, executors, legal representatives and assigns as if expressly ratified and confirmed in writing by each of them;

(b) in all matters in which action by the Seller Representative is required or permitted, notwithstanding any dispute or disagreement among Sellers, or between any Seller and the Seller Representative, Purchaser shall be entitled to rely on any and all action taken by the Seller Representative under this Agreement without any liability to, or obligation to inquire of, any Seller, regardless of whether Purchaser has knowledge of any such dispute or disagreement;

(c) notice to the Seller Representative, delivered in a manner provided herein, shall be deemed to be notice to Sellers for purposes of this Agreement; and

(d) the power and authority of the Seller Representative, as described in this Agreement, shall continue in force until all rights and obligations of Sellers under this Agreement shall have terminated, expired or been fully performed.

Section 8.04 Actions by Sellers. Notwithstanding the foregoing, each Seller agrees, at the request of the Seller Representative: (a) to take all actions necessary or appropriate to consummate the transactions contemplated hereby (including delivery of such Seller's Securities and acceptance of the consideration therefor) individually on such Seller's own behalf, and (b) to deliver, individually on such Seller's own behalf, any other payments or documents required of such Seller pursuant to this Agreement. Further, each Seller acknowledges and agrees that, as between themselves, in the event such Seller breaches such Seller's own representations, warranties, covenants or obligations under this Agreement and Purchaser seeks recovery from the Indemnity Escrow Amount, unless otherwise agreed with the Seller Representative, such Seller shall promptly contribute to the Seller Representative for deposit into the Administrative Account Amount the amount so recovered from the Indemnity Escrow Amount (for distribution to the other Sellers upon release of the funds held under the Escrow Agreement).

Section 8.05 Indemnification of Seller Representative. Each Seller shall severally indemnify and hold harmless the Seller Representative from and against any Damages (except Damages caused by the Seller Representative's willful misconduct) that the Seller Representative may suffer or incur in connection with any action or omission taken or omitted to be taken by the Seller Representative pursuant to this Article VIII. Each Seller shall bear its pro-rata share (based on aggregate proceeds received under this Agreement) of such Damages. The Seller Representative shall not be liable to any Seller with respect to any action or omission (except for the Seller Representative's willful misconduct) taken or omitted to be taken by the Seller Representative pursuant to this Article VIII.

Section 8.06 Disposition of the Administrative Account Amount. The Parties agree that the Remainder Amount shall not be distributed by the Seller Representative to any of the Sellers prior to June 30, 2018; provided however, that in the event that any AA Notices shall have been delivered or transmitted to the Seller Representative on or before June 30, 2018, the Seller Representative shall not distribute to any of the Sellers the aggregate amount of Damages claimed by the Purchaser Indemnitees in such AA Notices up to the full amount of the Remainder Amount, and shall retain such amount not distributed in accordance with and solely for the purposes set forth in clauses (i),(ii), (iii) and (iv) of Section 8.02(j) until the disposition thereof has been mutually agreed to in writing by the Seller Representative (on behalf of the Sellers) and Purchaser (on behalf of the Purchaser Indemnitees who have delivered such AA Notices), or as otherwise directed by an order of a court of competent jurisdiction,

ARTICLE IX
MISCELLANEOUS

Section 9.01 Intentionally Omitted.

Section 9.02 Notices. All notices, demands and other communications to be given hereunder shall be in writing and shall be deemed to have been given (a) on the date delivered by hand to the address below, (b) on the date transmitted via email to the email address set out below if the sender within two (2) Business Days thereof also sends a confirming copy of such notice by a recognized overnight delivery service (charges prepaid) or (c) the day following

the day (except if not a Business Day, then the next Business Day) on which the same has been delivered prepaid to a reputable national overnight air courier service. Notices, demands and communications, in each case to the respective parties, shall be sent to the applicable address set forth below:

If to Sellers, the Seller Representative or the Company (prior to the Closing):

c/o Prospect Partners, LLC
200 West Madison Street
Suite 2710
Chicago, Illinois 60606
Attention: Richard C. Tuttle
Email: rtuttle@prospect-partners.com

with a copy to:

Sidley Austin LLP
One South Dearborn
Chicago, Illinois 60603
Attention: Alexis A. Cooper and
Jeffrey N. Smith
Email: acooper@sidley.com and
jnsmith@sidley.com

If to Purchaser:

The Eastern Company (or the Company after the Closing)
112 Bridge Street
Naugatuck, CT, 06770
Attention: John L. Sullivan III, Chief Financial Officer and Vice President
Email: jsullivan@easterncompany.com

with a copy to:

Reid and Riege, P.C.
One Financial Plaza
Hartford, Connecticut 06103
Attention: Robert M. Mulé, Esquire
Email: rmule@rrlawpc.com

and/or to such other respective addresses and/or addressees as may be designated by notice given in accordance with the provisions of this Section 9.02.

Section 9.03 Expenses. Except as otherwise provided in this Agreement, each party hereto shall bear all fees and expenses incurred by such party in connection with, relating to

or arising out of the negotiation, preparation, execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby, including financial advisors', attorneys', accountants' and other professional fees and expenses.

Section 9.04 Entire Agreement. This Agreement, the Escrow Agreement, the Seller Party Releases, the Employment Agreements, the Seller Party Confidentiality Agreements, the Termination of Management Agreement, and the instruments and resignations to be delivered by the parties pursuant to the provisions hereof, constitute the entire agreement among the parties hereto and supersede any prior understandings, agreements or representations by or among the parties hereto, written or oral, which may have related to the subject matter hereof in any way.

Section 9.05 Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that neither this Agreement nor any of the rights, interests or obligations hereunder may be assigned or delegated by any Seller without the prior written consent of Purchaser, or by Purchaser without the prior written consent of the Seller Representative (other than as set forth in Section 1.07(e)), and any attempted assignment without such consent shall be void and of no force and effect; provided, however, that (a) Purchaser may assign its rights, but not its obligations, under this Agreement to any lender to Purchaser or any subsidiary thereof as security for obligations to such lender in respect of the financing arrangements entered into in connection with the transactions contemplated hereby ("Lender"); provided, further, that no such assignment shall in any way affect Purchaser's obligations or liabilities under this Agreement, (b) Purchaser may assign (without relieving it of its obligations under) this Agreement in whole or in part to any of its Affiliates or to any person or entity which becomes a successor in interest (by purchase of assets or stock, or by merger or otherwise) to Purchaser, and (c) any Seller may assign this Agreement to any of its beneficial owners or successors by operation of Law; provided, that no such assignment shall in any way affect such Seller's obligations or liabilities under this Agreement.

Section 9.06 Company Disclosure Schedule. The Schedules and the Company Disclosure Schedule constitute an integral part of this Agreement as if fully rewritten herein and shall be considered incorporated herein. The inclusion of any information or disclosure in the Schedules or the Company Disclosure Schedule shall not be deemed an admission that such information or disclosure is material for the purposes of this Agreement. The inclusion of any information or disclosure in the Schedules or the Company Disclosure Schedule relating to any possible breach or violation of any contract or Law will not be construed as an admission or indication that any such breach or violation exists or has actually occurred. Unless the Agreement specifically provides otherwise, neither the specification of any item or matter in any representation or warranty contained in this Agreement nor the inclusion of any specific item in any Schedule or the Company Disclosure Schedule is intended to imply that such item or matter, or other items or matters, are or are not in the ordinary course of business, and no party shall use the fact of the setting forth or the inclusion of any such item or matter in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in any Schedule or the Company Disclosure Schedule is or is not in the ordinary course of business for purposes of this Agreement. The inclusion of any item in the Schedules or the Company

Disclosure Schedule is not intended to imply that the items so included, or other items, are or are not required to be disclosed (including whether such items are required to be disclosed as threatened or reasonably likely to have a Material Adverse Effect) and no party shall use the fact of the inclusion of any item in the Schedules or the Company Disclosure Schedule in any dispute or controversy between the parties as to whether any obligation, item or matter not described or included in the Schedules or the Company Disclosure Schedule is or is not required to be disclosed (including whether such items are required to be disclosed as threatened or reasonably likely to have a Material Adverse Effect) for purposes of this Agreement. Matters reflected in any section of the Company Disclosure Schedule are not necessarily limited to matters required by the Agreement to be so reflected. Such additional matters are set forth for informational purposes and do not necessarily include other matters of a similar nature. The headings contained in the Schedules and the Company Disclosure Schedule are for convenience of reference only, do not themselves form a part of the Schedules and the Company Disclosure Schedule and shall not affect the meaning or interpretation of any of the disclosures set forth in the Schedules and the Company Disclosure Schedule. The attachments to the Schedules and the Company Disclosure Schedule form an integral part of the Schedules and are incorporated by reference for all purposes as if set forth fully therein.

Section 9.07 Amendment; Waiver. This Agreement shall not be modified or amended except pursuant to an instrument in writing duly executed by an authorized representative on behalf of the Company, Purchaser and the Seller Representative. In addition, any failure of a party hereto to comply with any obligation, covenant, agreement or condition contained herein may be waived only if set forth in an instrument in writing and duly executed by an authorized representative of the waiving party. The failure in any one or more instances of a party hereto to insist upon performance of any of the terms, covenants or conditions of this Agreement, to exercise any right or privilege in this Agreement conferred, or the waiver by said party of any breach of any of the terms, covenants or conditions of this Agreement, shall not be construed as a subsequent waiver of any such terms, covenants, conditions, rights or privileges, but the same shall continue and remain in full force and effect as if no such forbearance or waiver had occurred.

Section 9.08 Counterparts and Electronic Signatures. This Agreement may be executed and delivered in any number of counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument A facsimile or other copy of a signature of a party hereto, including execution and delivery of the Agreement by electronic exchange, shall be deemed an original for purposes of this Agreement.

Section 9.09 Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable Law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under any applicable Law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, and this Agreement shall be reformed, construed and enforced in such jurisdiction so as to best give effect to the intent of the parties under this Agreement.

Section 9.10 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of Delaware, without regard to the choice-of-laws provisions thereof.

Section 9.11 No Third Party Beneficiaries. Nothing in this Agreement, express or implied, shall confer on any person other than the parties hereto, and their respective successors and permitted assigns, any rights, remedies, obligations or liabilities under or by reason of this Agreement, including third party beneficiary rights, except that the Officers shall be third party beneficiaries of Section 5.03 and Lender shall be a third party beneficiary of Section 9.05(a), and the Purchaser Indemnitees and Seller Indemnitees shall be third-party beneficiaries of Article VI.

Section 9.12 WAIVER OF JURY TRIAL. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, EACH PARTY HERETO HEREBY IRREVOCABLY WAIVES AND COVENANTS THAT IT WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE) ANY RIGHT TO TRIAL BY JURY IN ANY FORUM IN RESPECT OF ANY ISSUE, CLAIM, DEMAND, SUIT, ACTION OR CAUSE OF ACTION, INQUIRY, PROCEEDING OR INVESTIGATION ARISING IN WHOLE OR IN PART UNDER, RELATED TO, BASED ON, OR IN CONNECTION WITH, THIS AGREEMENT, THE SUBJECT MATTER HEREOF OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING AND WHETHER SOUNDING IN TORT OR CONTRACT OR OTHERWISE. EACH PARTY HERETO ACKNOWLEDGES THAT IT HAS BEEN INFORMED BY THE OTHER PARTIES HERETO THAT THIS SECTION 9.12 CONSTITUTES A MATERIAL INDUCEMENT UPON WHICH THEY ARE RELYING AND WILL RELY IN ENTERING INTO THIS AGREEMENT. ANY PARTY HERETO MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION 9.12 WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF EACH SUCH PARTY TO THE WAIVER OF ITS RIGHT TO TRIAL BY JURY.

Section 9.13 Consent to Jurisdiction. Subject to Section 1.05 and Section 1.07 (which shall govern any dispute arising thereunder), the parties to this Agreement submit to the exclusive jurisdiction of any state or federal court located in the city of Chicago, Illinois in respect of the interpretation and enforcement of the provisions of this Agreement and any related agreement, certificate or other document delivered in connection herewith, and by this Agreement, waive, and agree not to assert, any defense in any action for the interpretation or enforcement of this Agreement and any related agreement, certificate or other document delivered in connection herewith, that they are not subject thereto or that such action may not be brought or is not maintainable in such courts or that this Agreement may not be enforced in or by such courts or that their property is exempt or immune from execution, that the action is brought in an inconvenient forum, or that the venue of the action is improper. Each party hereto waives personal service of any and all process upon it, and consents that all services of process be made by registered or certified mail, return receipt requested, directed to it at its address as set forth in Section 9.02, and service so made shall be treated as completed when received. Nothing in this Section 9.13 shall

affect the right of the parties to serve legal process in any other manner permitted by Law.

Section 9.14 Specific Performance. Notwithstanding the provisions of Section 6.10, the parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed by a party hereto in accordance with their specific terms or were otherwise breached by a party hereto. It is accordingly agreed that each party hereto shall be entitled to an injunction or injunctions to prevent the continuation of breaches of this Agreement by another party hereto or to seek an injunction or injunctions to prevent threatened breaches of this Agreement or and to enforce specifically the terms and provisions of this Agreement hereof against another party hereto in any court having jurisdiction and the parties agree that specific performance is a remedy intended by the parties for any such breaches or threatened breaches. The parties agree that they shall not object to, or take any position inconsistent with respect to, whether in a court of law or otherwise, the appropriateness of specific performance as a remedy for breaching this Agreement. The remedies provided for in this Section 9.14 are in addition to any other remedy to which a party hereto is entitled under this Agreement, at law or in equity and that by seeking the remedies provided for in this Section 9.14, a party shall not in any respect waive its right to seek any other form of relief that may be available to a party under this Agreement or otherwise.

Section 9.15 Definitions. Unless this Agreement expressly provides otherwise, each definition herein applies (a) for purposes of this entire Agreement, and (b) to other grammatical variations of the defined term.

"2018 Calculation Period" has the meaning set forth in Section 1.07(a).

"2019 Calculation Period" has the meaning set forth in Section 1.07(a).

"2020 Calculation Period" has the meaning set forth in Section 1.07(a).

"2021 Calculation Period" has the meaning set forth in Section 1.07(a).

"2022 Calculation Period" has the meaning set forth in Section 1.07(a).

"AA Notice" means a notice with respect to a Direct Claim or Third Party Claim delivered or transmitted to the Seller Representative as provided in Section 6.06(a) or Section 6.07 with respect to the Damages in question.

"Accounting Principles" means GAAP applied using the same accounting methods, practices, principles, policies and procedures, with consistent classifications, judgments and valuation and estimation methodologies that were used in the preparation of the Financial Statements for the most recent fiscal year end.

"Action" means any claim, action, cause of action, demand, lawsuit, arbitration, audit, investigation, notice of violation, proceeding, litigation, citation, summons or subpoena of any nature, civil, criminal, administrative, regulatory or otherwise, whether at law or in equity.

"Adjusted EBITDA" has the meaning set forth in Section 1.07(a).

"Administrative Account Amount" has the meaning set forth in Section 1.04(d).

"Affiliate" means, with respect to a specified person, all persons Controlling, Controlled by or under common Control with the specified person.

"Aggregate Purchase Price" has the meaning set forth in Section 1.03(a).

"Agreement" has the meaning set forth in the Preamble.

"Applicable Limitation Period" has the meaning set forth in Section 6.11(d).

"Basic Survival Period" has the meaning set forth in Section 6.11(a).

"Benefit Plan" has the meaning set forth in Section 2.02(l)(i).

"Broker Representations" means, collectively and individually, the representations and warranties of the Company contained in Section 2.02(o) and of the Sellers contained in Section 2.03(f).

"Business Day" means any day other than a Saturday, Sunday or a national or New York State holiday or a day on which commercial banks in New York City are authorized to close.

"Calculation Dispute Notice" has the meaning set forth in Section 1.07(c)(ii).

"Calculation Period" has the meaning set forth in Section 1.07(a).

"Calculation Statement" has the meaning set forth in Section 1.07(c)(i).

"Cash Equivalents" means, collectively, the aggregate consolidated amount of cash on hand and in banks, cash-equivalents and marketable securities of the Company, each determined as of the close of business on the Closing Date, in each case as determined in accordance with the Accounting Principles (without regard to any transactions occurring on the Closing Date at the direction of Purchaser, and without regard to purchase accounting adjustments arising out of the transactions contemplated hereby). For clarity, (i) with respect to bank overdrafts and outstanding checks, Cash Equivalents will not be reduced by the amounts thereof where the associated current liability is included in the computation of Closing Working Capital, but Cash Equivalents will be reduced by such amounts where the associated current liability is not included in such computation of Closing Working Capital, and (ii) Cash Equivalents will not include amounts collected by the Company or any Subsidiary where the associated accounts receivable is included in the computation of Closing Working Capital.

"Cash Equivalent Listing" has the meaning set forth in Section 1.04.

"Cleary Gull" means Cleary Gull, Inc., a Delaware corporation.

"Closing" has the meaning set forth in Section 1.06.

"Closing Date" has the meaning set forth in Section 1.06.

"Closing Statement" has the meaning set forth in Section 1.05(a).

"Closing Working Capital" means (i) the consolidated current assets of the Company identified on Schedule 1.03(a), minus (ii) the consolidated current liabilities of the Company identified on Schedule 1.03(a), each determined as of the close of business on the Closing Date in accordance with the Accounting Principles, and in each case excluding any items constituting Cash Equivalents, accrued Income Taxes, Income Tax receivables, Income Tax payables, deferred Tax assets and liabilities, Indebtedness or Transaction Expenses. Closing Working Capital shall be based exclusively on the facts and circumstances as they exist as of immediately preceding the Closing and shall exclude the effects of any event, act, change in circumstances or similar development arising or occurring thereafter.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Common Per Share Amount" means the quotient of (i) divided by (ii), where (i) equals the sum of the Fully Diluted Common Share Price times the number of Common Shares and (ii) equals the number of Common Shares.

"Common Shares" has the meaning set forth in the Recitals.

"Common Stockholder" means a Stockholder who holds a Common Share.

"Company" has the meaning set forth in the Preamble.

"Company Disclosure Schedule" has the meaning set forth in Section 2.02.

"Company Intellectual Property" means all Intellectual Property that is owned by the Company or any of its Subsidiaries, including, in particular, Road-iQ.

"Company IP Agreements" means all licenses, sublicenses, consent to use agreements, settlements, coexistence agreements, covenants not to sue, permissions and other contracts (including any containing any right to receive or obligation to pay royalties or any other consideration), whether written or oral, relating to Intellectual Property to which the Company and each of its Subsidiaries, including, in particular, Road-iQ is a party, beneficiary or otherwise bound, other than (i) licenses to Software that is generally available through retail stores or distribution networks or that is subject to "shrink-wrap" or "click-through" license agreements or standard commercial terms (including any Software installed in the ordinary course of business as a standard part of hardware, equipment or fixtures purchased by the Company or any of its Subsidiaries), and (ii) confidentiality or non-disclosure agreement entered into by the Company or any of its Subsidiaries in the ordinary course of business.

"Company IP Registrations" means all Company Intellectual Property that is subject to any issuance registration, application or other filing by, to or with any Governmental Authority or

authorized private registrar in any jurisdiction, including registered trademarks, registered domain names, registered copyrights, issued and reissued patents and pending applications for any of the foregoing.

"Confidential Information Memorandum" has the meaning set forth in Section 2.04.

"Control" means the power, direct or indirect, to direct or cause the direction of the management and policies of a person through voting securities, contract or otherwise.

"Customs and International Trade Laws" means any Governmental Rule, or other decision or requirement having the force or effect of law, of any governmental entity, concerning the importation of merchandise, the export or re-export of products (including technology and services), the terms and conduct of international transactions, and making or receiving international payments, including (i) the Tariff Act of 1930, as amended and other laws and programs administered or enforced by the United States Bureau of Customs and Border Protection, the United States Bureau of Customs and Immigration Enforcement, and their predecessor agencies, (ii) the Export Administration Act of 1979, as amended and the Export Administration Regulations, (iii) the International Emergency Economic Powers Act as amended, (iv) the Arms Export Control Act, (v) the International Traffic in Arms Regulations, (vi) export controls administered by an agency of the United States government, (vii) the USA PATRIOT Act of 2001 as amended, (viii) Executive Orders of the President regarding embargoes and restrictions on transactions with designated entities (including countries, terrorists, organizations and individuals), (ix) embargoes, restrictions and sanctions programs administered by the United States Office of Foreign Assets Control, (x) the Money Laundering Control Act of 1986 as amended, (xi) requirements for the marking of imported merchandise, prohibitions or restrictions on the importation of merchandise made with the use of slave or child labor, (xii) the Foreign Corrupt Practices Act as amended, (xiii) the anti-boycott regulations administered by the United States Department of Commerce and the United States Department of the Treasury, (xiv) legislation and regulations of the United States and other countries implementing the North American Free Trade Agreement and other free trade agreements to which the United States is a party, (xv) antidumping and countervailing duty laws and regulations and (xvi) laws and regulations adopted by the governmental entities of foreign countries concerning the ability of U.S. persons to own businesses or conduct business in those countries, restrictions by foreign countries on holding foreign currency or repatriating funds or otherwise relating to the same subject matter as the United States Governmental Rules described above.

"D&O Claim" has the meaning set forth in Section 5.03(a).

"D&O Tail Policy" has the meaning set forth in Section 5.03(a).

"Damages" means all liabilities, deficiencies, Actions, judgments, interest, awards, assessments, levies, losses, fines, penalties, damages, costs and expenses, including reasonable attorneys', accountants', investigators' and experts' fees and expenses, the cost and expenses of enforcing any right to indemnification hereunder, the cost and expenses of pursuing any insurance

providers or claims under any insurance policy and the costs and expenses incurred in investigating or defending in relation to a Third Party Claim.

"Data Room" has the meaning set forth in Section 2.02(j)(ii).

"Deductible" has the meaning set forth in Section 6.02(b).

"Deficiency Period" has the meaning set forth in Section 1.07(b)(v)(X).

"Delivery Date" has the meaning set forth in Section 1.05(a).

"Direct Claim" has the meaning set forth in Section 6.07.

"Dispute Notice" has the meaning set forth in Section 1.05(c).

"Dispute Period" has the meaning set forth in Section 1.05(c).

"Disputed Calculation Items" has the meaning set forth in Section 1.07(c)(ii).

"Disputed Items" has the meaning set forth in Section 1.05(c).

"Downward Adjustment Amount" has the meaning set forth in Section 1.05(e).

"EBITDA Threshold" has the meaning set forth in Section 1.07(a).

"Employment Agreements" has the meaning set forth in Section 4.02(h).

"Environmental Claim" means any and all administrative, regulatory or judicial actions, suits, directives, claims, liens, proceedings or written notices of noncompliance or violation by any person alleging potential liability arising out of, based on or resulting from: (i) the presence or Release into the environment, of any Hazardous Substance at any location, whether or not owned by the Company; or (ii) circumstances forming the basis of any violation of any Environmental Law.

"Environmental Laws" means all applicable federal, state, foreign or local statutes, laws, rules, ordinances, codes, regulations, judgments and orders, in effect on the Closing Date and relating to (a) the environment, including laws and regulations relating to Hazardous Substances, including Releases or threatened Releases of Hazardous Substances; (b) exposure of any person to Hazardous Substances; (c) the presence of any Hazardous Substances in building materials; and (d) the health and safety of employees in respect of exposure to Hazardous Substances.

"Environmental Permits" means all permits, licenses, registrations, and governmental approvals and authorizations from a Governmental Authority required pursuant to Environmental Laws.

"ERISA" has the meaning set forth in Section 2.02(l)(i).

"ERISA Affiliate" has the meaning set forth in Section 2.02(l)(ii).

"Escrow Account" has the meaning set forth in Section 1.04(a).

"Escrow Agent" has the meaning set forth in Section 1.04(a).

"Escrow Agreement" has the meaning set forth in Section 1.04(a).

"Escrow Amount" has the meaning set forth in Section 1.04(a).

"Estimated Aggregate Option Amount" has the meaning set forth in Section 1.04.

"Estimated Aggregate Purchase Price" has the meaning set forth in Section 1.04.

"Estimated Closing Date Payment" has the meaning set forth in Section 1.03(c).

"Excess Adjustment Release Amount" has the meaning set forth in Section 1.05(e).

"Excess Period" has the meaning set forth in Section 1.07(b)(v)(Y).

"Exhibits" means the exhibits that are referenced in this Agreement.

"Final Aggregate Purchase Price" has the meaning set forth in Section 1.05(d).

"Financial Statements" has the meaning set forth in Section 2.02(e)(i).

"Foreign Benefit Plan" has the meaning set forth in Section 2.02(l)(i).

"Fully Diluted Common Share Price" means the quotient of (i) divided by (ii), where (i) is an amount equal to (A) the Aggregate Purchase Price plus (B) the aggregate exercise price for all Options cancelled pursuant to Section 1.02 (i.e., the aggregate exercise price that would be payable upon exercise of such Options) minus (C) the aggregate Preferred Share Value paid to the Seller Representative for the benefit of the Preferred Stockholders pursuant to Section 1.04(e), and (ii) is 1,319,523.

"Fundamental Representations" means, collectively and individually, the representations and warranties of the Company and the Sellers contained in Section 2.02(a) (Organization; Authority), Section 2.02(d) (Capitalization), Section 2.02(f) (Title to Assets), and of each of the Sellers in Section 2.03(a) (Power and Authority), Section 2.03(c) (Execution and Delivery) and Section 2.03(e) (Ownership).

"GAAP" means United States generally acceptable accounting principles in effect on the date hereof.

"General Enforceability Exceptions" has the meaning set forth in Section 2.01(a).

"Governmental Authority" means any foreign, domestic, federal, territorial, state or local governmental authority (including any government and any governmental agency, instrumentality, court, tribunal or commission, or any subdivision, department or branch of any of the foregoing).

"Hazardous Substances" means any chemicals or wastes which are defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances" or "toxic pollutants" under any Environmental Law.

"HIPAA" has the meaning set forth in Section 2.02(l)(v).

"Income Taxes" means any income, franchise, net profits, excess profits or similar Taxes measured on the basis of net income.

"Indebtedness" means, without duplication, the sum of the following items for the Company, on a consolidated basis, each determined as of immediately prior to giving effect to the Closing in accordance with the Accounting Principles: (i) all indebtedness for borrowed money (including the principal amount thereof and the amount of accrued and unpaid interest thereon) of the Company or any Subsidiary, whether or not represented by bonds, debentures, notes or other securities, whether owing to banks, financial institutions or otherwise, (ii) all obligations of the Company or any Subsidiary to pay amounts under a lease of real or personal property which is required to be classified as a capital lease in accordance with GAAP, and other obligations for the deferred payment of purchase price of property (including any unpaid purchase price for capital assets) or services, (iii) obligations secured by a lien on, or payable out of the proceeds or production from, property now or hereafter owned or acquired by the Company or any Subsidiary; (iv) non-trade debt to Affiliates of the Company (other than intercompany transactions with the Subsidiaries and obligations to pay salaries and reimburse expenses in the ordinary course of business); (v) any amounts that are accrued, whether or not due or payable, for bonus payments, severance payments and other payments to be made as a result of a change of control or otherwise to become payable on account of the transactions contemplated by this Agreement; (vi) all unreimbursed obligations in respect of letters of credit that have been drawn, (vii) all earn-out or other contingent purchase price payments and (viii) all premiums, fees or penalties related to any of the foregoing and payment obligations with respect to swap hedging or similar arrangements and related break-up fees; and (ix) all Indebtedness of the type referred to in (i) through (viii) above guaranteed in any manner directly or indirectly by the Company or its Subsidiaries. No Transaction Expenses shall be deemed Indebtedness.

"Indebtedness Listing" has the meaning set forth in Section 1.04.

"Indemnification Provisions" has the meaning set forth in Section 5.03(a).

"Indemnified Party" means, with respect to a particular matter, a party hereto who is entitled to indemnification from another party hereto pursuant to Article VI.

"Indemnifying Party" means, with respect to a particular matter, a party hereto who is required to provide indemnification under Article VI to another party hereto.

"Indemnity Escrow Amount" has the meaning set forth in Section 1.04(a).

"Independent Accountant" has the meaning set forth in Section 1.05(c).

"Industrias Velvac" means Industrias Velvac S de R.L. de C.V., a limited liability company organized under the laws of Mexico.

"Insurance Policy" has the meaning set forth in Section 2.02(g).

"Intellectual Property" means all intellectual property and industrial property rights and assets, and all rights, interests and protections that are associated with, similar to, or required for the exercise of, any of the foregoing, however arising, pursuant to the Laws of any jurisdiction throughout the world, all registrations and applications for, and renewals and extensions of, such rights, and the goodwill connected with the use of and symbolized by any of the foregoing, including any and all: trademarks, service marks, trade names, brands, trade dress, logos and similar designations of source or origin; websites and domain names and all associated web addresses, URLs, web pages and all content and data thereon or relating thereto; copyrights, designs and design registrations, and works of authorship, whether or not copyrightable; Software, trade secrets, inventions and disclosures, whether or not patentable; semi-conductor chips and mask works; and patents (including all reissues, divisionals, continuations, continuations-in-part and extensions thereof).

"Interim Financial Statement Date" has the meaning set forth in Section 2.02(e)(i).

"Interim Financial Statements" has the meaning set forth in Section 2.02(e)(i).

"IRS" means the United States Internal Revenue Service.

"Key Customers" has the meaning set forth in Section 2.02(u).

"Key Suppliers" has the meaning set forth in Section 2.02(u).

"Laws" means all federal, state, regional, provincial, local or foreign laws (including principles of common law), statutes, ordinances, codes, rules, regulations, judgments, orders, awards decrees, or other determinations, decisions or requirements of any arbitrator or Governmental Authority.

"Leased Premises" has the meaning set forth in Section 2.02(r)(ii).

"Lender" has the meaning set forth in Section 9.05.

"Liability" has the meaning specified in Section 2.02(e)(ii).

"Liens" has the meaning set forth in Section 2.02(f).

"Material Adverse Effect" means any event, occurrence, fact, condition or change that is, individually or in the aggregate, materially adverse to the business, results of operations, condition (financial or otherwise) or assets of the Company and its Subsidiaries taken as a whole, or to Road-iQ alone, but does not include any changes, events, circumstances, occurrences or developments resulting or arising from: (i) the general deterioration in the economy affecting the industries in which the Company or any of its Subsidiaries operates; (ii) financial, banking or securities markets (including any disruption thereof and any decline in the price of any security or any market index); (iii) political or regulatory conditions in the United States or any other geographic region in which the Company or any of its Subsidiaries operates; (iv) changes in the industries in which the Company or any of its Subsidiaries, including Road-iQ operates; (v) any change attributable to the execution or announcement of the transactions contemplated by this Agreement, including but not limited to any litigation resulting therefrom and; (vi) any act of terrorism or sabotage, act of war (whether or not declared), other global unrest or international or national hostilities; (vii) earthquake, hurricane, tornado, storm, flood, wildfire or other natural disaster; (viii) changes in GAAP; or (ix) any failure by the Company to meet any published or internally prepared estimates of revenues, earnings or other economic performance for any period ending on or after the date of this Agreement (provided that the facts and circumstances giving rise to the failure described in this clause (ix) may be deemed to constitute, and may be taken into account when determining whether there has been, a Material Adverse Effect if such facts and circumstances are not otherwise described in clauses (i)-(ix) of this definition); provided further, however, that any event, occurrence, fact, condition or change referred to in clauses (i), (iii) and (iv) immediately above shall be taken into account in determining whether a Material Adverse Effect has occurred to the extent that such event, occurrence, fact, condition or change has a disproportionate effect on the Company and the Subsidiaries, taken as a whole, or on Road-iQ taken alone, compared to other participants in the industries in which the Company and the Subsidiaries conducts their businesses, or in which Road-iQ conducts its business.

"Material Contracts" has the meaning set forth in Section 2.02(j)(iv).

"Milestone Calculation" has the meaning set forth in Section 1.07(c)(i).

"Milestone Cap" has the meaning set forth in Section 1.07(i).

"Milestone Payment" has the meaning set forth in Section 1.07(b).

"Minor Claim" has the meaning set forth in Section 6.02(a).

"Officer" has the meaning set forth in Section 5.03(a).

"Offsite Facility" means any facility which is not presently owned, leased or occupied by the Company or any Subsidiary.

"Option Amount" has the meaning set forth in Section 1.02.

"Option Shares" has the meaning set forth in Section 1.02.

"Optionholders" has the meaning set forth in the Preamble.

"Options" has the meaning set forth in the Recitals.

"Overall Common Cap Amount" with respect to each Common Stockholder and Optionholder, means the amount found by multiplying (i) such Common Stockholder's or Optionholder's Percentage Share times (ii) the Overall Common Consideration Amount; provided that the foregoing amount shall be reduced with respect to each Common Stockholder and Optionholder from time to time by (1) Working Capital Escrow Amount paid to Purchaser multiplied by such Common Stockholder's or Optionholder's Percentage Share, (2) the amount of the Indemnity Escrow Amount paid to Purchaser multiplied by such Common Stockholder's or Optionholder's Percentage Share, and (3) the amount paid directly by such Common Stockholder or Optionholder (and not from the Escrow Account) to the Purchaser Indemnitees pursuant to Section 6.01.

"Overall Common Consideration Amount" means the amount found by subtracting clause (i) from clause (ii) where: (i) is the amount of the aggregate Preferred Share Value paid to the Seller Representative for the benefit of the Preferred Stockholders pursuant to Section 1.04(e) and (ii) is the Aggregate Purchase Price plus the amount of Transaction Expenses that reduced the Aggregate Purchase Price pursuant to Section 1.03(a)(v), plus the aggregate amount of all Milestone Payments actually paid by Purchaser and plus the dollar amount by which the Indebtedness as of the Closing Date that reduced the Aggregate Purchase Price pursuant to Section 1.03(a)(iv) exceeds Eleven Million Dollars ($11,000,000).

"Overall Preferred Cap Amount" with respect to each Preferred Stockholder, means the aggregate Preferred Share Value paid to the Seller Representative for the benefit of the Preferred Stockholders pursuant to Section 1.04(e) multiplied by such Preferred Stockholder's Percentage Share, as reduced by any amounts paid or payable by such Preferred Stockholder to the Purchaser Indemnitees.

"Pay-Off Letters" has the meaning set forth in Section 4.02(g).

"Percentage Share" means, (i) with respect to each Optionholder and each Common Stockholder, the "percentage share" set forth on Schedule 2.02(d) opposite such Optionholder's and Common Stockholder's name; and (ii) with respect to each Preferred Stockholder, the "percentage share" set forth on Schedule 2.02(d) opposite such Preferred Stockholder's name.

"Permits" has the meaning set forth in Section 2.02(k).

"Permitted Lien" has the meaning set forth in Section 2.02(f).

"Pre-Closing Tax Period" means any taxable year or period that ends on or before the Closing Date and, with respect to any Straddle Period, the portion of such Straddle Period ending on and including the Closing Date.

"Preferred Share Value" has the meaning set forth in Section 1.01(a).

"Preferred Shares" has the meaning set forth in the Recitals.

"Preferred Stockholder" means a Stockholder who holds a Preferred Share.

"Prospect" means Prospect Partners II, L.P., a Delaware limited partnership.

"Purchaser Indemnitee" has the meaning set forth in Section 6.01.

"Purchaser" has the meaning set forth in the Preamble.

"Qualified Products" has the meaning set forth in Section 1.07(a).

"Qualnetics Payment" shall mean the payment of the "Performance Incentive Payment" as defined in and payable in accordance with Section 1.3(b) of that certain Asset Purchase Agreement, made and entered into effective as of September 30, 2014, by and between Road-iQ, LLC and Qualnetics Corporation.

"R&W Insurance Policy" means representations and warranties insurance policy TLF00241381 effected through CFC Underwriting Limited for the benefit of Purchaser Indemnitees and any additional insureds named therein.

"R&W Insurer" means the underwriters under the R&W Insurance Policy.

"R&W Policy Coverage Limit" means Five Million Dollars ($5,000,000).

"R&W Policy Tax Exclusion" means any exclusion from coverage in the R&W Insurance Policy with respect to the failure by the Company or any of the Subsidiaries to (i) file correct and complete Tax returns or pay Taxes in the states of Alabama, Arizona, Florida, Georgia, Illinois, Indiana, Iowa, Michigan, Missouri, Ohio, Pennsylvania and Wisconsin for the tax years 2012 through 2017 (inclusive) through the period ending on the Closing, (ii) file correct and complete tax returns in relation to Reynosa or Industrias Velvac; (iii) file correct and complete claims for foreign tax credits, or (iv) comply with tax laws and regulations outside the United States of America.

"Release" means any release, spill, emission, leaking, injection, deposit, disposal, discharge, dispersal or migration into the atmosphere, soil, surface water, groundwater or property.

"Released D&O Claim" has the meaning set forth in Section 5.03(a).

"Required Consent" has the meaning set forth in Section 2.02(b).

"Remainder Amount" has the meaning set forth in Section 8.02(j).

"Retention Amount" means the then applicable deductible under the R&W Insurance Policy (after giving effect to (a) all "loss" as defined in the R&W Policy which erodes said deductible under the R&W Policy and (b) any drop down in such deductible, in each case, in

accordance with the terms of said policy); provided, that the Retention Amount shall in no event exceed Five Hundred Ninety Two Thousand Five Hundred Dollars ($592,500)

"Review Period" has the meaning set forth in Section 1.07(c)(ii).

"Reynosa" has the meaning set forth in the Recitals.

"Road-iQ" has the meaning set forth in the Recitals.

"Road i-Q Business" has the meaning set forth in Section 1.07(a).

"Road-iQ IP Representations" means, collectively and individually, the representations and warranties of the Company contained in Section 2.02(i)(xii) (Conduct of Business related to Company Intellection Property or Company IP Agreements) and Section 2.02(s) (Intellectual Property) to the extent those representations and warranties relate to Road-iQ, the Intellectual Property owned or purported to be owned by, or used by, Road-iQ, or the ownership and operation by Road-iQ of its business prior to or as of the Closing Date.

"Road-iQ Revenue" has the meaning set forth in Section 1.07(a).

"Road-iQ Survival Period" has the meaning set forth in Section 6.11(c).

"Road-iQ Technology" has the meaning set forth in Section 1.07(a).

"Schedules" means the schedules that are referenced in this Agreement.

"Securities Act" has the meaning set forth in Section 2.01(e).

"Securities" has the meaning set forth in the Recitals.

"Securities Liens" has the meaning set forth in Section 1.01.

"Seller Deductible" has the meaning set forth in Section 6.04(b).

"Seller Indemnitee" has the meaning set forth in Section 6.03.

"Seller Minor Claim" has the meaning set forth in Section 6.04(a).

"Seller Party Confidentiality Agreement" has the meaning set forth in Section 4.02(k).

"Seller Party Release" has the meaning set forth in Section 4.02(j).

"Seller Representative" has the meaning set forth in the Preamble.

"Sellers" has the meaning set forth in the Preamble.

"Shares" has the meaning set forth in the Recitals.

"Software" means any and all (i) computer programs, including any and all software implementation of algorithms, models and methodologies whether in source code or object code, (ii) databases and computations, including any and all data and collections of data, and (iii) documentation, including user manuals and training materials, relating to any of the foregoing.

"Special Covenant Survival Period" has the meaning set forth in Section 6.11(d).

"Stockholders" has the meaning set forth in the Preamble.

"Straddle Period" means any taxable year or period beginning on or before and ending after the Closing Date.

"Subsidiary" has the meaning set forth in the Recitals.

"Target Working Capital" shall mean Ten Million Three Hundred Fifty Four Thousand Dollars ($10,354,000).

"Tax" or "Taxes" means any federal, state, local or foreign net income, gross income, gross receipts, net profits, excess profits, windfall profit, severance, property, production, sales, use, license, excise, franchise, employment, payroll, withholding, alternative or add-on minimum, ad valorem, value-added, transfer or stamp tax, or any other similar tax, custom, duty, governmental fee or other like assessment or charge, together with any interest or penalty, imposed by any Governmental Authority with respect thereto and "Tax" means any one of the foregoing Taxes.

"Tax Attributes" means, with respect to any Tax, any tax basis, net operating loss carryovers, net capital loss carryovers, credits and similar Tax items of any person.

"Tax Reduction" has the meaning set forth in Section 5.04(a)(viii).

"Tax Representations" means, collectively, the representations and warranties of the Company and the Sellers contained in Section 2.02(h) (Taxes) and Section 2.02(i)(xxii) (Conduct of Business - re tax elections).

"Tax Returns" means all returns, declarations, reports, statements and other documents required to be filed in respect of Taxes, and "Tax Return" means any one of the foregoing Tax Returns.

"Tax Survival Period" has the meaning set forth in Section 6.11(b).

"Taxing Authority" means any Governmental Authority or any subdivision, agency, commission or authority thereof, or any quasi-governmental or private body having jurisdiction over the assessment, collection or imposition of Taxes.

"Termination of Management Agreement" has the meaning set forth in Section 4.02(n).

"Third Party Claim Expenses" means any attorneys', accountants', investigators', and experts' fees, costs and expenses, sustained or incurred by an Indemnified Party or Indemnifying Party in connection with the contest, defense, litigation or investigation of the Third Party Claim.

"Third Party Claim" means any action, suit, proceeding, investigation, or like matter (except a claim by an Officer to enforce its rights under Section 5.03), which is asserted or threatened by a party other than the parties hereto, their successors and permitted assigns against any Indemnified Party or to which any Indemnified Party is subject.

"Transaction Expense Listing" has the meaning specified in Section 1.04.

"Transaction Expenses" means (i) one-half of the premium, underwriting fees and surplus lines or premium tax to be paid for the R&W Insurance Policy (but not to exceed $150,000), and (ii) all fees, commissions, costs and expenses incurred by the Company or Sellers (to the extent the Company or any Subsidiary pays or is obligated to pay such fees and expenses incurred by Sellers) in connection with this Agreement to the extent not paid in full at or prior to the Closing, including (A) all brokerage or finders' fees or agents' commissions or any similar charges, including the amounts payable to Cleary Gull, (B) all legal, accounting, financial advisory, consulting and other fees and expenses of third parties, (C) any other transaction-related bonuses or any change of control, severance or termination payments (except to the extent such payments result from any action of the Company, the Subsidiary or Purchaser following the Closing) payable by the Company or any Subsidiary in connection with the execution of this Agreement or the consummation of the transactions contemplated by this Agreement; and (D) any Taxes payable or incurred by the Company or any of its Subsidiaries with respect to any of the foregoing.

"Transaction Tax Deductions" has the meaning set forth in Section 5.04(a)(vii).

"Upward Adjustment Amount" has the meaning set forth in Section 1.05(d).

"Vehicle" has the meaning set forth in Section 1.07(a).

"Velvac" has the meaning set forth in the Recitals.

"Velvac International" has the meaning set forth in the Recitals.

"Wall Street Journal Prime Rate" means a rate per annum equal to the Prime Rate as published from time to time in the "Money Rates" section of The Wall Street Journal or any successor publication, or in the event that such rate is no longer published in The Wall Street Journal, or a comparable index or reference reasonably selected by the applicable payee with respect thereto.

"WARN Act" means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. § 2101, et seq. and any similar state or local Laws (including Section 109.07 of the Wisconsin Statutes).

"Working Capital Escrow Amount" has the meaning set forth in Section 1.04(a).

"VDA Taxes" means all Taxes arising from or relating to the VDA's as defined in Schedule 2.02(h).

Section 9.16 Interpretation. Unless the context indicates otherwise, each pronoun herein shall be deemed to include the masculine, feminine, neuter, singular and plural forms thereof. The term "person" shall be construed broadly to include any individual, any type of business entity (including a corporation, joint-stock company, partnership, limited liability company, joint venture, association or unincorporated association), any other type of legal entity (including a trust), or any other entity or organization, but shall not include any Governmental Authority. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation" or "but not limited to." The terms "herein," "hereunder," "herewith," "hereby" and "hereof" and words of like import, unless otherwise stated, refer to this entire Agreement as a whole (including any Schedules and Exhibits) and not to any particular provision of this Agreement, and Article, Section, Schedule and Exhibit references are to the Articles, Sections, Schedules and Exhibits of this Agreement unless otherwise specified. Any capitalized terms used in any Schedule or Exhibit attached hereto and not otherwise defined therein shall have the meanings set forth in this Agreement. The term "pending" shall mean pending (but shall not be construed as referring to any action, suit or proceeding against the Company or any Subsidiary that has been filed but not yet served on the Company or any Subsidiary, as applicable), and "threatened" means threatened (and shall be construed as referring, without limitation, to any action, suit or proceeding against the Company that has been filed but not yet served on the Company). The words describing the singular number will include the plural and vice versa. The phrase "made available" in this Agreement will mean that the information referred to has been made available if requested by the party to whom such information is to be made available and such requested information shall be deemed to have been "made available" if such information has been posted to an electronic datasite, including the Data Room, that is accessible by such requesting party or a representative thereof or such requested information has been emailed or otherwise sent to such requesting party or representative or such requesting party or representative otherwise has knowledge of how to obtain access to such requested information. All references to "dollars" or "$" will be deemed references to the lawful money of the United States of America. The word "or" is not exclusive. Unless the context otherwise requires, references herein: (a) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and by this Agreement; and (b) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any rules and regulations promulgated thereunder. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event of an ambiguity or a question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties hereto and no presumption or burden of proof will arise favoring or disfavoring any party hereto by virtue of the authorship of any provisions of this Agreement.

Section 9.17 Headings. The headings contained in this Agreement are for convenience of reference only, do not themselves form a part of this Agreement and shall not affect the meaning or interpretation of this Agreement.

Section 9.18 Representation of Sellers and Seller Representative. Purchaser agrees, on its own behalf and on behalf of the Purchaser Indemnitees, that, following the Closing, Sidley Austin LLP may serve as counsel to any one or more Sellers or the Seller Representative, or any of their officers, directors or Affiliates in connection with any matters related to this Agreement and the transactions contemplated hereby, including any litigation, claim or obligation arising out of or relating to this Agreement or the transactions contemplated by this Agreement, or any other matters, notwithstanding any representation by Sidley Austin LLP prior to the Closing of the Company or any Subsidiary. To the extent that Sidley Austin LLP enjoys attorney-client privilege with any of the Sellers or the Seller Representative, Purchaser and the Company (on behalf of itself and the Subsidiaries) hereby (i) waive any claim they have or may have that Sidley Austin LLP has a conflict of interest or is otherwise prohibited from engaging in such representation, and (ii) agree that, in the event that a dispute arises out this Agreement after the Closing between Purchaser, the Company or any Subsidiary, on the one hand, and Sellers (including the Seller Representative) or any of Sellers' Affiliates, on the other, Sidley Austin LLP may represent Sellers (including the Seller Representative) or any of Sellers' Affiliates in such dispute even though the interests of such person(s) may be directly adverse to Purchaser, the Company or any Subsidiary and even though Sidley Austin LLP may have represented the Company or any Subsidiary in a matter substantially related to such dispute. Purchaser and the Company (on behalf of itself and the Subsidiaries) also further agree that, as to all communications among Sidley Austin LLP and the Company, the Subsidiary and Sellers (including the Seller Representative) or Sellers' Affiliates and representatives, that relate in any way to this Agreement or the transactions contemplated by this Agreement, the attorney-client privilege and the expectation of client confidence belongs to and may be controlled by the Seller Representative and shall not pass to or be claimed by Purchaser, the Company or any Subsidiary. To the extent any files of Sidley Austin LLP for the Company and any Subsidiary in respect of this Agreement or the transactions contemplated by this Agreement (but not in respect to any other matter) constitute property of the client, only the Seller Representative (and not the Company or any Subsidiary) will hold such property rights. Notwithstanding the foregoing, in the event that a dispute arises between Purchaser, the Company or any Subsidiary and a third party other than a party to this Agreement after the Closing, the Company or any Subsidiary may assert the attorney-client privilege to prevent disclosure of confidential communications by Sidley Austin LLP to such third party.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

PURCHASER:

THE EASTERN COMPANY

By: /s/August M. Vlak
Name: August M. Vlak
Title: President and Chief Executive Officer

[Signature Page to Securities Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

COMPANY:

VELVAC HOLDINGS, INC.

By: /s/Jeffrey R. Porter
Name: Jeffrey R. Porter
Title: President and Chief Executive Officer

[Signature Page to Securities Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

AS SELLER AND AS SELLER REPRESENTATIVE:

Prospect Partners II, L.P.

By: Prospect Partners Management Group II, L.P.,
its general partner

By: Prospect Partners, L.L.C.,
its general partner

By: /s/Richard C. Tuttle
Name: Richard C. Tuttle
Its: Member

[Signature Page to Securities Purchase Agreement]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date first above written.

SELLERS:

/s/Jeffrey R. Porter
JEFFERY R. PORTER

/s/W. Greg Bland
W. GREG BLAND

/s/John Backovitch
JOHN BACKOVITCH

/s/Dave Otto
DAVE OTTO

/s/Bob Otto
BOB OTTO

/s/Timothy Rintelman
TIMOTHY RINTELMAN

/s/Robert Brester
ROBERT BRESTER

/s/Dan McGrew
DAN MCGREW

/s/Mark Moeller
MARK MOELLER

[Signature Page to Securities Purchase Agreement]

AMENDED AND RESTATED LOAN AGREEMENT

THIS AMENDED AND RESTATED LOAN AGREEMENT (the **"Agreement"**) is entered into this 3rd day of April, 2017 (but effective as of April 1, 2017), by and between **THE EASTERN COMPANY**, a Connecticut corporation, having its chief executive office at 112 Bridge Street, P.O. Box 460, Naugatuck, Connecticut 06770-0460 (hereinafter referred to as **"Borrower"**), and **PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION**, a national banking association organized under the laws of the United States of America, having a banking office at One Financial Plaza, 2nd Floor, Hartford, Connecticut 06103-2613 (hereinafter referred to as **"Lender"**).

W I T N E S S E T H :

WHEREAS, Borrower and Lender are parties to a certain Loan Agreement dated as of January 29, 2010, as amended (the "**Existing Loan Agreement**"), pursuant to which Lender made available to Borrower certain commercial loans and other credit accommodations, including, without limitation, certain term loans totaling $10,000,000.00 and a certain revolving credit loan in an amount of up to $10,000,000.00 (collectively, the "**Existing Loans**"); and

WHEREAS, Borrower has requested that Lender enter into this Agreement to restructure the Existing Loans and make available to Borrower increased term loan financing to fund the Velvac Holdings, Inc. Acquisition (as defined below); and

WHEREAS, Borrower and Lender wish to enter into this Agreement to amend, restate and restructure the Existing Loans and to set forth the terms and conditions upon which Lender shall make the Credit Facilities (as defined below) available to Borrower;

NOW, THEREFORE, in consideration of the foregoing and in further consideration of the mutual covenants herein contained, the parties hereto agree as follows:

1. DEFINITIONS

As used herein the following terms shall have the following meanings:

"Additional Costs" shall have the meaning given such term in Paragraph 4(b)(iv) hereof;

"Affiliate" shall mean any Person (a) that, directly or indirectly, controls, is controlled by, or is under common control with, Borrower; or (b) that is a member, director, manager, or officer of Borrower or of any Person that, directly or indirectly, controls, is controlled by, or is under common control with, Borrower, together with, in each case, their respective relatives (whether by blood or marriage), heirs, executors, administrators, personal representatives, successors, and assigns; and (c) any trust of which any of the foregoing Persons is a settlor, trustee or beneficiary. For the purposes of this definition, the term "control" 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 membership interests), by contract, or otherwise;

"Amended and Restated Revolving Credit Loan" shall mean that certain revolving credit loan in an amount of up to $10,000,000.00 made available by Lender to Borrower pursuant to the provisions of Paragraph 3B hereof;

"Amended and Restated Revolving Credit Note" shall have the meaning given such term in subparagraph (1) of Paragraph 3B hereof;

"Assignment of Rents" shall mean and refer to those certain written assignments of leases and rentals executed by Borrower and one or more Consolidated Subsidiaries in favor of Lender in connection with the Mortgagee and covering the Real Property Collateral;

"Borrower's Account" shall have the meaning given such term in Paragraph 3B(2) hereof;

"Business Day" shall mean and refer to any day other than Saturday, Sunday or any other day on which commercial banks in Connecticut are authorized or required to close under the laws of the State of Connecticut, and whenever such day relates to a LIBOR Rate Loan, a day on which dealings in U.S. Dollar deposits are also carried out in the London interbank market;

"Change in Control" shall have the meaning given such term in Paragraph 8(b)(x) hereof;

"Collateral" shall have the meaning given to such term in the Security Agreement;

"Consolidated Subsidiaries" shall mean and refer to the Subsidiaries of Borrower described on **Exhibit A** attached hereto and made a part hereof; and the term "**Consolidated Subsidiary**" shall refer to any one of them. For the avoidance of doubt, (i) the term Consolidated Subsidiaries shall include Velvac Holdings and its subsidiaries upon the effectiveness of the Velvac Holdings Acquisition pursuant to the terms of the Velvac Holdings Stock Purchase Agreement, and (ii) the term Consolidated Subsidiaries shall exclude each of Ashtabula Industrial Hardware Co., an Ohio corporation, and Energy Harvesting Company, a Connecticut corporation, which corporations are inactive and in the process of being dissolved;

"Credit Facilities" shall mean collectively the 2017 Term Loan, the Amended and Restated Revolving Credit Loan and the Letters of Credit, as the same may hereafter be amended, modified, restated and/or amended and restated; and "**Credit Facility**" shall mean any one of the foregoing;

"Debt" shall mean at any time, without duplication, (i) all items (except items of capital stock, capital surplus and retained earnings) which, in accordance with GAAP, would be included in determining total consolidated liabilities of Borrower and the Consolidated

Subsidiaries as shown on the liability side of a consolidated balance sheet of Borrower and the Consolidated Subsidiaries as at the date on which Debt is to be determined; (ii) all Subordinated Debt; (iii) all obligations secured by any Lien to which any property or asset owned by Borrower and/or the Consolidated Subsidiaries is subject, whether or not the obligation secured thereby shall have been assumed by Borrower and/or the Consolidated Subsidiaries; (iv) the face amount of all outstanding letters of credit issued for the account of Borrower (including any Letters of Credit issued pursuant to the terms of Paragraph 3H of this Agreement) and/or the Consolidated Subsidiaries and, without duplication, all drafts drawn thereunder and not yet reimbursed; and (v) lease obligations of Borrower and/or the Consolidated Subsidiaries which, in accordance with GAAP, should be capitalized;

"Debt Service" shall mean for any period of determination, the sum of (i) Interest Expense, (ii) Principal Amortization, (iii) scheduled payments by Borrower and/or the Consolidated Subsidiaries on account of capitalized leases, and (iv) the so-called "Milestone Payments" made by Borrower to the former shareholders of Velvac Holdings as defined in the Velvac Holdings Stock Purchase Agreement;

"Debt Service Coverage Ratio" shall mean for any period of determination, the ratio of Operating Cash Flow to Debt Service;

"**Domestic Guarantor**" shall mean any present or future Guarantor organized in a jurisdiction located within the United States of America, including the following Guarantors: Velvac Holdings, Inc., a corporation organized under the laws of the State of Delaware; Velvac, Incorporated, a corporation organized under the laws of the State of Delaware; Velvac International, Inc., a corporation organized under the laws of the State of Delaware; and Road-iQ, LLC, a limited liability company organized under the laws of the State of Delaware;

"EBITDA" shall mean for any period of determination, an amount equal to Borrower's and the Consolidated Subsidiaries' consolidated net earnings (or loss) for such period, plus the sum of (i) Interest Expense of Borrower and the Consolidated Subsidiaries, (ii) Federal, state and local income and franchise tax expense of Borrower and the Consolidated Subsidiaries, and (iii) depreciation and amortization of Borrower and the Consolidated Subsidiaries, each to the extent deducted in determining such consolidated net earnings (or loss);

"Environmental Laws" shall have the meaning given such term in the Security Agreement;

"Event of Default" shall mean the existence of a state of facts under the provisions of Paragraph 8 of this Agreement which constitute an Event of Default and which permits Lender to declare the 2017 Term Loan and the Amended and Restated Revolving Credit Loan due and payable in their entireties;

"Examiners" shall have the meaning given such term in Paragraph 5(e) hereof;

"Excess Cash Flow" shall mean for any fiscal year of Borrower, the sum (without duplication) of EBITDA for such fiscal year less the amount of tax payments actually made by

Borrower and the Consolidated Subsidiaries during such fiscal year, less the amount of internally-financed capital expenditures made by Borrower and the Consolidated Subsidiaries
during such fiscal year, less the amount of dividends declared and actually paid by Borrower to its shareholders during such fiscal year;

"Existing Loan Agreement" shall have the meaning given such term in the preamble of this Agreement;

"Existing Loans" shall have the meaning given such term in the preamble of this Agreement;

"Fixed Rate Election" shall have the meaning given such term in Paragraph 3D hereof;

"Funded Debt" shall mean for any period of determination, the total amount of aggregate indebtedness for borrowed money owed as of such date of determination by Borrower and the Consolidated Subsidiaries to Lender (including any reimbursement obligations to Lender with respect to issued and outstanding Letters of Credit) or to any other Person (including obligations or account of capitalized leases);

"Indemnified Parties" shall have the meaning given such term in Paragraph 10(a) hereof;

"GAAP" shall mean generally accepted accounting principles in the United States of America as in effect from time to time;

"Guaranties" shall mean collectively the unconditional, unlimited continuing guaranties of payment and performance of the Obligations of even date herewith, executed by each of the Guarantors in favor of Lender; and the term "**Guaranty**" shall mean any one of the Guaranties;

"Guarantor Security Agreements" shall mean collectively those certain security agreements entered into by each Domestic Guarantor with Lender on the date hereof, pursuant to which such Domestic Guarantor shall grant to Lender a continuing first priority Lien on all of such Domestic Guarantor's present and future tangible and intangible personal property assets to secure its Guaranty in favor of Lender; and the term **"Guarantor Security Agreement"** shall mean any one of them;

"Guarantors" shall mean collectively each of the Consolidated Subsidiaries listed on **Exhibit A** hereto, and any future Consolidated Subsidiary**;** and the term **"Guarantor"** shall mean any one of them;

"Hazardous Materials" shall have the meaning given such term in the Security Agreement;

"Interest Expense" shall mean for any period of determination, all amounts accrued by Borrower and the Consolidated Subsidiaries, whether as interest, late charges, service fees, or other charge for money borrowed, on account of or in connection with Borrower's and the Consolidated Subsidiaries' indebtedness for money borrowed from the Lender or any other Person which is a lending or financial institution or with respect to which Borrower and the Consolidated Subsidiaries or any of their respective properties are liable by assumption, operation of law or otherwise, including, without limitation, any leases which are required, in accordance with GAAP, to be carried as a liability on Borrower's and the Consolidated Subsidiaries' consolidated balance sheet;

"Interest Period" shall mean with respect to the Amended and Restated Revolving Credit Loan and/or any portion of the 2017 Term Loan which is not subject to any Interest Rate Swap Contract, the period commencing on the date of the making or continuation of or conversion to such Prime Rate Loan or LIBOR Rate Loan, as the case may be, and ending one (1) month or (3) months thereafter, as Borrower may elect in the applicable Notice of Borrowing or Conversion; and with respect to any portion of the 2017 Term Loan which is subject to an Interest Rate Swap Contract, "Interest Period" shall mean the period commencing on the date of the making or continuation of or conversion to such Loan, as the case may be, and ending one (1) month thereafter; provided, however, that (i) each one (1) month or three (3) month Interest Period shall end on the last calendar day of the applicable month and shall commence on the first (1st) calendar day of a month, and (ii) any Interest Period that would otherwise extend beyond the maturity date of the Amended and Restated Revolving Credit Loan or the 2017 Term Loan, as the case may be, shall end on such maturity date;

"Interest Rate Swap Contract" shall mean any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, swaption, currency option or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing any or all of the foregoing;

"Leverage Ratio" shall mean for any period of determination, the ratio of Funded Debt to EBITDA. For purposes of calculating the Leverage Ratio for any quarterly period, EBITDA shall be calculated on a trailing four (4) fiscal quarter basis;

"Letter of Credit Percentage Fee" shall mean and refer to the applicable percentage fee to be charged by Lender for the issuance of any Letter of Credit pursuant to and as set forth in the Pricing Grid;

"Letters of Credit" shall mean and refer to those certain commercial and/or standby letters of credit now or hereafter issued by Lender for the account of Borrower or any Consolidated Subsidiary, as more fully described in Paragraph 3H hereof; and "**Letter of Credit**" shall mean any one of them;

"**LIBOR**" shall mean, with respect to any Interest Period, the rate of interest fixed by the Intercontinental Exchange Benchmark Administration Ltd. ("**ICE**") or the successor thereto if ICE is no longer making a London Interbank Offered Rate available, for U.S. dollar deposits for the applicable one (1) month or three (3) month Interest Period, as published by Bloomberg (or such other commercially available source providing quotations of LIBOR as selected by Lender from time to time) at approximately 11:00 a.m. London time two (2) London Banking Days before the commencement of the applicable one (1) month or three (3) month Interest Period, for deposits in U.S. Dollars (for delivery on the first (1st) day of such Interest Period) with a term equivalent to such applicable one (1) month or three (3) month Interest Period. If LIBOR is not available at such time for any reason, then the rate for such applicable one (1) month or three (3) month Interest Period will be determined by such alternate method as reasonably selected by Lender and which is commonly recognized in the banking industry;

"**LIBOR Rate**" shall mean and refer to a rate of interest per annum equal to LIBOR for the applicable Interest Period plus the applicable LIBOR Rate Margin set forth in the Pricing Grid; provided, however, if LIBOR for any applicable Interest Period is less than zero, such rate shall be deemed to be zero for purposes of this Agreement (such proviso shall not apply, however, with respect to LIBOR (or the resulting LIBOR Rate) when it is the basis of and subject to any Interest Rate Swap Contract);

"LIBOR Rate Loan" shall mean any advance on account of the Amended and Restated Revolving Credit Loan or any portion of the 2017 Term Loan bearing interest determined by reference to the LIBOR Rate;

"LIBOR Rate Margin" shall mean and refer to the applicable margin above LIBOR used to calculate the applicable LIBOR Rate pursuant to and as set forth in the Pricing Grid;

"Lien" shall mean any mortgage, deed of trust, lien, pledge, assignment, security interest, encumbrance or any transfer intended as security, including, without limitation, any conditional sale or other title retention agreement;

"Loan" shall have the meaning given such term in Paragraph 3C(1) hereof;

"Loan Documents" shall mean collectively this Agreement, the Notes, the Security Agreement, the Mortgages, the Assignment of Rents, the Patent Security Agreements, the Trademark Security Agreements, the Guaranties, the Guarantor Security Agreements, the Post-Closing Letter Agreement and any other agreement, instrument or document whether now or hereafter executed and delivered to Lender in connection herewith, together with any renewals, extensions, modifications or amendments thereof;

"Mortgages" shall mean and refer to those certain mortgages executed by Borrower and/or one or more of the Consolidated Subsidiaries in favor of Lender covering improved commercial real property owned by Borrower and/or such Consolidated Subsidiary,

and granting to Lender a title-insured first priority Lien on such Real Property Collateral covered thereby, as same may hereafter be modified or amended;

"Net Income" shall mean for any period, the consolidated net income (or net loss) of Borrower and the Consolidated Subsidiaries for such period from continuing operations as determined in accordance with GAAP;

"**Non-Velvac Subsidiaries**" shall mean the Consolidated Subsidiaries other than the Velvac Subsidiaries;

"Notes" shall mean the 2017 Term Note and the Amended and Restated Revolving Credit Note, together with any and all renewals, modifications, amendments or restatements thereof;

"Notice of Borrowing or Conversion" shall have the meaning given such term in Paragraph 3C(1) hereof;

"Obligations" shall mean the 2017 Term Loan, the Amended and Restated Revolving Credit Loan and the Letters of Credit, together with interest thereon, and any and all other liabilities and obligations of whatever nature of Borrower to Lender (including, without limitation, the obligations of Borrower to Lender under and in connection with any Interest Rate Swap Contract), no matter how or when arising and whether under the Loan Documents, or under any other agreements, guarantees, instruments or documents, past, present or future, and the amount due on any notes, or other obligations of Borrower given to, received by or held by Lender (including, without limitation, overdrafts or any debt, liability or obligation of Borrower to others which Lender may obtain by assignment or otherwise) for or on account of any of the foregoing, whether, in each case, direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising. The term "Obligations" shall also include all costs and expenses, including, without limitation, any and all attorneys' fees, costs and expenses relating to the appraisal and/or valuation of assets and all other costs and expenses, incurred or paid by Lender in exercising, preserving, defending, collecting, administering, enforcing or protecting any of its rights under the Obligations or under the Loan Documents or with respect to the Collateral or in any litigation arising out of the transactions evidenced by the Obligations;

"Operating Cash Flow" shall mean for any period of determination, an amount equal to the sum of Borrower's and the Consolidated Subsidiaries' Net Income for such period (minus any extraordinary gains in such period), plus the sum of: (i) Interest Expense of Borrower and the Consolidated Subsidiaries, and (ii) depreciation and amortization of Borrower and the Consolidated Subsidiaries, each to the extent deducted in determining Net Income; minus the sum of the following items in such period: (iii) all internally-funded expenditures of Borrower and the Consolidated Subsidiaries for fixed assets which are required to be capitalized by Borrower and the Consolidated Subsidiaries in accordance with GAAP, (iv) cash dividends declared and actually paid by Borrower to its shareholders, and (v) the amount of any stock redemptions or stock buybacks by Borrower (but excluding any and all noncash stock option transactions);

"Participant" shall have the meaning given such term in Paragraph 3L hereof;

"Patent Security Agreements" shall mean those certain patent security agreements executed by each of Borrower, Velvac, Incorporated and Road-iQ, LLC in favor of Lender, pursuant to which such entity shall grant to Lender a continuing first priority Lien on all of its present and future right, title and interest in and to all of its Patents (as such term is defined in the Security Agreement or in the applicable Guarantor Security Agreement, as the case may be);

"Person" shall mean any individual, corporation, partnership, joint venture, limited liability company, joint stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other form of entity;

"Post-Closing Letter Agreement" shall mean the letter agreement of even date herewith, by and between Borrower and Lender, describing the post-closing instruments, documents and agreements to be delivered by Borrower and one or more of the Consolidated Subsidiaries to Lender in accordance with the terms of this Agreement, a copy of which is attached hereto as **Exhibit G** and made a part hereof;

"Pricing Grid" shall mean the following pricing grid which shall be used in determining each of the following: (i) the applicable margin in excess of LIBOR to determine the LIBOR Rate in connection with any LIBOR Rate Loan; (ii) the applicable percentage fee for the issuance of any Letter of Credit; and (iii) the applicable percentage for calculating the quarterly unused line fee with respect to the Amended and Restated Revolving Credit Loan pursuant to Paragraph 3B(6) hereof. For purposes of the following Pricing Grid, the LIBOR Rate Margin, the "Letter of Credit Percentage Fee" and the applicable percentage used to calculate the unused line fee with respect to the Amended and Restated Revolving Credit Loan shall be determined on a quarterly basis based on the Leverage Ratio for the preceding fiscal quarter of Borrower and the Consolidated Subsidiaries as determined by Lender based on Borrower's and the Consolidated Subsidiaries' quarterly consolidated financial statements and quarterly covenant compliance certificate delivered by Borrower to Lender in accordance with the provisions of Paragraph 5(d) hereof. Any adjustments to the applicable LIBOR Rate Margin, the Letter of Credit Percentage Fee and/or the applicable percentage used to calculate the unused line fee with respect to the Amended and Restated Revolving Credit Loan shall be effective as follows: (a) on the first (1st) Business Day of the next applicable Interest Period following Lender's receipt of the quarterly consolidated financial statements and covenant compliance certificate with respect to a LIBOR Rate Loan; (b) immediately after Lender's receipt of the quarterly financial statements and covenant compliance certificate with respect to any Letter of Credit thereafter issued by Lender for the account of Borrower; and (c) the first (1st) day of the next quarterly period following Lender's receipt of the quarterly consolidated financial statements and covenant compliance certificate with respect to the unused line fee:

Leverage Ratio	LIBOR Rate Margin and Letter of Credit Percentage Fee	Unused Line Fee Percentage
> 3.25	2.50%	0.375%
>2.75 but < 3.25	2.25%	0.250%
>2.00 but < 2.75	2.00%	0.250%
> 2.00	1.75%	0.200%.

The initial LIBOR Rate Margin will be 2.00%, the initial "Letter of Credit Percentage Fee" for the issuance of Letters of Credit shall be 2.00%, and the initial "Unused Line Fee Percentage" will be 0.250%; such rates shall remain in effect until the end of Borrower's fiscal quarter ending June 30, 2017, whereupon such rates may be adjusted as set forth above, based on the applicable Leverage Ratio as of the end of each fiscal quarter of Borrower thereafter;

"Prime Rate" shall mean the variable per annum rate of interest so designated from time to time by Lender or its successors at its head office as its prime rate. The Prime Rate is a reference rate and does not necessarily represent the lowest or best rate being charged by Lender to any customer;

"Prime Rate Loan" shall mean any advance on account of the Amended and Restated Revolving Credit Loan or any portion of the 2017 Term Loan bearing interest determined by reference to the Prime Rate;

"Principal Amortization" shall mean for any period of determination, all amounts which Borrower and the Consolidated Subsidiaries are required to pay (whether regularly scheduled or as a result of a default and acceleration and whether or not actually paid by Borrower and the Consolidated Subsidiaries) in reduction of Borrower's and the Consolidated Subsidiaries' indebtedness referred to in the definition of Interest Expense, as required by the documents relating to such indebtedness; provided, however, that Borrower's repayment of its term loan obligations to Lender on account of the Existing Loans on the date hereof shall not be treated as Principal Amortization for purposes of this Agreement;

"R&W Insurance Policy" shall mean and refer to that certain representation and warranty insurance policy issued by CFC Underwriting Limited in favor or Borrower in connection with the Velvac Holdings Stock Purchase Agreement and naming Borrower as insured and loss-payee;

"Real Property Collateral" shall mean the following improved commercial real properties owned by Borrower and/or one or more of the Consolidated Subsidiaries and located at: (i) 112 Bridge Street, Naugatuck, Connecticut; (ii) 212 Middlesex Road, Chester, Connecticut; (iii) 21944 Drake Road, Strongsville, Ohio; and (iv) 301 W. Hintz Road, Wheeling, Illinois;

"Security Agreement" shall mean that certain security agreement of even date herewith, executed by Borrower in favor of Lender pursuant to which Borrower shall grant to Lender a continuing first priority Lien on all of Borrower's present and future right, title and interest in and to any and all of Borrower's tangible and intangible personal property assets (including, without limitation, Borrower's stock ownership interest in each of the Consolidated Subsidiaries) to secure the Obligations;

"Subordinated Debt" shall mean at any time, obligations of Borrower and the Consolidated Subsidiaries for money borrowed by them from any third Person which has been subordinated in favor of the Lender by such Person to the repayment of the Obligations by virtue of a subordination agreement executed and delivered to Lender, in form and content satisfactory to the Lender;

"Subsidiary" shall mean a corporation (with respect to another corporation) of which more than thirty (30%) of the outstanding stock having voting power to elect a majority of its Board of Directors (whether or not at the time the holders of any other class or classes of securities of such corporation shall or might have such voting power by reason of the happening of any contingency) is at any time directly or indirectly owned by another corporation or an Affiliate of any such other corporation;

"Tangible Net Worth" shall mean as at the date of determination, the excess, if any, of Borrower's and the Consolidated Subsidiaries' consolidated assets, excluding intangible assets such as goodwill, licenses and patents and further excluding any amounts owed to Borrower by any Affiliates of Borrower, whether in the form of accounts (or accounts receivable), notes or other forms of payment, minus Borrower's and the Consolidated Subsidiaries' consolidated liabilities (other than Subordinated Debt);

"2017 Term Loan" shall mean that certain five (5) year term loan in the amount of $31,000,000.00 made available by Lender to Borrower pursuant to the provisions of Paragraph 3A hereof;

"2017 Term Note" shall have the meaning given such term in subparagraph (1) of Paragraph 3A hereof;

"Trademark Security Agreements" shall mean those certain trademark security agreements executed by each of Borrower, Velvac, Incorporated and Road-iQ, LLC in favor of Lender, pursuant to which such entity shall grant to Lender a first priority Lien on all of its present and future right, title and interest in and to all of its Trademarks (as such term is defined in the Security Agreement or in the applicable Guarantor Security Agreement, as the case may be);

"Velvac Holdings" shall mean and refer to Velvac Holdings, Inc., a Delaware corporation, having its principal place of business at 2405 S. Calhoun Road, New Berlin, Wisconsin 53151;

"Velvac Holdings Acquisition" shall mean and refer to the acquisition by Borrower of one hundred percent (100%) of the capital stock of Velvac Holdings and each of its wholly-owned subsidiaries pursuant to the terms and conditions of the Velvac Holdings Stock Purchase Agreement;

"Velvac Holdings Stock Purchase Agreement" shall mean and refer to that certain Securities Purchase Agreement dated as of April 3, 2017, by and among Borrower, as purchaser, and Velvac Holdings and its securityholders, as sellers, and Prospect Partners, II, L.P., as seller representative, together with all schedules thereto, and all amendments, modifications and renewals thereof; and

"**Velvac Subsidiaries**" shall mean Velvac Holdings and each of its wholly-owned Subsidiaries acquired pursuant to the terms and conditions of the Velvac Holdings Stock Purchase Agreement.

2. REPRESENTATIONS AND WARRANTIES

Borrower represents and warrants to Lender that:

(a) The audited consolidated financial statements of Borrower and the Consolidated Subsidiaries, dated as of December 31, 2016, prepared by Borrower's independent certified public accountants and heretofore delivered to Lender, present fairly, in all material respects, the consolidated position of Borrower and the Consolidated Subsidiaries and the consolidated results of their operations and their cash flows as of such date, in conformity with GAAP, there has not been any material adverse change in the financial condition of Borrower or the Consolidated Subsidiaries since the date thereof, and Borrower and the Consolidated Subsidiaries have no liabilities, fixed or contingent, which are not fully shown or provided for in said financial statements as of the date thereof except (i) obligations to perform after such date under contracts, purchase orders and other commitments incurred in the ordinary course of business, and (ii) obligations of the Borrower and the Consolidated Subsidiaries created after such date;

(b) Borrower is a corporation duly incorporated and validly existing under the laws of the State of Connecticut with all the requisite corporate power and authority to own, operate and lease its properties and to carry on its business as now being conducted;

(c) Except as disclosed in **Schedule 2(c)** attached hereto and made a part hereof, there is no judgment, decree or order outstanding or litigation or governmental proceeding or investigation pending against Borrower, any Non-Velvac Subsidiary, or, to Borrower's knowledge, any Velvac Subsidiary, or, to Borrower's knowledge, threatened against Borrower or any Consolidated Subsidiary which might have a material adverse effect upon Borrower's or such Consolidated Subsidiary's position, financial, operating or otherwise, and Borrower and each Consolidated Subsidiary has filed all tax returns and reports required to be filed by Borrower or such Consolidated Subsidiary with the United States government and all

state and local governments and has paid in full or made adequate provision for the payment of all taxes, interest, penalties, assessments or deficiencies shown to be due or claimed to be due on or in respect of such tax returns and reports;

(d) The Loan Documents to which Borrower and each Consolidated Subsidiary is a party are each valid, legal and binding upon Borrower and each such Consolidated Subsidiary and enforceable in accordance with their respective terms, and the execution and delivery of the Loan Documents have been duly authorized by all necessary corporate action of Borrower and each such Consolidated Subsidiary;

(e) The execution and delivery of the Loan Documents, the consummation of the transactions contemplated therein and the fulfillment of or compliance with the terms and provisions of the Loan Documents: (i) will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement, instrument or other undertaking to which Borrower or any Consolidated Subsidiary is a party or by which Borrower or any Consolidated Subsidiary is bound; (ii) do not constitute a default thereunder or under any of them; (iii) will not result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of Borrower's or such Consolidated Subsidiary's respective properties or assets pursuant to the terms of any such agreement, instrument or other undertaking; (iv) do not require the consent or approval of any governmental body, agency or authority and will not violate the provisions of any laws or regulations of any governmental instrumentality applicable to Borrower or any Consolidated Subsidiary; and (v) are within Borrower's or such Consolidated Subsidiary's respective powers, and are not in contravention of any provisions of its respective Certificate of Incorporation or of its By-Laws. Neither Borrower nor any Consolidated Subsidiary is in default under any material agreement, indenture, mortgage, deed of trust, or any other agreement or any court order or other order issued by any governmental regulatory authority to which Borrower or any Consolidated Subsidiary is a party or by which Borrower or any Consolidated Subsidiary may be bound;

(f) Subject to any limitations stated therein or in connection therewith, all information furnished or to be furnished by Borrower and any Consolidated Subsidiary pursuant to the terms hereof or the other Loan Documents will not, at the time the same is furnished, contain any untrue statement of a material fact and, when taken as a whole, will not omit to state a material fact necessary in order to make the information so furnished, in light of the circumstances under which such information is furnished, not misleading;

(g) Borrower, each Non-Velvac Subsidiary, and, to Borrower's knowledge, each Velvac Subsidiary, is in compliance with all laws, ordinances, rules or regulations, applicable to it, of all Federal, state or local governments or any instrumentality or agency thereof, including, without limitation, the Employee Retirement Income Security Act (**"ERISA"),** and all Federal, state and municipal laws, ordinances, rules and regulations relating to the environment, including, without limitation, the Resource Conservation and Recovery Act, as amended by the Hazardous and Solid Waste Amendments of 1984 (**"RCRA")** and the Comprehensive Environmental Response, Compensation and Liability Act (**"CERCLA"**), except where the failure to comply by Borrower or such Consolidated Subsidiary would not have a material

adverse effect on the financial or operating condition of Borrower and its Consolidated Subsidiaries when taken as a whole;

(h) Other than the Consolidated Subsidiaries, Borrower has no Subsidiaries and, except as disclosed on **Schedule 2(h)** attached hereto and made a part hereof, has not invested in the stock, common or preferred, of any other corporation, and there are not fixed, contingent or other obligations on the part of Borrower to issue any additional shares of its capital stock, other than to employees of Borrower under Borrower's existing pension/employee benefit plans;

(i) Neither Borrower or any of the Non-Velvac Subsidiaries nor, to Borrower's knowledge, any of the Velvac Subsidiaries, is a party to any agreement or instrument or subject to any corporate restriction (including any restriction set forth in its Certificate of Incorporation) materially and adversely affecting its operations, business, properties or financial condition;

(j) Borrower, each of the Non-Velvac Subsidiaries and, to Borrower's knowledge, each of the Velvac Subsidiaries, possesses all the trademarks, trade names, copyrights, patents, licenses and governmental permits, licenses, orders and approvals, or rights in any thereof, adequate for the conduct of its business as now conducted and presently proposed to be conducted, without conflict of the rights or claimed rights of others, and no action or filing with or consent by, any Person or any governmental or public body or authority, is required to authorize or is otherwise required in connection with the conduct of Borrower's or any of the Consolidated Subsidiaries' respective businesses as now and presently proposed to be conducted;

(k) The fair salable value of the consolidated assets of Borrower and the Consolidated Subsidiaries exceeds and will, immediately following the making and funding of the 2017 Term Loan and the Amended and Restated Revolving Credit Loan, exceed their total consolidated liabilities (including, without limitation, contingent liabilities). The fair salable value of the consolidated assets of Borrower and the Consolidated Subsidiaries is and will, immediately following the making and funding of the 2017 Term Loan and the Amended and Restated Revolving Credit Loan, be greater than Borrower's and the Consolidated Subsidiaries' probable consolidated liabilities (including, without limitation, contingent liabilities) on their consolidated debts as such debts become absolute and matured. Borrower's and the Consolidated Subsidiaries' consolidated assets do not and, immediately following the making and funding of the 2017 Term Loan and the Amended and Restated Revolving Credit Loan, will not constitute unreasonably small capital to carry out their respective businesses as conducted or as proposed to be conducted. Neither Borrower nor any Consolidated Subsidiary intends to, nor does it believe that it will incur debts beyond its ability to pay such debts as they mature (taking into account the timing and amounts of cash to be received by Borrower and such Consolidated Subsidiary and the amounts to be payable on or in respect of obligations of Borrower and such Consolidated Subsidiary);

(l) The name of Borrower has not changed during the immediately preceding six (6) years; Borrower has conducted and currently conducts its business solely in its own name and through the operating divisions of Borrower located in the United States of America listed in **Exhibit F** attached hereto and made a party hereof;

(m) (i) No fact, including but not limited to any "reportable event", as that term is defined in Section 4043 of ERISA, exists in connection with any defined benefit plans described in Section 3(35) of ERISA (hereinafter collectively referred to as the **"Plans"** and individually as the **"Plan"**) of Borrower or any of the Consolidated Subsidiaries (collectively, the **"Companies"**) under Sections 414(b), (c), (m), (n) and (o) of the Internal Revenue Code of 1986, as amended (the "Revenue Code"), which might constitute grounds for termination of any such Plan by the Pension Benefit Guaranty Corporation (the **"PBGC"**), or for the appointment by the appropriate United States District Court of a trustee to administer any such Plan. A list of all of the Companies' respective Plans are attached hereto as **Exhibit D** and made a part hereof;

(ii) No "prohibited transaction" within the meaning of Section 406 of ERISA or Section 4975 of the Revenue Code exists or will exist with respect to any of the Plans upon the execution and delivery of this Agreement and the other Loan Documents, or the performance by the parties hereto or thereto of their respective duties and obligations hereunder and thereunder;

(iii) Each of the Companies agrees to do all acts with respect to the Plans, including, but not limited to, making all contributions necessary for the Plans to maintain compliance with ERISA and the Revenue Code, and agrees not to terminate any such Plan in a manner or do so or fail to do any act which could result in the imposition of a lien on any of its properties pursuant to Section 4068 of ERISA;

(iv) None of the Companies sponsors or maintains, and has never contributed to, and has not incurred any withdrawal liability under a "multi-employer plan" as defined in Section 3 of ERISA and none of the Companies has any written or verbal commitment of any kind to establish, maintain or contribute to any "multi-employer plan" under the Multi-Employer Pension Plan Amendment Act of 1980;

(v) Each of the Companies has satisfied the minimum funding requirements of ERISA and the Revenue Code with respect to the Plans;

(vi) Any Plan complies currently, and has complied in the past, both as to form and (to the best of the Borrower's knowledge) in operation, with its terms and with the provisions of the Revenue Code and ERISA, and all applicable regulations thereunder and all rules issued by the Internal Revenue Service, U.S. Department of Labor and the PBGC and as such, is and remains a "qualified" Plan under the Revenue Code;

(vii) No actions, suits or claims are pending (other than routine claims for benefits) against any Plan, or the assets of any such Plan;

(viii) The Companies have performed all obligations required to be performed by it or them under any Plan and the Companies are not in default, or in violation of any Plan, and Borrower has no knowledge of any such default or violation by any other party to any and all Plans;

(ix) No liability has been incurred by any of the Companies to the PBGC or to participants or beneficiaries on account of any termination of a Plan subject to Title IV of ERISA, no notice of intent to terminate a Plan has been filed by (or on behalf of) any of the Companies pursuant to Section 4041 of ERISA and no proceeding has been commenced by the PBGC pursuant to Section 4042 of ERISA; and

(x) The reporting and disclosure provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 have been complied with for all such Plans;

(o) Except as disclosed in **Schedule 2(o)** attached hereto:

(i) Borrower and each Consolidated Subsidiary has obtained all permits, licenses and other authorizations which are required under all Environmental Laws except where the failure to so obtain would not have a material adverse effect on the financial or operating condition of Borrower and its Consolidated Subsidiaries when taken as a whole. Borrower and each Consolidated Subsidiary is in compliance with the terms and conditions of all such permits, licenses and authorizations, and is also in compliance with all other limitations, restrictions, conditions, standards, prohibitions, requirements, obligations, schedules and timetables contained in any applicable Environmental Law or in any regulation, code, plan, order, decree, judgment, injunction, notice or demand letter issued, entered, promulgated or approved thereunder, except where the failure to comply by Borrower or such Consolidated Subsidiary would not have a material adverse effect on the financial or operating condition of Borrower and its Consolidated Subsidiaries when taken as a whole;

(ii) No notice, notification, demand, request for information, citation, summons or order has been issued, no complaint has been filed, no penalty has been assessed and no investigation or review is pending or, to Borrower's knowledge, threatened by any governmental or other entity with respect to any alleged failure by Borrower or any Consolidated Subsidiary to have any permit, license or authorization required in connection with the conduct of Borrower's or such Consolidated Subsidiary's business or with respect to any Environmental Laws, including, without limitation, Environmental Laws relating to the generation, treatment, storage, recycling, transportation, disposal or release of any Hazardous Materials;

(iii) No written notification of a Release of a Hazardous Material has been filed by or against Borrower or any Consolidated Subsidiary and, to Borrower's knowledge, no property now or previously owned, leased or used by Borrower or any Consolidated Subsidiary is listed or proposed for listing on the Comprehensive Environmental Response, Compensation and Liability Inventory of Sites or National Priorities List under CERCLA, as amended, or on any similar state or federal list of sites requiring investigation or clean-up;

(iv) There are no Liens arising under or pursuant to any Environmental Laws on any of the property or properties owned, leased or used by Borrower, any Non-Velvac Subsidiary, nor, to Borrower's knowledge, any Velvac Subsidiary, and no governmental actions have been taken or are in process which could subject any of such properties to such liens or

encumbrances or, as a result of which Borrower or any Consolidated Subsidiary would be required to place any notice or restriction relating to the presence of Hazardous Materials at any property owned by it in any deed to such property; and

(v) Neither Borrower or any Non-Velvac Subsidiary, nor, to Borrower's knowledge, any Velvac Subsidiary nor, to Borrower's knowledge, any previous owner, tenant, occupant or user of any property owned, leased or used by Borrower or any Consolidated Subsidiary, has (i) engaged in or permitted any operations or activities upon or any use or occupancy of such property, or any portion thereof, for the purpose of or in any way involving the release, discharge, refining, dumping or disposal (whether legal or illegal, accidental or intentional) of any Hazardous Materials on, under, or in or about such property, or (ii) transported or had transported any Hazardous Materials to such property except to the extent such Hazardous Substances are raw products commonly used in day-to-day manufacturing operations of such property and, in such case, in compliance with, all Environmental Laws; (iii) engaged in or permitted any operations or activities which would allow the facility to be considered a treatment, storage or disposal facility as that term is defined in 40 CFR 264 and 265, (iv) engaged in or permitted any operations or activities which would cause any of its properties to become subject to the Connecticut Transfer Act, Section 22a-134 et seq., C.G.S., or (v) constructed, stored or otherwise located Hazardous Materials on, under, in or about any such property except to the extent commonly used in day-to-day operations of any such property and, in such case, in compliance in all material respects with all Environmental Laws. Further, to Borrower's knowledge and except as disclosed in **Schedule 2(o)** attached hereto, no Hazardous Materials have migrated from other properties upon, about or beneath any such property;

(p) Neither Borrower nor any Consolidated Subsidiary is a party to any collective bargaining or union agreement except as set forth on **Exhibit E** attached hereto and made a part hereof. Such union contracts are in full force and effect and are not currently subject to renegotiation. Borrower and each Consolidated Subsidiary is in material compliance with the terms and conditions of all such union contracts and knows of no threatened work stoppage by any union members;

(q) Borrower shall use the proceeds of the 2017 Term Loan and the initial advance on account of the Amended and Restated Revolving Credit Loan to refinance in full the Existing Loans and to fund a portion of the cost of the Velvac Holdings Acquisition pursuant to the terms and conditions of the Velvac Holdings Stock Purchase Agreement, and Borrower shall use the proceeds of subsequent advances on account of the Amended and Restated Revolving Credit Loan to fund permitted asset acquisitions and capital expenditures and for general working capital purposes (including, without limitation, the issuance of Letters of Credit);

(r) Neither Borrower or any Non-Velvac Subsidiary, nor, to Borrower's knowledge, any Velvac Subsidiary, is in violation of any laws relating to terrorism or money laundering, including, without limitation, Executive Order No. 13224 on Terrorist Financing, effective December 21, 2001, and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56; and

(s) All representations and warranties of Borrower and the Consolidated Subsidiaries contained herein shall survive the execution of this Agreement.

3. TERMS OF CREDIT FACILITIES

Pursuant to the terms of this Agreement, Lender shall make the Credit Facilities available to Borrower, upon the request of Borrower, upon the following terms and conditions:

A. 2017 Term Loan

(1) The 2017 Term Loan shall be in the amount of Thirty-One Million and No/100 Dollars ($31,000,000.00) and shall be evidenced by a promissory note dated the date hereof, in the original principal amount of $31,000,000.00, executed by Borrower and payable to the order of Lender, in the form of **Exhibit B** attached hereto and made a part hereof (herein referred to as the **"2017 Term Note"**). The outstanding principal balance of the 2017 Term Loan shall bear interest at the following rates: (a) the principal portion of the 2017 Term which is not subject to an Interest Rate Swap Contract shall bear interest at either, at Borrower's option: (i) a variable rate per annum equal to the LIBOR Rate for the applicable one (1) month or three (3) month Interest Period, as selected by Borrower; or (ii) a variable rate per annum equal to the Prime Rate, which rate shall change contemporaneously with any change in the Prime Rate; and (b) the principal portion of the 2017 Term Loan which is subject to an Interest Rate Swap Contract shall bear interest at a variable rate per annum equal to the one (1) month LIBOR Rate (adjusted on a monthly basis as of the first (1st) Business Day of each month hereafter), but shall be payable at a fixed rate pursuant to the applicable Interest Rate Swap Contract. Interest shall be charged on the principal balance of the 2017 Term Loan from time to time outstanding on the basis of the actual number of days elapsed computed on the basis of a three hundred sixty (360) day year;

(2) Interest accruing on the principal balance of the 2017 Term Loan shall be payable in arrears as follows: (a) with respect to the portion of the 2017 Term Loan which is not subject to an Interest Rate Swap Contract, interest shall be payable on the last Business Day of the applicable one (1) month or three (3) month Interest Period and at maturity with respect to any LIBOR Rate Loans, or on the first (1st) Business Day of each month and at maturity with respect to any Prime Rate Loans; and (b) with respect to the portion of the 2017 Term Loan which is subject to an Interest Rate Swap Contract, interest shall be payable on a monthly basis, on the first (1st) Business Day of each month hereafter, commencing on May 1, 2017, and at maturity. The principal balance of the 2017 Term Loan shall be paid on a quarterly basis over a five (5) year term on the first (1st) Business Day of each quarter hereafter, commencing on July 3, 2017 and maturing on April 1, 2022, as more fully described in the 2017 Term Note. All payments received by Lender on account of the 2017 Term Loan shall be in lawful money of the United States of America and in immediately available funds, and shall be first applied by Lender first to outstanding accrued interest and then to outstanding principal. Borrower hereby authorizes Lender to debit Borrower's operating account with Lender for the payment of the installments of accrued interest and principal with respect to the 2017 Term Loan

on the due dates thereof and at maturity. In the event that there are not sufficient funds in Borrower's operating account to pay such installment payments on account of the 2017 Term Loan in full on the due date thereof, then Borrower shall immediately pay to Lender the amount of such installment payment(s) then due (or the amount of such shortfall, as appropriate) in immediately available funds; and

(3) Borrower shall be entitled to prepay the principal balance of the 2017 Term Loan in whole or in part at any time so long as (a) such principal prepayment is accompanied by the payment of all accrued interest on the principal amount so prepaid, (b) any prepayment of a LIBOR Rate Loan which is not paid on the last day of the applicable Interest Period is accompanied by the payment of the applicable "yield maintenance fee" set forth in Paragraph 3D hereof, and (c) any prepayment of the principal portion of the 2017 Term Loan which is subject to an Interest Rate Swap Contract is accompanied by the payment of an amount equal to all termination fees and/or breakage fees due and owing to Lender under the terms of such Interest Rate Swap Contract. All partial principal prepayments by Borrower shall be applied by Lender first to the principal portion of the 2017 Term Loan which is not subject to an Interest Rate Swap Contract, until that portion of the principal balance of the 2017 Term Loan is repaid in full, and then to the principal portion of the 2017 Term Loan which is subject to an Interest Rate Swap Contract.

B. Amended and Restated Revolving Credit Loan

(1) Borrower shall have the right, until the termination of Lender's obligations to make advances on account of the Amended and Restated Revolving Credit Loan as set forth in subparagraph (5) of this Paragraph 3B, to from time to time borrow, pay and reborrow on account of the Amended and Restated Revolving Credit Loan and, until such termination, Lender shall make advances to Borrower on account of the Amended and Restated Revolving Credit Loan as described herein. The principal amount of the Amended and Restated Revolving Credit Loan, or such part thereof as may be from time to time outstanding, shall be in the maximum amount of up to Ten Million and No/100 Dollars ($10,000,000.00) and shall be evidenced by a promissory note dated the date hereof, in the original principal amount of $10,000,000.00, executed by Borrower and payable to the order of Lender, in the form of **Exhibit C** attached hereto and made a part hereof (herein referred to as the **"Amended and Restated Revolving Credit Note"**). The maximum amount available to Borrower on account of the Amended and Restated Revolving Credit Loan shall be reduced by the amount of the from time to time issued and outstanding Letters of Credit. The Amended and Restated Revolving Credit Note shall be in the amount of $10,000,000.00 and, in the event Lender determines to increase the maximum principal amount of the Amended and Restated Revolving Credit Loan and Borrower agrees thereto, Borrower shall immediately execute and deliver to Lender a further Amended and Restated Revolving Credit Note (or a replacement Amended and Restated Revolving Credit Note) to evidence such increase;

(2) Each advance on account of the Amended and Restated Revolving Credit Loan shall bear interest at a rate per annum equal to, at Borrower's option, either: (A) the Prime Rate with respect to a Prime Rate Loan, which rate shall change contemporaneously with

any change in the Prime Rate, or (B) the LIBOR Rate with respect to a LIBOR Rate Loans. Interest shall be charged on the principal balance of the Amended and Restated Revolving Credit Loan from time to time outstanding on the basis of actual number of days elapsed computed on the basis of a three hundred sixty (360) day year. Such interest shall be payable monthly, on the first (1st) Business Day of each month hereafter, commencing on the first (1st) Business Day of the month immediately following the date of the initial advance hereunder, with respect to Prime Rate Loans, and shall be payable for such Interest Period on the last Business Day of such Interest Period and when such LIBOR Rate Loan is due, with respect to LIBOR Rate Loans. All payments received by Lender on account of the Amended and Restated Revolving Credit Loan shall be in lawful money of the United States of America and in immediately available funds, and shall be applied by Lender first to outstanding accrued interest and then to outstanding principal. Borrower hereby authorizes Lender to debit Borrower's operating account with Lender for the payment of the installments of accrued interest with respect to the Amended and Restated Revolving Credit Loan on the due dates thereof. In the event that there are not sufficient funds in Borrower's operating account to pay such installment payment on account of the Amended and Restated Revolving Credit Loan in full on the due date thereof, then Borrower shall immediately pay to Lender the amount of such installment payment then due (on the amount of such shortfall, as appropriate) in immediately available funds;

(3) All advances on account of the Amended and Restated Revolving Credit Loan made by Lender to Borrower pursuant to this Paragraph 3B shall be recorded in an account on the books of Lender bearing Borrower's name (hereinafter called "**Borrower's Account**"). Lender shall render and send to Borrower a monthly statement of Borrower's Account showing the outstanding aggregate principal balance of the Amended and Restated Revolving Credit Loan, together with interest and other appropriate debits and credits as of the date of the statement. The statement of Borrower's Account shall be considered correct in all respects, absent manifest error, and accepted by and be conclusively binding upon Borrower unless Borrower makes specific written objections thereto within thirty (30) days after the date the statement of Borrower's Account is sent;

(4) In the event that the aggregate principal amount of the Amended and Restated Revolving Credit Loan outstanding at any one time exceeds the sum of $10,000,000.00, Borrower shall immediately pay to Lender an amount equal to or otherwise eliminate such excess;

(5) The provisions of this Paragraph 3B shall continue in effect until April 1, 2022; provided, however, that Lender may terminate the provisions of this Paragraph 3B at any time upon the happening of an Event of Default hereunder. Upon the effective date of such termination, Borrower shall immediately pay to Lender the then outstanding aggregate principal amount of the Amended and Restated Revolving Credit Loan, together with interest accrued thereon to the date of payment. No such termination shall (i) in any way affect or impair the security interest granted to Lender hereunder or any other rights of Lender under any of the Loan Documents, arising prior to any such termination or by reason thereof, (ii) relieve Borrower of any obligation to Lender under any of the Loan Documents, or otherwise, until all the

Obligations are fully paid and performed, or (iii) affect any right or remedy of Lender under any of the Loan Documents; and

(6) Borrower shall pay to Lender, on the first (1st) Business Day of each calendar quarter following the date hereof, commencing on July 3, 2017, until the termination date of the Amended and Restated Revolving Credit Loan (as described in Paragraph 3B(5) above) and on such termination date, a nonrefundable unused line fee for the calendar quarter (or portion thereof, as appropriate) immediately preceding such payment in an amount equal to the applicable percentage set forth in the Pricing Grid for such quarter times the excess, if any, of (i) $10,000,000.00 minus (ii) the daily outstanding principal amount of the Amended and Restated Revolving Credit Loan plus the stated amount of any issued and outstanding Letters of Credit during such calendar quarter (or portion thereof, as appropriate). In the case of the first payment and last payment hereunder, if the immediately preceding period is less than a full calendar quarter, the unused line fee as so calculated shall be prorated by multiplying the same by a fraction, the denominator of which shall be 91 and the numerator of which shall be the actual number of days elapsed in such period.

C. Notice and Manner of Borrowing.

(1) Whenever Borrower desires to obtain or continue a Prime Rate Loan or a LIBOR Rate Loan (collectively, a **"Loan"**) hereunder or convert an outstanding Loan into a Loan of a different type provided for in this Agreement, Borrower shall notify Lender (which notice shall be irrevocable) in writing (each a **"Notice of Borrowing or Conversion"**) received no later than 2:00 p.m. (Hartford, Connecticut time) (a) on the date which the requested Loan is to be made or converted to a Prime Rate Loan, or (b) two (2) Business Days prior to the date which the requested Loan is to be made or continued as or converted to a LIBOR Rate Loan. Such notice shall specify (A) the effective date and amount of each Amended and Restated Revolving Credit Loan to be continued or converted, (B) the interest rate option to be applicable thereto, and (C) the duration of the applicable Interest Period (Lender reserves the right to limit the duration of the Interest Period on any LIBOR Rate Loan to one (1) month);

(2) Whenever Borrower chooses a LIBOR Rate Loan (whether as a new Loan, as a continuation of an outstanding LIBOR Rate Loan, or as a conversion of an outstanding Prime Rate Loan), such LIBOR Rate Loan shall be automatically renewed at the end of the applicable Interest Period for the same Interest Period unless Borrower notifies Lender in writing that it wishes to choose a different Interest Period or to convert the LIBOR Rate Loan to a Prime Rate Loan. Any Interest Period which begins on a day for which there is no numerically corresponding day in the calendar month during which such Interest Period is to end, shall end of the last day of such calendar month; and

(3) Subject to the terms and conditions hereof, Lender shall make each Loan on the effective date specified therefor by crediting the amount of such Loan to Borrower's operating account with Lender.

D. Payments Not at End of Interest Period. Borrower may prepay a LIBOR Rate Loan only upon at least three (3) Business Days prior written notice to Lender (which notice shall be irrevocable), and any such prepayment shall occur only on the last day of the Interest Period for such LIBOR Rate Loan. Borrower shall pay to Lender, upon request of Lender, a "yield maintenance fee" (as described below) to compensate it for any loss, cost, or expense incurred as a result of: (i) any payment of a LIBOR Rate Loan on a date other than the last day of the Interest Period for such LIBOR Rate Loan; (ii) any failure by Borrower to borrow a LIBOR Rate Loan on the date specified by Borrower's written notice; (iii) any failure by Borrower to pay a LIBOR Rate Loan on the date for payment specified in Borrower's written notice. Such "yield maintenance fee" shall be computed as follows: The current rate for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent) with a maturity date closest to the term chosen pursuant to the Fixed Rate Election (as defined below) as to which the prepayment is made, shall be subtracted from the LIBOR in effect at the time of prepayment. If the result is zero or a negative number, there shall be no yield maintenance fee. If the result is a positive number, then the resulting percentage shall be multiplied by the amount of the principal balance being prepaid. The resulting amount shall be divided by 360 and multiplied by the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which the prepayment is made. Said amount shall be reduced to present value calculated by using the above referenced United States Treasury securities rate and the number of days remaining in the term chosen pursuant to the Fixed Rate Election as to which prepayment is made. The resulting amount shall be the yield maintenance fee due to Lender upon the payment of a LIBOR Rate Loan. Each reference in this paragraph to **"Fixed Rate Election"** shall mean the election by Borrower of the LIBOR Rate. If by reason of an Event of Default, Lender elects to declare the Notes to be immediately due and payable, then any yield maintenance fee with respect to a LIBOR Rate Loan shall become due and payable in the same manner as though Borrower had exercised such right of prepayment.

E. Computation of Interest and Fees. Interest and all fees payable hereunder shall be computed daily on the basis of a year of three hundred sixty (360) days and paid for the actual number of days for which due. If the due date for any payment of principal is extended by operation of law, interest shall be payable for such extended time. If any payment required by this Agreement becomes due on a day that is not a Business Day such payment may be made on the next succeeding Business Day, and such extension shall be included in computing interest and fees in connection with such payment.

F. Late Charges. If the entire amount of any required principal and/or interest installment payment is not paid in full within ten (10) days after the same is due, Borrower shall pay to Lender a late fee equal to five percent (5.0%) of the required payment.

G. Default Rate of Interest. Interest on the Amended and Restated Revolving Credit Loan and the 2017 Term Loan, at all times after the occurrence of and during the continuation of an Event of Default, and interest on all payments of interest that are not paid when due, shall accrue at a default rate per annum equal to two percentage points (2.0%) above the Prime Rate, which rate shall change contemporaneously with any change in the Prime Rate, with respect to the Amended and Restated Revolving Credit Loan, and at a default rate per

annum equal to two percentage points (2.0%) above the applicable rate(s) on the 2017 Term Loan, with respect to the 2017 Term Loan.

H. Letters of Credit. Upon Borrower's request therefor, Lender shall, from time to time so long as no Event of Default has occurred and is continuing as of such date of request, issue (i) standby Letters of Credit for the account of Borrower or any Consolidated Subsidiary, and/or (ii) commercial Letters of Credit for the account of Borrower or any Consolidated Subsidiary, provided the aggregate amounts available to be drawn under such standby and commercial Letters of Credit (or actually drawn but not yet reimbursed by Borrower (on behalf of itself or such Consolidated Subsidiary)), together with the sum of all advances on account of the Amended and Restated Revolving Credit Loan then outstanding, shall not exceed the sum of $10,000,000.00. Each such Letter of Credit issued by Lender for the account of Borrower or any Consolidated Subsidiary, and unreimbursed drafts drawn thereunder shall reduce the amount available to Borrower on account of the Amended and Restated Revolving Credit Loan in an amount equal to the stated amount of such Letter of Credit so long as such Letter of Credit is outstanding or such draw unpaid. No Letter of Credit shall be issued by Lender for the account of Borrower or any Consolidated Subsidiary, which has an expiration date later than sixty (60) days prior to the termination date of the Amended and Restated Revolving Credit Loan described in Paragraph 3B(5) above. Upon payment by Lender under any Letter of Credit, any amount so paid shall be immediately due and payable by Borrower (on behalf of itself or any such Consolidated Subsidiary) and Lender shall have the right to effect payment thereof, together with the payment of any fees, expenses and charges described below, immediately by a charge to Borrower's operating account maintained with Lender. Unless and until such charge to Borrower's operating account is made by Lender, the unreimbursed amount of any drawn Letter of Credit shall be considered an advance on account of the Amended and Restated Revolving Credit Loan to satisfy Borrower's reimbursement obligation to Lender which shall bear interest at the default rate prescribed in Paragraph 3G above until paid in full by Borrower.

Lender shall charge Borrower a fee (based on the then-applicable "Letter of Credit Percentage Fee" from the Pricing Grid) for the issuance of such Letters of Credit, based upon the stated amount of each, which fee shall be payable by Borrower (on behalf of itself or such Consolidated Subsidiary) to Lender upon the issuance thereof. In the event that Borrower desires either a standby or a commercial Letter of Credit (for its own account or the account of any Consolidated Subsidiary), the documentation thereof shall consist of Lender's standard forms therefor and Borrower specifically acknowledges that (i) the reimbursement obligation of Borrower and any fee on account of such Letters of Credit shall be included in the Obligations; and (ii) the occurrence of an Event of Default hereunder shall constitute a default under the documentation relating to such Letters of Credit and shall entitle Lender to exercise its rights thereunder with respect to such default.

I. [Intentionally Omitted].

J. Guaranties; Guarantor Security Agreements. Each of the Guarantors shall jointly, severally and unconditionally guarantee Borrower's payment and performance of the Obligations, and shall each execute and deliver its respective Guaranty to Lender on the date

hereof. Borrower shall cause any future Consolidated Subsidiary of Borrower to become a "Guarantor" hereunder and to execute and deliver a Guaranty to Lender upon Lender's request. In addition, each of the Domestic Guarantors and any non-U.S. Guarantor with a material amount of tangible assets located in the United States of America shall also execute and deliver to Lender on the date hereof a Guarantor Security Agreement securing its joint, several and unconditional indebtedness to Lender under its respective Guaranty.

K. Loan Commitment Fee. Borrower shall pay to Lender, on the date hereof and in immediately available funds, a loan commitment fee in the aggregate amount of $61,500.00 in connection with the closing and initial funding of the 2017 Term Loan and the Amended and Restated Revolving Credit Loan. Lender acknowledges that it previously received a cash deposit in the amount of $50,000.00 from Borrower, that such deposit is being applied by Lender, at Borrower's request, to the loan commitment fee, and that only the net amount of the loan commitment fee shall be due and payable by Borrower to Lender on the date hereof. Such loan commitment fee shall be deemed earned in full by Lender on and as of the date hereof. For the avoidance of doubt, the loan commitment fee does not include any out-of-pocket costs incurred by Lender in connection with the closing and initial funding of the Credit Facilities nor the reasonable attorneys' fees and expenses of Lender's legal counsel, all of which shall be payable by Borrower on the date hereof (in addition to the remaining balance of the loan commitment fee).

L. Sale of Participation(s) in Credit Facilities. Lender shall have the unrestricted right at any time and from time to time, and without the consent of or notice to Borrower or any Guarantor, to grant to one or more banks or other financial institutions (each, a **"Participant"**) participating interests in Lender's obligation to lend hereunder and/or any or all of the Credit Facilities held by Lender hereunder. In the event of any such grant by Lender of a participating interest to a Participant, whether or not upon notice to Borrower, Lender shall remain responsible for the performance of its obligations hereunder and Borrower shall continue to deal solely, exclusively and directly with Lender in connection with Lender's rights and obligations hereunder. Lender may furnish any information concerning Borrower and the Consolidated Subsidiaries in its possession from time to time to prospective Participants, provided that Lender shall require any such prospective Participant to agree in writing to maintain the confidentiality of such information. Lender shall give prompt written notice to Borrower and the Guarantors in the event that, after the date hereof, it grants a participating interest in any of the Credit Facilities to a Participant.

M. Discretionary Increase in Credit Facilities. Provided that no Event of Default has occurred and is continuing at such time, Borrower may, at any time prior to March 1, 2020, request an increase in the aggregate amount of the Credit Facilities (which may be in the form of an increase in the maximum amount of the Amended and Restated Revolving Credit Loan or an additional term loan) in an amount of up to Ten Million Dollars ($10,000,000.00); provided that (i) at the time of such request, Borrower provides to Lender a pro forma compliance certificate giving effect to such increase which evidences that immediately following such increase and as of the most recent fiscal quarter of Borrower, Borrower is in compliance with the financial covenants set forth in Paragraph 5(a) hereof, (ii) the maturity date of the

increase shall be no earlier than the maturity dates of the existing Credit Facilities, and (iii) the increase in the Credit Facilities shall be substantially on the same terms applicable to the existing Credit Facilities. Within sixty (60) days after Lender's receipt of Borrower's request to increase the Credit Facilities by an amount of up to $10,000,000.00, the required compliance certificate and such other information and documentation as Lender may reasonably require (including, without limitation, Borrower's intended use of the proceeds of such increase), Lender shall notify Borrower in writing whether Lender is willing to seek internal bank approval to increase the Credit Facilities. Lender shall be under no obligation to Borrower to increase the amount of the Credit Facilities, and Lender's decision to grant Borrower's request for such increase shall be made by Lender in its sole and absolute discretion. If Lender has sold a participating interest in the Credit Facilities to a Participant as of the date of Borrower's request for such increase, then Lender's decision to seek internal bank approval for the increase in the amount of the Credit Facilities shall be conditioned upon such Participant's willingness to fund its pro-rata share of such requested increase.

4. CAPITAL ADEQUACY PROVISIONS.

(a) Illegality. Notwithstanding any other provisions herein, if any applicable law, regulation or directive, or any change therein or in the interpretation or application thereof shall make it unlawful for Lender to make or maintain any LIBOR Rate Loans as contemplated by this Agreement: (a) the obligation of Lender to make LIBOR Rate Loans or to continue LIBOR Rate Loans as such and convert Prime Rate Loans to LIBOR Rate Loans shall forthwith be canceled, and (b) such Loans then outstanding as LIBOR Rate Loans, if any, shall be converted automatically, without notice, to Prime Rate Loans on the respective last Business Days of the then current Interest Periods with respect thereto or within such earlier period as required by law. If any such conversion of a LIBOR Rate Loan is made on a day that is not the last Business Day of the then current Interest Period applicable thereto, Borrower shall pay to Lender such amount or amounts as may be required pursuant to Paragraph 3D hereof.

(b) Increased Costs. In the event that applicable law, treaty or regulation or directive from any government, governmental agency or regulatory authority, or any change therein or in the interpretation or application thereof, or compliance by Lender with any request or directive (whether or not having the force of law) from any central bank or government, governmental agency or regulatory authority, shall:

(i) subject Lender to any tax of any kind whatsoever (except taxes on the overall net income of Lender) with respect to this Agreement, the Notes or any of the Loans made by it, or change the basis of taxation of payments to Lender in respect thereof (except for changes in the rate of tax on the overall net income of Lender);

(ii) impose, modify or hold applicable any reserve, premium, special deposit, compulsory loan or similar requirements against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, or its issuance of or participation in any letter of credit hereunder any

office of any Lender, including, without limitation, pursuant to Regulations of the Board of Governors of the Federal Reserve System; or

(iii) in the opinion of Lender, cause the Notes, any Loans or this Agreement to be included in any calculations used in the computation of regulatory capital standards; or

(iv) impose on Lender any other condition;

and the result of any of the foregoing is to increase the cost to Lender of making, renewing or maintaining any of the Loans or any part thereof or issuing or participating in any letter of credit by an amount that Lender deems to be material or to reduce the amount of any payment (whether of principal, interest or otherwise) in respect of any of the Loans by an amount that Lender deems to be material, then, in any case, Borrower shall promptly pay to Lender, upon its demand, such additional amount as will compensate Lender for such additional costs or such reduction as the case may be (collectively, the **"Additional Costs"**).

(c) Basis for Determining LIBOR Rate Inadequate or Unfair. In the event that Lender shall have determined (which determination shall be conclusive and binding upon Borrower) that (a) by reason of circumstances affecting the interbank LIBOR market, adequate and reasonable means do not exist for determining LIBOR, or (b) U.S. Dollar deposits in the relevant amount and for the relevant maturity are no longer available to Lender in the interbank LIBOR market, or (c) the making or continuation of LIBOR Rate Loans has been made impractical or unlawful by the occurrence of a contingency that materially and adversely affects the interbank LIBOR market, or (d) the LIBOR Rate will not adequately and fairly reflect the cost to Lender of making or maintaining LIBOR Rate Loans, or (e) the LIBOR Rate shall no longer represent the effective cost to Lender of U.S. dollar deposits in the relevant market for deposits in which it regularly participates, Lender shall give Borrower notice of such determination as soon as practicable. If such notice is given (i) any requested LIBOR Rate Loan shall be made as a Prime Rate Loan, unless Borrower gives Lender three (3) Business Days' prior written notice that its request for such borrowing is canceled, (ii) any Prime Rate Loan that was to have been converted to a LIBOR Rate Loan shall be continued as a Prime Rate Loan, and (iii) any outstanding LIBOR Rate Loan shall be automatically converted, without notice, to a Prime Rate Loan effective on the last Business Day of the then current Interest Period applicable thereto. Until such notice has been withdrawn, no further LIBOR Rate Loans shall be made or continued as such, nor shall Borrower have the right to convert Prime Rate Loans to LIBOR Rate Loans.

(d) Indemnity. Borrower agrees to indemnify Lender and to hold Lender harmless from any loss (including any of the Additional Costs referred to in this Paragraph 4 and any lost profits) or expense that it may sustain or incur as a consequence of (a) a default by Borrower in the payment of the principal of or interest on any LIBOR Rate Loan, or (b) the failure by Borrower to complete a borrowing of, conversion into or continuation of a LIBOR Rate Loan after notice thereof has been given, including, but not limited to, in each case, any such loss or expense arising from the reemployment of funds obtained by it or from fees, interest

or other amounts payable to terminate the deposits from which such funds were obtained. Lender shall prepare a certificate as to any additional amounts payable to it pursuant to this Paragraph 4,
which certificate shall be submitted by Lender to Borrower and shall, absent manifest error, be deemed conclusive.

5. AFFIRMATIVE COVENANTS

Borrower covenants and agrees that, from the date hereof until the full payment of the Obligations, unless Lender otherwise agrees in writing, Borrower shall:

(a) Maintain (i) a Debt Service Coverage Ratio of not less than 1.1 to 1.0, tested at the end of each fiscal quarter of Borrower hereafter, commencing with the fiscal quarter ending on or about June 30, 2017, on a rolling four (4) quarter basis for that fiscal quarter and the immediately preceding three (3) fiscal quarters of Borrower, and increasing to a ratio of not less than 1.2 to 1.0 commencing with the fiscal quarter ending on or about March 31, 2019 and continuing thereafter; and (ii) a Leverage Ratio, tested on a quarterly basis as of the end of each fiscal quarter of Borrower (solely for purposes of the quarterly Leverage Ratio tests during calendar year 2017, EBITDA shall be calculated quarterly on an annualized basis, and not on a trailing four (4) quarter basis, such that EBITDA for the quarter ending on or about June 30, 2017 shall be equal to EBITDA for the quarter then ended multiplied by four (4), EBITDA for the quarter ending on or about September 30, 2017 shall be equal to EBITDA for the two (2) quarters then ended multiplied by two (2), and so on), (1) of not greater than 4.0 to 1.0 for the period from the date hereof through December 31, 2018, (2) of not greater than 3.5 to 1.0 for the period from January 1, 2019 through December 31, 2019, (3) of not greater than 3.25 to 1.0 for the period from January 1, 2020 through December 31, 2020, and (4) of not greater than 3.0 to 1.0 thereafter; each of the foregoing financial covenants to be determined in accordance with GAAP consistently applied from year to year;

(b) Pay and discharge all taxes, general and special, charges and assessments, and other governmental obligations, which may have been or shall be levied, charged or assessed on or against Borrower, Borrower's property, or Borrower's income or profits before they become delinquent and pay and discharge on or before their due date any and all other lawful claims and demands whatsoever, including, without limitation, trade obligations;

(c) Maintain, at all times, the insurance coverages and amounts set forth in, and in accordance with the terms and conditions of, the Security Agreement and the applicable Mortgages covering Real Property Collateral owned by Borrower;

(d) Furnish to Lender:

(i) Within one hundred twenty (120) calendar days after the end of each of Borrower's and the Consolidated Subsidiaries' fiscal years, commencing with fiscal year 2016, Borrower's and the Consolidated Subsidiaries' consolidated financial statements including Borrower's and the Consolidated Subsidiaries' consolidated balance sheet, statement of income, statement of capital/stockholders' equity, and statement of cash flows. Each of such financial statements shall set forth in comparative form, the corresponding figures for the preceding fiscal

year, all in reasonable detail, including all supporting schedules, comments and notes; shall be audited by independent certified public accountants of recognized standing selected by Borrower and satisfactory to Lender; shall be accompanied by an unqualified audit opinion/report from Borrower's independent certified public accountants; and shall be prepared in accordance with GAAP consistently applied from year to year, including the fiscal year preceding that for which such statement is being furnished;

(ii) Within forty-five (45) calendar days after the end of each fiscal quarter of Borrower following the date hereof, the unaudited balance sheet of Borrower and the Consolidated Subsidiaries as at the end of such period and the end of the corresponding period of the preceding fiscal year, and a consolidated statement of income and consolidated statement of cash flows (as applicable) of Borrower and the Consolidated Subsidiaries for the period between the end of the last fiscal year and the end of such period and for the corresponding period of the preceding fiscal year, certified by the chief financial officer of Borrower as fairly presenting the financial position of Borrower and the results of Borrower's and the Consolidated Subsidiaries' operations as at the end of each such period;

(iii) Concurrently with the delivery of any and all financial statements required by this Agreement, a certificate of the President, Treasurer or Chief Financial Officer of Borrower stating that (xx) to the best of his/her knowledge and belief, all taxes, assessments and charges levied upon Borrower which have become due have been paid, or specifying any such taxes, assessments or charges which have not been paid and stating why they remain unpaid; and (yy) to the best of his/her knowledge and belief, after reviewing each and every financial covenant (both affirmative and negative) of Borrower hereunder, Borrower is in compliance with each of such financial covenants, or specifying each instance of covenant default and/or non-compliance of which the signer has knowledge and setting forth what action has been taken to cure any such default and/or non-compliance;

(iv) Within forty-five (45) days after the end of each fiscal year of Borrower hereafter, a written forecast/projection of the financial operations of Borrower and the Consolidated Subsidiaries for the current fiscal year, in such form and containing such detail as Lender may reasonably request;

(v) In the event that Borrower is contemplating an acquisition of all or substantially all of the assets or capital stock of another Person, a proforma covenant compliance certificate demonstrating Borrower's compliance, after giving effect to the contemplated acquisition, with the affirmative and negative covenants set forth herein;

(vi) Promptly, upon the filing of same with the Securities and Exchange Commission, copies of all annual reports (10-Ks), quarterly reports (10-Qs) and other material statements filed with or issued by the Securities and Exchange Commission; and

(vii) Promptly upon Lender's request therefor, such other information relating to Borrower and the Consolidated Subsidiaries and Borrower's and the Consolidated

Subsidiaries' affairs as Lender may from time to time reasonably request, including, without limitation, all reports, notices or statements sent to Borrower's shareholders by Borrower;

(e) Allow Lender by or through any of its officers, agents, attorneys, or accountants designated by it (hereinafter **"Examiners"**), for the purpose of ascertaining whether or not the Loan Documents are being performed and for the purpose of examining Borrower's and the Consolidated Subsidiaries' respective records, to enter the offices and plants of Borrower and the Consolidated Subsidiaries to examine or inspect the properties, books and financial records of Borrower and the Consolidated Subsidiaries, to make and take away copies of such books and records or extracts therefrom, and to discuss the affairs, finances and accounts of Borrower and the Consolidated Subsidiaries with Borrower and the Consolidated Subsidiaries all at such reasonable times, upon reasonable prior notice, and as often as Lender may reasonably request. The Lender and the Examiners shall maintain all information obtained by them in strict confidence and shall not disclose same to any third party (other than to bank regulators or examiners), unless compelled to do so by court order;

(f) Pay to Lender, on demand, any and all expenses, including attorneys' fees, incurred or expended by Lender in preparation of the Loan Documents, in making or processing the Loans, in the collection or attempted collection of the Obligations and in protecting and/or enforcing the rights of Lender against Borrower under any of the Loan Documents;

(g) Keep complete and accurate books and records pertaining to the Obligations and Borrower's and the Consolidated Subsidiaries' covenants under this Agreement;

(h) Comply (and cause each of the Consolidated Subsidiaries to comply) with all laws, ordinances and rules and regulations applicable to Borrower and the Consolidated Subsidiaries of any Federal, state or local government or any instrumentality or agency thereof, including, without limitation, ERISA, the Federal Occupational Safety and Health Act (**"OSHA"**) and Federal, state and municipal laws, ordinances, rules and regulations concerning the environment, including, without limitation, RCRA and CERCLA, except where the failure to comply by Borrower or such Consolidated Subsidiary would not have a material adverse effect on the financial or operating condition of Borrower or such Consolidated Subsidiary when taken as a whole;

(i) Maintain Borrower's primary domestic operating and deposit accounts with Lender and continue utilizing Lender's cash management system;

(j) Promptly advise Lender of (i) the happening of an Event of Default or the existence of a state of facts which by the passage of time, the giving of notice, or both, would constitute an Event of Default; and (ii) the occurrence of any action, suit or litigation commenced by or against Borrower or any Consolidated Subsidiary which, if adversely determined, could reasonably be expected to have a material adverse effect on Borrower's or such Consolidated Subsidiary's condition, financial, operating or otherwise;

(k) Maintain in full force and effect an Interest Rate Swap Contract with Lender for an amount equal to at least fifty percent (50%) of the from time to time outstanding principal balance of the 2017 Term Loan;

(l) In the event that Borrower's Leverage Ratio is greater than 3.0 to 1.0 for any year ending December 31st hereafter (commencing with the year ending December 31, 2017), then Borrower shall be required to pay to Lender, in immediately available funds, within one hundred twenty (120) days after the end of such fiscal year of Borrower, an amount equal to twenty-five percent (25%) of Borrower's and the Consolidated Subsidiaries' Excess Cash Flow for such fiscal year, which payment shall be applied by Lender to the 2017 Term Loan and treated by Lender as a mandatory principal prepayment of the 2017 Term Loan;

(m) Maintain Borrower's corporate existence and good standing in each jurisdiction where Borrower operates and/or conducts business and maintain all licenses, permits and intellectual property rights necessary for the operation of Borrower's business, and cause each Consolidated Subsidiary to maintain its respective corporate/limited liability company existence and good standing in each jurisdiction (including non-U.S. jurisdictions, where applicable) where such Consolidated Subsidiary operates and/or conducts its business and maintain all licenses, permits and intellectual property rights necessary for the operation of its respective business; and

(n) Within sixty (60) days after the date hereof, Borrower shall take the necessary steps to dissolve the corporate existence of each of Ashtabula Industrial Hardware Co. and Energy Harvesting Company and, once such corporations are dissolved, shall provide Lender with documentation from the Secretary of State of Ohio and Connecticut, as appropriate, evidencing such corporations' dissolution.

6. NEGATIVE COVENANTS

Borrower covenants and agrees that, from the date hereof until the full payment of the Obligations, unless Lender shall otherwise consent in writing, Borrower shall not:

(a) Create, incur, assume or suffer to exist any Lien of any kind upon or defect in title to or restriction upon the use of any of Borrower's property or assets of any character, whether owned at the date hereof or hereafter acquired except:

(i) Liens in favor of Lender pursuant to the terms of the Security Agreement and the applicable Mortgages;

(ii) Liens arising out of judgments or awards not in excess of the aggregate sum of $500,000.00 in respect of which Borrower shall in good faith be prosecuting an appeal or proceedings for review and in respect of which Borrower shall have secured a subsisting stay of execution pending such appeal or proceedings for review, provided Borrower shall have set aside on its books adequate reserves with respect to such judgment or award;

(iii) Liens for taxes, assessments or governmental charges or levies, provided payment thereof shall not at the time be required in accordance with the provisions of Paragraph 5(b) of this Agreement;

(iv) Deposits or other Liens to secure payments of workers' compensation, unemployment insurance, old age pensions or other social security obligations;

(v) Inchoate mechanic's, workmen's, repairmen's, warehousemen's, vendors' or carriers' liens, or other similar Liens arising in the ordinary course of business and securing sums which are not past due, or deposits or pledges to obtain the release of any such liens;

(vi) Liens existing on the date hereof (which do not exceed the sum of $100,000.00 in the aggregate), but not the extension of coverage to other property, or the refunding or modification thereof in whole or in part;

(vii) Liens securing purchase money financing permitted by Paragraph 6(d) below; and

(viii) Easements, rights of way, encroachments or other title defects with respect to real property which do not materially impair the value or use of such real property;

In addition, Borrower shall not permit any Consolidated Subsidiary to grant or permit any Lien on any of its assets (other than the Lien in favor of Lender pursuant to the applicable Guarantor Security Agreement and/or the applicable Mortgages), and, in particular, Borrower will not encumber its improved commercial real property located at 3000 Milton Avenue in Solvay, New
York, nor permit Eberhard Hardware Manufacturing Limited to encumber its improved commercial real property located at 1523 Bell Mill Road in Tillsonburg, Ontario, Canada;

(b) Sell, transfer, assign, lease, or otherwise dispose of any of its properties or assets, or change the nature of its business, (i) except for the sale or lease of immaterial assets or properties in the ordinary course of Borrower's business for adequate consideration; and (ii) except for Borrower's arms-length sale of any of its material properties or assets (including the properties or assets of any of its divisions) to an unaffiliated third party for all cash consideration, so long as, contemporaneously with the closing of such sale, Borrower pays to Lender an amount equal to (x) seventy-five percent (75%) of the net cash proceeds of such sale. Lender shall apply the proceeds of such sale received by it to the outstanding principal balance of the portion of the 2017 Term Loan which is not subject to an Interest Rate Swap Contract until such portion of the 2017 Term Loan is paid in full. If Lender has excess proceeds from such sale remaining after repaying in full the portion of the 2017 Term Loan which is not subject to an Interest Rate Swap Contract, then, so long as Borrower’s Leverage Ratio is less than 3.0 to 1.0 at such time (based on the most recent quarterly financial statements of Borrower and the Consolidated Subsidiaries and the most recent quarterly covenant compliance certificate submitted by Borrower to Lender, and after giving effect to the reduction in the amount of Funded Debt resulting from the paydown of the 2017 Term Loan) and Borrower demonstrates to Lender's satisfaction that Borrower’s Debt

Service Coverage Ratio will be greater than 1.2 to 1.0 on a pro-forma basis (adjusting for any loss of income resulting from such asset sale), Lender shall remit the amount of such excess sale proceeds to Borrower. Otherwise, the amount of such remaining excess sale proceeds held by Lender shall either, at Borrower's option: (A) be applied by Lender to the remaining outstanding principal balance of the 2017 Term Loan; or (B) be held by Lender in a non-interest bearing cash collateral account with Lender as additional security for the Obligations;

(c) Declare or pay any dividends or make any other distributions on any shares of its capital stock (other than dividends payable solely in such shares), or purchase, redeem, retire or otherwise acquire, directly or indirectly, any such shares; provided, however, that (i) so long as no Event of Default has occurred and is continuing or would result from the payment of such dividends by Borrower, Borrower shall be entitled to declare and make annual cash dividends, payable quarterly, and (ii) so long as no Event of Default has occurred and is continuing or would result from the repurchase or redemption by Borrower of its capital stock, Borrower shall be permitted to repurchase or redeem for cash an amount of up to $2,500,000.00 of its capital stock during fiscal year 2017 and during any fiscal year of Borrower thereafter (it being understood that any and all noncash stock option transactions by Borrower shall be excluded from this covenant);

(d) Create or assume any obligations for money borrowed from any Person other than Lender in excess of the aggregate sum of $2,000,000.00 at any one time outstanding, and not incur any indebtedness for borrowed money (including purchase money indebtedness) in excess of the sum of $1,000,000.00 in any single transaction without the express prior written consent of Lender;

(e) Endorse, guaranty, or become surety for the obligations of any third Person, except for the endorsement of checks in the ordinary course of business, and for guaranties of the obligations of any Person (including obligations for borrowed money of any Consolidated Subsidiary, but excluding guaranties of operating leases of any Consolidated Subsidiary) not in excess of the aggregate amount of $500,000.00 at any one time outstanding;

(f) Make any loans or advances, other than advances, not exceeding $500,000.00 in the aggregate at any one time outstanding, to its directors, officers, shareholders or employees for travel and other minor business expenses in the ordinary course of business;

(g) Purchase or otherwise acquire any securities except (X) obligations of the United States Government or certificates of deposit issued by a commercial bank having total assets of not less than $50,000,000.00, and an office in the State of Connecticut, provided that the same are pledged to and deposited with the Lender or (Y) securities of third parties the aggregate purchase price of which does not exceed the sum of $1,000,000.00 in any single transaction or for any single issuer of securities, nor exceed the aggregate sum of $3,000,000.00 for all such transactions during the entire term of this Agreement;

(h) Enter into any transactions of any kind with any of its Affiliates upon terms that are less favorable to Borrower than terms that could be obtained elsewhere on an arm's length basis;

(i) Enter into any merger or consolidation, or sell all or substantially all of Borrower's assets, or liquidate, dissolve or otherwise terminate or alter Borrower's existence, form or method of conducting Borrower's business;

(j) Change its corporate name, or conduct its business in a materially different manner, or change its chief executive office or places of business where a material amount of its assets are located or where a material amount of its business operations are performed and/or maintained;

(k) Acquire, form or dispose of any Consolidated Subsidiaries (other than the disposition of any Consolidated Subsidiary which has ceased business operations and which has assets with a fair market value of less than $1,000,000.00 at such time) or acquire for the sum of $1,000,000.00 or more all or substantially all of the assets of any other Person or any portion of the assets of any other Person which constitutes a division, product line or line of business; and

(l) Permit any Consolidated Subsidiary to sell, transfer, assign, lease, or otherwise dispose of any of its properties or assets, or change the nature of its business, except in the ordinary course of such Consolidated Subsidiary's business for adequate consideration.

7. RIGHTS OF LENDER

When the Obligations, or any of them, become immediately due and payable, after the occurrence of an Event of Default, Lender may, pursue any legal remedy available to it to collect the Obligations outstanding at said time, to enforce its rights hereunder, and to enforce any and all other rights or remedies available to it.

8. DEFAULT PROVISIONS

(a) The Notes shall forthwith become immediately due and payable, and Borrower's eligibility to request any further advances on account of the Amended and Restated Revolving Credit Loan or to request the issuance of additional Letters of Credit shall automatically terminate, without presentment, protest, demand or notice of any kind, if Borrower or any of the Guarantors becomes insolvent (including in said term either a negative Tangible Net Worth or an inability to pay their respective debts as they mature) or bankrupt, or makes an assignment for the benefit of their respective creditors, or consents to the appointment of a trustee or receiver of all or a substantial part of their respective properties or such appointment is made without their consent, or if bankruptcy, reorganization, arrangement, receivership or liquidation proceedings are instituted by or against Borrower or any of the Guarantors, and any involuntary bankruptcy proceeding is not dismissed within sixty (60) days of the filing of same;

(b) Lender may, at its option, declare the Notes due and payable whereupon the same shall become due and payable forthwith, without presentment, protest, demand or notice of any kind in any of the following cases:

(i) If any payment of principal or interest or any other payment required by the Notes or by the terms of any of the Loan Documents shall not be fully paid when demand (to the extent the same is payable on demand) is made for the payment of the same or within ten (10) days after the same shall fall due if payable other than on demand;

(ii) If any payment of principal or interest or any other payment required by any of the obligations of Borrower or any of the Guarantors for any other money borrowed by Borrower or any of the Guarantors from Lender or for money borrowed by Borrower or any of the Guarantors from any third person in excess of the aggregate sum of $250,000.00 shall not be fully paid when demand is made for the payment of the same (to the extent payable on demand) or when the same shall fall due, or if any of said obligations shall become or be declared in default (and all applicable cure and/or grace periods have expired);

(iii) If any warranty or representation by Borrower or any of the Guarantors contained in the Loan Documents or in any statement furnished by Borrower or any of the Guarantors to Lender proves incorrect in any material respect;

(iv) If default exists in the due observance of any of the covenants or agreements of Borrower or any of the Guarantors set forth in any of the Loan Documents;

(v) If a final unappealable judgment (not covered by insurance) in an amount in excess of $250,000.00 is entered against Borrower or any of the Guarantors and remains unsatisfied for a period of thirty (30) calendar days;

(vi) If Borrower or any of the Guarantors is voluntarily or involuntarily dissolved, or take any action to effect a dissolution, ceases to conduct business;

(vii) If the Liens granted by Borrower to Lender in the Collateral pursuant to the Security Agreement or the Liens granted by Borrower to Lender in the Real Property Collateral owned by it pursuant to the applicable Mortgages shall cease to be continuing first priority Liens, or if an Event of Default shall occur under the terms of the Security Agreement or under any such applicable Mortgage;

(viii) If any Guaranty shall for any reason cease to be in full force and effect, or be declared null and void or unenforceable in whole or in part, or the validity or enforceability of any Guaranty shall be challenged or denied by any Guarantor, if the Liens granted by any Guarantor to Lender in the Collateral covered by any Guarantor Security Agreement or the Liens granted by any Guarantor to Lender in the Real Property Collateral owned by such Guarantor pursuant to a Mortgage shall cease to be continuing first priority Liens, or if an Event of Default occurs under any Guarantor Security Agreement or under any applicable Mortgage;

(ix) If Borrower suffers a net loss on a consolidated basis, as determined in accordance with GAAP consistently applied, in any three (3) consecutive fiscal quarters; or

(x) If any **"Change in Control"** (as defined below) occurs. As used herein, the term "Change in Control" shall mean the happening of any of the following:

(A) When any "person", as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934 (the **"Exchange Act"**), other than Borrower or any Affiliate of Borrower, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of Borrower representing more than twenty percent (20.0%) of the combined voting power of either (I) the then outstanding shares of common stock of Borrower (the **"Outstanding Common Stock"**) or (II) the then outstanding voting securities of Borrower entitled to vote generally in the election of directors (the **"Voting Securities"**); or

(B) Individuals who, at the beginning of any twenty-four (24) month period, constitute the Directors of Borrower (the **"Incumbent Board"**) cease for any reason to constitute at least a majority of the Directors or cease to be able to exercise the powers of the majority of the Board of Directors, provided that any individual becoming a director subsequent to the beginning of such period whose election or nomination for election by Borrower's stockholders was approved by a vote of at least a majority of the Directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office is in connection with an actual or threatened election contest relating to the election of Directors of Borrower (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act); or

(C) Consummation by Borrower of a reorganization, merger or consolidation (a **"Business Combination"**), in each case, with respect to which all or substantially all of the individuals or entities who were the respective beneficial owners of the Outstanding Common Stock and Voting Securities immediately prior to such Business Combination do not, following consummation of all transactions intended to constitute part of such Business Combination, beneficially own, directly or indirectly, more than seventy-five percent (75%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation, business trust or other entity resulting from or being the surviving entity in such Business Combination in substantially the same proportion as their ownership immediately prior to such Business Combination of the Outstanding Common Stock and Voting Securities, as the case may be; or

(D) Consummation of a complete liquidation or dissolution of Borrower or sale or other disposition of all or substantially all of the assets of Borrower other than to a corporation, business trust or other entity with respect to which, following consummation of all transactions intended to constitute part of such sale or disposition, more

than seventy-five percent (75%) of, respectively, the then outstanding shares of common stock and the combined voting power of the then outstanding voting securities entitled to vote in the election of directors, as the case may be, is then owned beneficially, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Common Stock and Voting Securities, immediately prior to such sale or disposition in substantially the same proportion as their ownership of the Outstanding Common Stock and Voting Securities, as the case may be, immediately prior to such sale or disposition.

Notwithstanding the foregoing, an Event of Default shall not occur hereunder if any one of the foregoing Events of Default involves a Guarantor whose assets, on a consolidated basis, do not represent ten percent (10.0%) or more of the consolidated assets of Borrower and the Consolidated Subsidiaries as of the date that such Event of Default occurs.

9. SET-OFF

Borrower and each Guarantor hereby grants to Lender, a Lien and right of setoff as security for all liabilities and obligations to Lender, whether now existing or hereafter arising, upon and against all deposits, credits, collateral and property, now or hereafter in the possession, custody, safekeeping or control of Lender or any Affiliate of Lender, or in transit to any of them. At any time after the occurrence of and during the continuance of an Event of Default, without demand or notice, Lender may set off the same or any part thereof and apply the same to any liability or obligation of Borrower and any Guarantor even though unmatured. ANY AND ALL RIGHTS TO REQUIRE LENDER TO EXERCISE ITS RIGHTS OR REMEDIES WITH RESPECT TO ANY COLLATERAL WHICH SECURES THE CREDIT FACILITIES AND ANY INTEREST RATE SWAP CONTRACT, PRIOR TO EXERCISING ITS RIGHT OF SETOFF WITH RESPECT TO SUCH DEPOSITS, CREDITS OR OTHER PROPERTY OF THE BORROWER OR ANY GUARANTOR ARE HEREBY KNOWINGLY, VOLUNTARILY AND IRREVOCABLY WAIVED.

10. INDEMNITY

(a) In consideration of Lender's execution and delivery of this Agreement and Lender's making the Credit Facilities available to Borrower hereunder and in addition to all other Obligations of Borrower to Lender under this Agreement, Borrower hereby agrees to defend, protect, indemnify and hold harmless Lender, its successors, assigns, officers, directors, employees and agents (including, without limitation, those retained by Lender in connection with the transactions contemplated by this Agreement) (collectively, the **"Indemnified Parties"** and individually an **"Indemnified Party"**) from and against any and all actions, causes of action, suits, claims, losses, costs, penalties, fees, liabilities and damages and expenses in connection therewith (irrespective of whether any such Indemnified Party is a party to any action for which indemnification hereunder is sought), and including reasonable attorneys' fees and disbursements as and when incurred, except for those arising out of the Indemnified Parties' own gross negligence or willful misconduct (the **"Indemnifiable Liabilities"**) by the Indemnified Party or any of them as a result of, or arising out of, or relating to (i) the execution, delivery, performance or enforcement of this Agreement and the other Loan Documents and any instrument, document

or agreement executed pursuant hereto to any of the Indemnified Parties; (ii) Lender's status as lender to, or creditor of, Borrower; or (iii) the operation of Borrower's business from and after the date hereof, including, without limitation, those arising under any Environmental Laws. To the extent that the foregoing undertaking by Borrower may be unenforceable for any reason, Borrower shall make the maximum contribution to the payment and satisfaction of each of the Indemnifiable Liabilities which is permissible under applicable law.

(b) Borrower hereby covenants and agrees at all times to indemnify, hold harmless and defend the Indemnified Parties, whether as secured party in possession or as successor in interest to Borrower as owner of any Collateral or Real Property Collateral, by virtue of any action taken by Lender pursuant to the Loan Documents, the Uniform Commercial Code or otherwise from and against any and all liabilities, losses, damages, costs, expenses, penalties, fines, causes of action, suits, claims, demands or judgments, including without limitation, attorneys' fees and expenses, suffered or incurred in connection with: (i) the Environmental Laws including without limitation, liens or claims of any federal, state or municipal government or quasi-governmental agency or any third person, whether arising under the Environmental Laws or any other federal, state or municipal law or regulation; (ii) any spill or contamination affecting the Collateral or the Real Property Collateral, including, without limitation, any hazardous substances or other waste-like or toxic substances located on, under, emanating from or relating to the property where any of the Collateral or the Real Property Collateral is located from and on and after the date hereof or any portion thereof or any property contiguous to the property where any of the Collateral or the Real Property Collateral is located from and after the date hereof, and including, without limitation, any loss of value of the property as a result of any such spill or contamination; and (iii) the direct or indirect installation, use, generation, manufacture, production, storage, release, threatened release, discharge, disposal or presence of any hazardous substances, on, under or about the property where any of the Collateral or the Real Property Collateral is located or any portion thereof, from and including all consequential damages, the costs of any required or necessary repair, cleanup or detoxification, and the costs of the preparation and implementation of any closure, remedial or other required plans; provided, however, that Borrower shall have no obligation to indemnify the Indemnified Parties under this Paragraph 10 for claims or losses resulting solely from the Indemnified Parties' own willful misconduct or negligent action while on the property where any of the Collateral or Real Property Collateral is located. Further, the mere fact that such Indemnified Party has been declared an "owner" or "operator" (as such term is defined in any Environmental Law) resulting from the such Indemnified Party having taken possession of any of the collateral (without any negligence on the part of such Indemnified Party) shall not exonerate Borrower from any claim by such Indemnified Party seeking such indemnification.

(c) In addition to the foregoing, as additional collateral security for the Obligations, Borrower hereby assigns to Lender all of Borrower's rights to indemnification in connection with the Velvac Holdings Acquisition pursuant to the terms and conditions of the Velvac Holdings Stock Purchase Agreement, including, without limitation, all of Borrower's rights, privileges and causes of action under the R&W Insurance Policy and all of Borrower's rights, title and interests in and to any indemnity escrow account established for the benefit of Borrower under the terms of the Velvac Holdings Stock Purchase Agreement. In connection

with such assignment, Borrower shall cause the insurance company issuing the R&W Insurance Policy to issue a written endorsement to such R&W Insurance Policy in favor of Lender, in form and substance acceptable to Lender and its legal counsel, naming Lender (and its successors and assigns) as beneficiary and loss-payee of the R&W Insurance Policy. Notwithstanding the foregoing, so long as no Event of Default has occurred and is continuing, Borrower shall have and be entitled to exercise any and all rights and powers inuring to Borrower under the Velvac Holdings Stock Purchase Agreement and the R&W Insurance Policy, including with respect to indemnification rights or the escrow account under the terms of the Velvac Holdings Stock Purchase Agreement.

11. CROSS-COLLATERALIZATION AND CROSS-DEFAULT

Borrower hereby acknowledges and agrees that all of the Collateral described in the Security Agreement and the real and personal property collateral covered by the Mortgages executed by Borrower in favor of Lender shall secure all of the Credit Facilities and Borrower's indebtedness to Lender under any Interest Rate Swap Contract, and that the personal property collateral covered by the Guarantor Security Agreements and the real and personal property collateral covered by the Mortgages executed by one or more of the Consolidated Subsidiaries in favor of Lender shall likewise secure all of the Credit Facilities and Borrower's indebtedness to Lender under any Interest Rate Swap Contract. Borrower further hereby acknowledges and agrees that the occurrence of a default or an Event of Default under any one of the Loan Documents shall constitute an Event of Default hereunder and under each of the other Loan Documents.

12. GENERAL PROVISIONS

(a) No delay or failure of Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise preclude any further exercise thereof or the exercise of any other rights, powers or privileges;

(b) This Agreement, the security interests and Liens granted to Lender by Borrower under the Loan Documents and every representation, warranty, covenant, promise and other term contained herein and in the other Loan Documents shall survive until the Obligations have been paid in full;

(c) This Agreement is an integrated document, contains a complete statement of all arrangements between the parties hereto with respect to the subject matter hereof and supersedes any and all previous agreements, written or oral, between such parties concerning its subject matter. This Agreement shall not be varied by parol evidence;

(d) THIS AGREEMENT IS MADE, EXECUTED AND DELIVERED IN THE STATE OF CONNECTICUT, AND IT IS THE SPECIFIC DESIRE AND INTENTION OF THE PARTIES THAT IT SHALL IN ALL RESPECTS BE CONSTRUED UNDER THE LAWS OF THE STATE OF CONNECTICUT;

(e) All agreements between Borrower, the Guarantors and Lender are hereby expressly limited so that in no contingency or event whatsoever, whether by reason of acceleration of maturity of the indebtedness evidenced hereby or otherwise, shall the amount paid or agreed to be paid to Lender for the use or the forbearance of the indebtedness evidenced hereby exceed the maximum permissible under applicable law. As used herein, the term "applicable law" shall mean the law in effect as of the date hereof provided, however, that in the event there is a change in the law which results in a higher permissible rate of interest, then this Agreement shall be governed by such new law as of its effective date. In this regard, it is expressly agreed that it is the intent of Borrower and Lender in the execution, delivery and acceptance of this Agreement to contract in strict compliance with the laws of the State of Connecticut from time to time in effect. If, under or from any circumstances whatsoever, fulfillment of any provision hereof or of any of the Loan Documents at the time of performance of such provision shall be due, shall involve transcending the limit of such validity prescribed by applicable law, then the obligation to be fulfilled shall automatically be reduced to the limits of such validity, and if under or from circumstances whatsoever Lender should ever receive as interest an amount which would exceed the highest lawful rate, such amount which would be excessive interest shall be applied to the reduction of the principal balance evidenced hereby and not to the payment of interest. This provision shall control every other provision of all agreements between Borrower, the Guarantors and Lender;

(f) Upon receipt by Borrower of an affidavit of an officer of Lender as to the loss, theft, destruction or mutilation of either of the Notes or any other security document which is not of public record, and, in the case of any such loss, theft, destruction or mutilation, upon cancellation of such Note or other security document, Borrower will issue, in lieu thereof, a
replacement note or other security document in the same principal amount thereof and otherwise of like tenor;

(g) The captions for the paragraphs contained in this Agreement have been inserted for convenience only and form no part of this Agreement and shall not be deemed to affect the meaning or construction of any of the covenants, agreements, conditions or terms hereof;

(h) This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that Borrower shall not assign, voluntarily, by operation of law or otherwise, any of its rights hereunder without the prior written consent of Lender and any such attempted assignment without such consent shall be null and void;

(i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS. BORROWER ACKNOWLEDGES THAT LENDER IS RELYING ON THE FOREGOING WAIVER IN ENTERING INTO THIS TRANSACTION;

(j) BORROWER ACKNOWLEDGES THAT THE TRANSACTION OF WHICH THIS AGREEMENT IS A PART IS A COMMERCIAL TRANSACTION, AND HEREBY WAIVES ITS RIGHTS TO: (1) NOTICE AND HEARING UNDER CHAPTER 903a OF THE CONNECTICUT GENERAL STATUTES, OR OTHERWISE ALLOWED BY ANY STATE OR FEDERAL LAW WITH RESPECT TO ANY PREJUDGMENT REMEDY WHICH LENDER MAY DESIRE TO USE, AND (2) REQUEST THAT LENDER POST A BOND, WITH OR WITHOUT SURETY, TO PROTECT BORROWER AGAINST DAMAGES THAT MAY BE CAUSED BY ANY PREJUDGMENT REMEDY SOUGHT OR OBTAINED BY LENDER BY VIRTUE OF ANY DEFAULT OR PROVISION OF THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, BORROWER FURTHER EXPRESSLY WAIVES DILIGENCE, DEMAND, PRESENTMENT, PROTEST, NOTICE OF NONPAYMENT OR PROTEST, NOTICE OF THE ACCEPTANCE OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, NOTICE OF ANY OTHER ACTION TAKEN IN RELIANCE HEREON AND ALL OTHER DEMANDS AND NOTICES OF ANY DESCRIPTION IN CONNECTION WITH THIS AGREEMENT (OTHER THAN THE NOTICES SPECIFICALLY REQUIRED BY THIS AGREEMENT) OR THE OTHER LOAN DOCUMENTS, ANY OF THE OBLIGATIONS OR OTHERWISE;

(k) BORROWER ACKNOWLEDGES THAT IT MAKES THE WAIVERS SET FORTH IN SUBPARAGRAPHS (i) AND (j) OF THIS PARAGRAPH 12 KNOWINGLY AND VOLUNTARILY, WITHOUT DURESS AND ONLY AFTER CONSIDERATION OF THE RAMIFICATIONS OF THOSE WAIVERS WITH ITS ATTORNEYS. BORROWER FURTHER ACKNOWLEDGES THAT LENDER HAS NOT AGREED WITH OR REPRESENTED TO BORROWER THAT THE PROVISIONS OF SUBPARAGRAPHS (i) AND (j) OF THIS PARAGRAPH 12 WILL NOT BE FULLY ENFORCED IN ALL INSTANCES; and

(l) This Agreement may be executed and delivered in any number of counterparts. Each counterpart shall constitute an original, but all counterparts together shall constitute but one and the same agreement.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

BORROWER:

THE EASTERN COMPANY

By:/s/Gene A. Finelli
Gene A. Finelli
Its Treasurer
Duly Authorized

LENDER:

PEOPLE'S UNITED BANK, NATIONAL ASSOCIATION

By:/s/Kevin J. Dolan
Kevin J. Dolan
Its Senior Commercial Loan Officer, SVP

[Signature Page to Amended and Restated Loan Agreement]

Exhibit 99.2

ISDA

International Swaps and Derivatives Association, Inc.

2002 MASTER AGREEMENT

dated as of April 3, 2017

People's United Bank, National Association and The Eastern Company

have entered and/or anticipate entering into one or more transactions (each a "Transaction") that are or will be governed by this 2002 Master Agreement, which includes the schedule (the "Schedule"), and the documents and other confirming evidence (each a "Confirmation") exchanged between the parties or otherwise effective for the purpose of confirming or evidencing those Transactions. This 2002 Master Agreement and the Schedule are together referred to as this "Master Agreement".

Accordingly, the parties agree as follows:—

1. Interpretation

(a) Definitions. The terms defined in Section 14 and elsewhere in this Master Agreement will have the meanings therein specified for the purpose of this Master Agreement.

(b) Inconsistency. In the event of any inconsistency between the provisions of the Schedule and the other provisions of this Master Agreement, the Schedule will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Master Agreement, such Confirmation will prevail for the purpose of the relevant Transaction.

(c) Single Agreement. All Transactions are entered into in reliance on the fact that this Master Agreement and all Confirmations form a single agreement between the parties (collectively referred to as this "Agreement"), and the parties would not otherwise enter into any Transactions.

2. Obligations

(a) General Conditions.

(i) Each party will make each payment or delivery specified in each Confirmation to be made by it, subject to the other provisions of this Agreement.

(ii) Payments under this Agreement will be made on the due date for value on that date in the place of the account specified in the relevant Confirmation or otherwise pursuant to this Agreement, in freely transferable funds and in the manner customary for payments in the required currency. Where settlement is by delivery (that is, other than by payment), such delivery will be made for receipt on the due date in the manner customary for the relevant obligation unless otherwise specified in the relevant Confirmation or elsewhere in this Agreement.

(iii) Each obligation of each party under Section 2(a)(i) is subject to (1) the condition precedent that no Event of Default or Potential Event of Default with respect to the other party has occurred and is continuing, (2) the condition precedent that no Early Termination Date in respect of the relevant Transaction has occurred or been effectively designated and (3) each other condition specified in this Agreement to be a condition precedent for the purpose of this Section 2(a)(iii).

(b) Change of Account. Either party may change its account for receiving a payment or delivery by giving notice to the other party at least five Local Business Days prior to the Scheduled Settlement Date for the payment or delivery to which such change applies unless such other party gives timely notice of a reasonable objection to such change.

(c) Netting of Payments. If on any date amounts would otherwise be payable:—

(i) in the same currency; and

(ii) in respect of the same Transaction,

by each party to the other, then, on such date, each party's obligation to make payment of any such amount will be automatically satisfied and discharged and, if the aggregate amount that would otherwise have been payable by one party exceeds the aggregate amount that would otherwise have been payable by the other party, replaced by an obligation upon the party by which the larger aggregate amount would have been payable to pay to the other party the excess of the larger aggregate amount over the smaller aggregate amount.

The parties may elect in respect of two or more Transactions that a net amount and payment obligation will be determined in respect of all amounts payable on the same date in the same currency in respect of those Transactions, regardless of whether such amounts are payable in respect of the same Transaction. The election may be made in the Schedule or any Confirmation by specifying that "Multiple Transaction Payment Netting" applies to the Transactions identified as being subject to the election (in which case clause (ii) above will not apply to such Transactions). If Multiple Transaction Payment Netting is applicable to Transactions, it will apply to those Transactions with effect from the starting date specified in the Schedule or such Confirmation, or, if a starting date is not specified in the Schedule or such Confirmation, the starting date otherwise agreed by the parties in writing. This election may be made separately for different groups of Transactions and will apply separately to each pairing of Offices through which the parties make and receive payments or deliveries.

(d) Deduction or Withholding for Tax.

(i) Gross-Up. All payments under this Agreement will be made without any deduction or withholding for or on account of any Tax unless such deduction or withholding is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, then in effect. If a party is so required to deduct or withhold, then that party ("X") will:—

(1) promptly notify the other party ("Y") of such requirement;

(2) pay to the relevant authorities the full amount required to be deducted or withheld (including the full amount required to be deducted or withheld from any additional amount paid by X to Y under this Section 2(d)) promptly upon the earlier of determining that such deduction or withholding is required or receiving notice that such amount has been assessed against Y;

(3) promptly forward to Y an official receipt (or a certified copy), or other documentation reasonably acceptable to Y, evidencing such payment to such authorities; and

(4) if such Tax is an Indemnifiable Tax, pay to Y, in addition to the payment to which Y is otherwise entitled under this Agreement, such additional amount as is necessary to ensure that the net amount actually received by Y (free and clear of Indemnifiable Taxes, whether assessed against X or Y) will equal the full amount Y would have received had no such deduction or withholding been required. However, X will not be required to pay any additional amount to Y to the extent that it would not be required to be paid but for:—

(A) the failure by Y to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d); or

(B) the failure of a representation made by Y pursuant to Section 3(f) to be accurate and true unless such failure would not have occurred but for (I) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (II) a Change in Tax Law.

(ii) Liability. If:—

(1) X is required by any applicable law, as modified by the practice of any relevant governmental revenue authority, to make any deduction or withholding in respect of which X would not be required to pay an additional amount to Y under Section 2(d)(i)(4);

(2) X does not so deduct or withhold; and

(3) a liability resulting from such Tax is assessed directly against X,

then, except to the extent Y has satisfied or then satisfies the liability resulting from such Tax, Y will promptly pay to X the amount of such liability (including any related liability for interest, but including any related liability for penalties only if Y has failed to comply with or perform any agreement contained in Section 4(a)(i), 4(a)(iii) or 4(d)).

3. Representations

Each party makes the representations contained in Sections 3(a), 3(b), 3(c), 3(d), 3(e) and 3(f) and, if specified in the Schedule as applying, 3(g) to the other party (which representations will be deemed to be repeated by each party on each date on which a Transaction is entered into and, in the case of the representations in Section 3(f), at all times until the termination of this Agreement). If any "Additional Representation" is specified in the Schedule or any Confirmation as applying, the party or parties specified for such Additional Representation will make and, if applicable, be deemed to repeat such Additional Representation at the time or times specified for such Additional Representation.

(a) Basic Representations.

(i) Status. It is duly organised and validly existing under the laws of the jurisdiction of its organisation or incorporation and, if relevant under such laws, in good standing;

(ii) Powers. It has the power to execute this Agreement and any other documentation relating to this Agreement to which it is a party, to deliver this Agreement and any other documentation relating to this Agreement that it is required by this Agreement to deliver and to perform its obligations under this Agreement and any obligations it has under any Credit Support Document to which it is a party and has taken all necessary action to authorise such execution, delivery and performance;

(iii) ***No Violation or Conflict.*** Such execution, delivery and performance do not violate or conflict with any law applicable to it, any provision of its constitutional documents, any order or judgment of any court or other agency of government applicable to it or any of its assets or any contractual restriction binding on or affecting it or any of its assets;

(iv) Consents. All governmental and other consents that are required to have been obtained by it with respect to this Agreement or any Credit Support Document to which it is a party have been obtained and are in full force and effect and all conditions of any such consents have been complied with; and

(v) Obligations Binding. Its obligations under this Agreement and any Credit Support Document to which it is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms (subject to applicable bankruptcy, reorganisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application (regardless of whether enforcement is sought in a proceeding in equity or at law)).

(b) Absence of Certain Events. No Event of Default or Potential Event of Default or, to its knowledge, Termination Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement or any Credit Support Document to which it is a party.

(c) Absence of Litigation. There is not pending or, to its knowledge, threatened against it, any of its Credit Support Providers or any of its applicable Specified Entities any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that is likely to affect the legality, validity or enforceability against it of this Agreement or any Credit Support Document to which it is a party or its ability to perform its obligations under this Agreement or such Credit Support Document.

(d) Accuracy of Specified Information. All applicable information that is furnished in writing by or on behalf of it to the other party and is identified for the purpose of this Section 3(d) in the Schedule is, as of the date of the information, true, accurate and complete in every material respect.

(e) Payer Tax Representation. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(e) is accurate and true.

(f) Payee Tax Representations. Each representation specified in the Schedule as being made by it for the purpose of this Section 3(f) is accurate and true.

(g) No Agency. It is entering into this Agreement, including each Transaction, as principal and not as agent of any person or entity.

4. Agreements

Each party agrees with the other that, so long as either party has or may have any obligation under this Agreement or under any Credit Support Document to which it is a party:—

(a) Furnish Specified Information. It will deliver to the other party or, in certain cases under clause (iii) below, to such government or taxing authority as the other party reasonably directs:—

(i) any forms, documents or certificates relating to taxation specified in the Schedule or any Confirmation;

(ii) any other documents specified in the Schedule or any Confirmation; and

(iii) upon reasonable demand by such other party, any form or document that may be required or reasonably requested in writing in order to allow such other party or its Credit Support Provider to make a payment under this Agreement or any applicable Credit Support Document without any deduction or withholding for or on account of any Tax or with such deduction or withholding at a reduced rate (so long as the completion, execution or submission of such form or document would not materially prejudice the legal or commercial position of the party in receipt of such demand), with any such form or document to be accurate and completed in a manner reasonably satisfactory to such other party and to be executed and to be delivered with any reasonably required certification,

in each case by the date specified in the Schedule or such Confirmation or, if none is specified, as soon as reasonably practicable.

(b) Maintain Authorisations. It will use all reasonable efforts to maintain in full force and effect all consents of any governmental or other authority that are required to be obtained by it with respect to this Agreement or any Credit Support Document to which it is a party and will use all reasonable efforts to obtain any that may become necessary in the future.

(c) Comply With Laws. It will comply in all material respects with all applicable laws and orders to which it may be subject if failure so to comply would materially impair its ability to perform its obligations under this Agreement or any Credit Support Document to which it is a party.

(d) Tax Agreement. It will give notice of any failure of a representation made by it under Section 3(f) to be accurate and true promptly upon learning of such failure.

(e) Payment of Stamp Tax. Subject to Section 11, it will pay any Stamp Tax levied or imposed upon it or in respect of its execution or performance of this Agreement by a jurisdiction in which it is incorporated, organised, managed and controlled or considered to have its seat, or where an Office through which it is acting for the purpose of this Agreement is located ("Stamp Tax Jurisdiction"), and will indemnify the other party against any Stamp Tax levied or imposed upon the other party or in respect of the other party's execution or performance of this Agreement by any such Stamp Tax Jurisdiction which is not also a Stamp Tax Jurisdiction with respect to the other party.

5. Events of Default and Termination Events

(a) Events of Default. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any of the following events constitutes (subject to Sections 5(c) and 6(e)(iv)) an event of default (an "Event of Default") with respect to such party:—

(i) Failure to Pay or Deliver. Failure by the party to make, when due, any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) required to be made by it if such failure is not remedied on or before the first Local Business Day in the case of any such payment or the first Local Delivery Day in the case of any such delivery after, in each case, notice of such failure is given to the party;

(ii) Breach of Agreement; Repudiation of Agreement.

(1) Failure by the party to comply with or perform any agreement or obligation (other than an obligation to make any payment under this Agreement or delivery under Section 2(a)(i) or 9(h)(i)(2) or (4) or to give notice of a Termination Event or any agreement or obligation under Section 4(a)(i), 4(a)(iii) or 4(d)) to be complied with or performed by the party in accordance with this Agreement if such failure is not remedied within 30 days after notice of such failure is given to the party; or

(2) the party disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, this Master Agreement, any Confirmation executed and delivered by that party or any

Transaction evidenced by such a Confirmation (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iii) Credit Support Default.

(1) Failure by the party or any Credit Support Provider of such party to comply with or perform any agreement or obligation to be complied with or performed by it in accordance with any Credit Support Document if such failure is continuing after any applicable grace period has elapsed;

(2) the expiration or termination of such Credit Support Document or the failing or ceasing of such Credit Support Document, or any security interest granted by such party or such Credit Support Provider to the other party pursuant to any such Credit Support Document, to be in full force and effect for the purpose of this Agreement (in each case other than in accordance with its terms) prior to the satisfaction of all obligations of such party under each Transaction to which such Credit Support Document relates without the written consent of the other party; or

(3) the party or such Credit Support Provider disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, such Credit Support Document (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(iv) Misrepresentation. A representation (other than a representation under Section 3(e) or 3(f)) made or repeated or deemed to have been made or repeated by the party or any Credit Support Provider of such party in this Agreement or any Credit Support Document proves to have been incorrect or misleading in any material respect when made or repeated or deemed to have been made or repeated;

(v) Default Under Specified Transaction. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) defaults (other than by failing to make a delivery) under a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, that Specified Transaction;

(2) defaults, after giving effect to any applicable notice requirement or grace period, in making any payment due on the last payment or exchange date of, or any payment on early termination of, a Specified Transaction (or, if there is no applicable notice requirement or grace period, such default continues for at least one Local Business Day);

(3) defaults in making any delivery due under (including any delivery due on the last delivery or exchange date of) a Specified Transaction or any credit support arrangement relating to a Specified Transaction and, after giving effect to any applicable notice requirement or grace period, such default results in a liquidation of, an acceleration of obligations under, or an early termination of, all transactions outstanding under the documentation applicable to that Specified Transaction; or

(4) disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of, a Specified Transaction or any credit support arrangement relating to a Specified Transaction that is, in either case, confirmed or evidenced by a document or other confirming evidence executed and delivered by that party, Credit Support Provider or Specified Entity (or such action is taken by any person or entity appointed or empowered to operate it or act on its behalf);

(vi) ***Cross-Default.*** If "Cross-Default" is specified in the Schedule as applying to the party, the occurrence or existence of:—

(1) a default, event of default or other similar condition or event (however described) in respect of such party, any Credit Support Provider of such party or any applicable Specified Entity of such party under one or more agreements or instruments relating to Specified Indebtedness of any of them (individually or collectively) where the aggregate principal amount of such agreements or instruments, either alone or together with the amount, if any, referred to in clause (2) below, is not less than the applicable Threshold Amount (as specified in the Schedule) which has resulted in such Specified Indebtedness becoming, or becoming capable at such time of being declared, due and payable under such agreements or instruments before it would otherwise have been due and payable; or

(2) a default by such party, such Credit Support Provider or such Specified Entity (individually or collectively) in making one or more payments under such agreements or instruments on the due date for payment (after giving effect to any applicable notice requirement or grace period) in an aggregate amount, either alone or together with the amount, if any, referred to in clause (1) above, of not less than the applicable Threshold Amount;

(vii) Bankruptcy. The party, any Credit Support Provider of such party or any applicable Specified Entity of such party:—

(1) is dissolved (other than pursuant to a consolidation, amalgamation or merger); (2) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due; (3) makes a general assignment, arrangement or composition with or for the benefit of its creditors; (4)(A) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official, or (B) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and such proceeding or petition is instituted or presented by a person or entity not described in clause (A) above and either (I) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation or (II) is not dismissed, discharged, stayed or restrained in each case within 15 days of the institution or presentation thereof; (5) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger); (6) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets; (7) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 15 days thereafter; (8) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (1) to (7) above (inclusive); or (9) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts; or

(viii) Merger Without Assumption. The party or any Credit Support Provider of such party consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets to, or reorganises, reincorporates or reconstitutes into or as, another entity and, at the time of such consolidation, amalgamation, merger, transfer, reorganisation, reincorporation or reconstitution:—

(1) the resulting, surviving or transferee entity fails to assume all the obligations of such party or such Credit Support Provider under this Agreement or any Credit Support Document to which it or its predecessor was a party; or

(2) the benefits of any Credit Support Document fail to extend (without the consent of the other party) to the performance by such resulting, surviving or transferee entity of its obligations under this Agreement.

(b) Termination Events. The occurrence at any time with respect to a party or, if applicable, any Credit Support Provider of such party or any Specified Entity of such party of any event specified below constitutes (subject to Section 5(c)) an Illegality if the event is specified in clause (i) below, a Force Majeure Event if the event is specified in clause (ii) below, a Tax Event if the event is specified in clause (iii) below, a Tax Event Upon Merger if the event is specified in clause (iv) below, and, if specified to be applicable, a Credit Event Upon Merger if the event is specified pursuant to clause (v) below or an Additional Termination Event if the event is specified pursuant to clause (vi) below:—

(i) Illegality. After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, due to an event or circumstance (other than any action taken by a party or, if applicable, any Credit Support Provider of such party) occurring after a Transaction is entered into, it becomes unlawful under any applicable law (including without limitation the laws of any country in which payment, delivery or compliance is required by either party or any Credit Support Provider, as the case may be), on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the party of Section 4(b)):—

(1) for the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction to perform any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, to receive a payment or delivery in respect of such Transaction or to comply with any other material provision of this Agreement relating to such Transaction; or

(2) for such party or any Credit Support Provider of such party (which will be the Affected Party) to perform any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, to receive a payment or delivery under such Credit Support Document or to comply with any other material provision of such Credit Support Document;

(ii) Force Majeure Event. After giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the relevant Confirmation or elsewhere in this Agreement, by reason of force majeure or act of state occurring after a Transaction is entered into, on any day:—

(1) the Office through which such party (which will be the Affected Party) makes and receives payments or deliveries with respect to such Transaction is prevented from performing any absolute or contingent obligation to make a payment or delivery in respect of such Transaction, from receiving a payment or delivery in respect of such Transaction or from complying with any other material provision of this Agreement relating to such Transaction (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or

impracticable for such Office so to perform, receive or comply (or it would be impossible or impracticable for such Office so to perform, receive or comply if such payment, delivery or compliance were required on that day); or

(2) such party or any Credit Support Provider of such party (which will be the Affected Party) is prevented from performing any absolute or contingent obligation to make a payment or delivery which such party or Credit Support Provider has under any Credit Support Document relating to such Transaction, from receiving a payment or delivery under such Credit Support Document or from complying with any other material provision of such Credit Support Document (or would be so prevented if such payment, delivery or compliance were required on that day), or it becomes impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply (or it would be impossible or impracticable for such party or Credit Support Provider so to perform, receive or comply if such payment, delivery or compliance were required on that day),

so long as the force majeure or act of state is beyond the control of such Office, such party or such Credit Support Provider, as appropriate, and such Office, party or Credit Support Provider could not, after using all reasonable efforts (which will not require such party or Credit Support Provider to incur a loss, other than immaterial, incidental expenses), overcome such prevention, impossibility or impracticability;

(iii) Tax Event. Due to (1) any action taken by a taxing authority, or brought in a court of competent jurisdiction, after a Transaction is entered into (regardless of whether such action is taken or brought with respect to a party to this Agreement) or (2) a Change in Tax Law, the party (which will be the Affected Party) will, or there is a substantial likelihood that it will, on the next succeeding Scheduled Settlement Date (A) be required to pay to the other party an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (B) receive a payment from which an amount is required to be deducted or withheld for or on account of a Tax (except in respect of interest under Section 9(h)) and no additional amount is required to be paid in respect of such Tax under Section 2(d)(i)(4) (other than by reason of Section 2(d)(i)(4)(A) or (B));

(iv) Tax Event Upon Merger. The party (the "Burdened Party") on the next succeeding Scheduled Settlement Date will either (1) be required to pay an additional amount in respect of an Indemnifiable Tax under Section 2(d)(i)(4) (except in respect of interest under Section 9(h)) or (2) receive a payment from which an amount has been deducted or withheld for or on account of any Tax in respect of which the other party is not required to pay an additional amount (other than by reason of Section 2(d)(i)(4)(A) or (B)), in either case as a result of a party consolidating or amalgamating with, or merging with or into, or transferring all or substantially all its assets (or any substantial part of the assets comprising the business conducted by it as of the date of this Master Agreement) to, or reorganising, reincorporating or reconstituting into or as, another entity (which will be the Affected Party) where such action does not constitute a Merger Without Assumption;

(v) Credit Event Upon Merger. If "Credit Event Upon Merger" is specified in the Schedule as applying to the party, a Designated Event (as defined below) occurs with respect to such party, any Credit Support Provider of such party or any applicable Specified Entity of such party (in each case, "X") and such Designated Event does not constitute a Merger Without Assumption, and the creditworthiness of X or, if applicable, the successor, surviving or transferee entity of X, after taking into account any applicable Credit Support Document, is materially weaker immediately after the occurrence of such Designated Event than that of X immediately prior to the occurrence of such Designated Event (and, in any such event, such party or its successor, surviving or transferee entity, as appropriate, will be the Affected Party). A "Designated Event" with respect to X means that:—

(1) X consolidates or amalgamates with, or merges with or into, or transfers all or substantially all its assets (or any substantial part of the assets comprising the business conducted by X as of the

date of this Master Agreement) to, or reorganises, reincorporates or reconstitutes into or as, another entity;

(2) any person, related group of persons or entity acquires directly or indirectly the beneficial ownership of (A) equity securities having the power to elect a majority of the board of directors (or its equivalent) of X or (B) any other ownership interest enabling it to exercise control of X; or

(3) X effects any substantial change in its capital structure by means of the issuance, incurrence or guarantee of debt or the issuance of (A) preferred stock or other securities convertible into or exchangeable for debt or preferred stock or (B) in the case of entities other than corporations, any other form of ownership interest; or

(vi) Additional Termination Event. If any "Additional Termination Event" is specified in the Schedule or any Confirmation as applying, the occurrence of such event (and, in such event, the Affected Party or Affected Parties will be as specified for such Additional Termination Event in the Schedule or such Confirmation).

(c) Hierarchy of Events.

(i) An event or circumstance that constitutes or gives rise to an Illegality or a Force Majeure Event will not, for so long as that is the case, also constitute or give rise to an Event of Default under Section 5(a)(i), 5(a)(ii)(1) or 5(a)(iii)(1) insofar as such event or circumstance relates to the failure to make any payment or delivery or a failure to comply with any other material provision of this Agreement or a Credit Support Document, as the case may be.

(ii) Except in circumstances contemplated by clause (i) above, if an event or circumstance which would otherwise constitute or give rise to an Illegality or a Force Majeure Event also constitutes an Event of Default or any other Termination Event, it will be treated as an Event of Default or such other Termination Event, as the case may be, and will not constitute or give rise to an Illegality or a Force Majeure Event.

(iii) If an event or circumstance which would otherwise constitute or give rise to a Force Majeure Event also constitutes an Illegality, it will be treated as an Illegality, except as described in clause (ii) above, and not a Force Majeure Event.

(d) Deferral of Payments and Deliveries During Waiting Period. If an Illegality or a Force Majeure Event has occurred and is continuing with respect to a Transaction, each payment or delivery which would otherwise be required to be made under that Transaction will be deferred to, and will not be due until:—

(i) the first Local Business Day or, in the case of a delivery, the first Local Delivery Day (or the first day that would have been a Local Business Day or Local Delivery Day, as appropriate, but for the occurrence of the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event) following the end of any applicable Waiting Period in respect of that Illegality or Force Majeure Event, as the case may be; or

(ii) if earlier, the date on which the event or circumstance constituting or giving rise to that Illegality or Force Majeure Event ceases to exist or, if such date is not a Local Business Day or, in the case of a delivery, a Local Delivery Day, the first following day that is a Local Business Day or Local Delivery Day, as appropriate.

(e) Inability of Head or Home Office to Perform Obligations of Branch. If (i) an Illegality or a Force Majeure Event occurs under Section 5(b)(i)(1) or 5(b)(ii)(1) and the relevant Office is not the Affected Party's head or home office, (ii) Section 10(a) applies, (iii) the other party seeks performance of the relevant obligation or

compliance with the relevant provision by the Affected Party's head or home office and (iv) the Affected Party's head or home office fails so to perform or comply due to the occurrence of an event or circumstance which would, if that head or home office were the Office through which the Affected Party makes and receives payments and deliveries with respect to the relevant Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and such failure would otherwise constitute an Event of Default under Section 5(a)(i)or 5(a)(iii)(1) with respect to such party, then, for so long as the relevant event or circumstance continues to exist with respect to both the Office referred to in Section 5(b)(i)(1) or 5(b)(ii)(1), as the case may be, and the Affected Party's head or home office, such failure will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1).

6. Early Termination; Close-Out Netting

(a) Right to Terminate Following Event of Default. If at any time an Event of Default with respect to a party (the "Defaulting Party") has occurred and is then continuing, the other party (the "Non-defaulting Party") may, by not more than 20 days notice to the Defaulting Party specifying the relevant Event of Default, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all outstanding Transactions. If, however, "Automatic Early Termination" is specified in the Schedule as applying to a party, then an Early Termination Date in respect of all outstanding Transactions will occur immediately upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(1), (3), (5), (6) or, to the extent analogous thereto, (8), and as of the time immediately preceding the institution of the relevant proceeding or the presentation of the relevant petition upon the occurrence with respect to such party of an Event of Default specified in Section 5(a)(vii)(4) or, to the extent analogous thereto, (8).

(b) Right to Terminate Following Termination Event.

(i) Notice. If a Termination Event other than a Force Majeure Event occurs, an Affected Party will, promptly upon becoming aware of it, notify the other party, specifying the nature of that Termination Event and each Affected Transaction, and will also give the other party such other information about that Termination Event as the other party may reasonably require. If a Force Majeure Event occurs, each party will, promptly upon becoming aware of it, use all reasonable efforts to notify the other party, specifying the nature of that Force Majeure Event, and will also give the other party such other information about that Force Majeure Event as the other party may reasonably require.

(ii) Transfer to Avoid Termination Event. If a Tax Event occurs and there is only one Affected Party, or if a Tax Event Upon Merger occurs and the Burdened Party is the Affected Party, the Affected Party will, as a condition to its right to designate an Early Termination Date under Section 6(b)(iv), use all reasonable efforts (which will not require such party to incur a loss, other than immaterial, incidental expenses) to transfer within 20 days after it gives notice under Section 6(b)(i) all its rights and obligations under this Agreement in respect of the Affected Transactions to another of its Offices or Affiliates so that such Termination Event ceases to exist.

If the Affected Party is not able to make such a transfer it will give notice to the other party to that effect within such 20 day period, whereupon the other party may effect such a transfer within 30 days after the notice is given under Section 6(b)(i).

Any such transfer by a party under this Section 6(b)(ii) will be subject to and conditional upon the prior written consent of the other party, which consent will not be withheld if such other party's policies in effect at such time would permit it to enter into transactions with the transferee on the terms proposed.

(iii) Two Affected Parties. If a Tax Event occurs and there are two Affected Parties, each party will use all reasonable efforts to reach agreement within 30 days after notice of such occurrence is given under Section 6(b)(i) to avoid that Termination Event.

(iv) Right to Terminate.

(1) If:—

(A) a transfer under Section 6(b)(ii) or an agreement under Section 6(b)(iii), as the case may be, has not been effected with respect to all Affected Transactions within 30 days after an Affected Party gives notice under Section 6(b)(i); or

(B) a Credit Event Upon Merger or an Additional Termination Event occurs, or a Tax Event Upon Merger occurs and the Burdened Party is not the Affected Party,

the Burdened Party in the case of a Tax Event Upon Merger, any Affected Party in the case of a Tax Event or an Additional Termination Event if there are two Affected Parties, or the Non-affected Party in the case of a Credit Event Upon Merger or an Additional Termination Event if there is only one Affected Party may, if the relevant Termination Event is then continuing, by not more than 20 days notice to the other party, designate a day not earlier than the day such notice is effective as an Early Termination Date in respect of all Affected Transactions.

(2) If at any time an Illegality or a Force Majeure Event has occurred and is then continuing and any applicable Waiting Period has expired:—

(A) Subject to clause (B) below, either party may, by not more than 20 days notice to the other party, designate (I) a day not earlier than the day on which such notice becomes effective as an Early Termination Date in respect of all Affected Transactions or (II) by specifying in that notice the Affected Transactions in respect of which it is designating the relevant day as an Early Termination Date, a day not earlier than two Local Business Days following the day on which such notice becomes effective as an Early Termination Date in respect of less than all Affected Transactions. Upon receipt of a notice designating an Early Termination Date in respect of less than all Affected Transactions, the other party may, by notice to the designating party, if such notice is effective on or before the day so designated, designate that same day as an Early Termination Date in respect of any or all other Affected Transactions.

(B) An Affected Party (if the Illegality or Force Majeure Event relates to performance by such party or any Credit Support Provider of such party of an obligation to make any payment or delivery under, or to compliance with any other material provision of, the relevant Credit Support Document) will only have the right to designate an Early Termination Date under Section 6(b)(iv)(2)(A) as a result of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2) following the prior designation by the other party of an Early Termination Date, pursuant to Section 6(b)(iv)(2)(A), in respect of less than all Affected Transactions.

(c) Effect of Designation.

(i) If notice designating an Early Termination Date is given under Section 6(a) or 6(b), the Early Termination Date will occur on the date so designated, whether or not the relevant Event of Default or Termination Event is then continuing.

(ii) Upon the occurrence or effective designation of an Early Termination Date, no further payments or deliveries under Section 2(a)(i) or 9(h)(i) in respect of the Terminated Transactions will be required to be made, but without prejudice to the other provisions of this Agreement. The amount, if any, payable in respect of an Early Termination Date will be determined pursuant to Sections 6(e) and 9(h)(ii).

(d) ***Calculations; Payment Date***.

(i) Statement. On or as soon as reasonably practicable following the occurrence of an Early Termination Date, each party will make the calculations on its part, if any, contemplated by Section 6(e) and will provide to the other party a statement (1) showing, in reasonable detail, such calculations (including any quotations, market data or information from internal sources used in making such calculations), (2) specifying (except where there are two Affected Parties) any Early Termination Amount payable and (3) giving details of the relevant account to which any amount payable to it is to be paid. In the absence of written confirmation from the source of a quotation or market data obtained in determining a Close-out Amount, the records of the party obtaining such quotation or market data will be conclusive evidence of the existence and accuracy of such quotation or market data.

(ii) Payment Date. An Early Termination Amount due in respect of any Early Termination Date will, together with any amount of interest payable pursuant to Section 9(h)(ii)(2), be payable (1) on the day on which notice of the amount payable is effective in the case of an Early Termination Date which is designated or occurs as a result of an Event of Default and (2) on the day which is two Local Business Days after the day on which notice of the amount payable is effective (or, if there are two Affected Parties, after the day on which the statement provided pursuant to clause (i) above by the second party to provide such a statement is effective) in the case of an Early Termination Date which is designated as a result of a Termination Event.

(e) Payments on Early Termination. If an Early Termination Date occurs, the amount, if any, payable in respect of that Early Termination Date (the "Early Termination Amount") will be determined pursuant to this Section 6(e) and will be subject to Section 6(f).

(i) Events of Default. If the Early Termination Date results from an Event of Default, the Early Termination Amount will be an amount equal to (1) the sum of (A) the Termination Currency Equivalent of the Close-out Amount or Close-out Amounts (whether positive or negative) determined by the Non-defaulting Party for each Terminated Transaction or group of Terminated Transactions, as the case may be, and (B) the Termination Currency Equivalent of the Unpaid Amounts owing to the Non-defaulting Party less (2) the Termination Currency Equivalent of the Unpaid Amounts owing to the Defaulting Party. If the Early Termination Amount is a positive number, the Defaulting Party will pay it to the Non-defaulting Party; if it is a negative number, the Non-defaulting Party will pay the absolute value of the Early Termination Amount to the Defaulting Party.

(ii) Termination Events. If the Early Termination Date results from a Termination Event:—

(1) One Affected Party. Subject to clause (3) below, if there is one Affected Party, the Early Termination Amount will be determined in accordance with Section 6(e)(i), except that references to the Defaulting Party and to the Non-defaulting Party will be deemed to be references to the Affected Party and to the Non-affected Party, respectively.

(2) Two Affected Parties. Subject to clause (3) below, if there are two Affected Parties, each party will determine an amount equal to the Termination Currency Equivalent of the sum of the Close-out Amount or Close-out Amounts (whether positive or negative) for each Terminated Transaction or group of Terminated Transactions, as the case may be, and the Early Termination Amount will be an amount equal to (A) the sum of (I) one-half of the difference between the higher amount so determined (by party "X") and the lower amount so determined (by party "Y") and (II) the Termination Currency Equivalent of the Unpaid Amounts owing to X less (B) the Termination Currency Equivalent of the Unpaid Amounts owing to Y. If the Early Termination Amount is a positive number, Y will pay it to X; if it is a negative number, X will pay the absolute value of the Early Termination Amount to Y.

(3) *Mid-Market Events.* If that Termination Event is an Illegality or a Force Majeure Event, then the Early Termination Amount will be determined in accordance with clause (1) or (2) above, as appropriate, except that, for the purpose of determining a Close-out Amount or Close-out Amounts, the Determining Party will:—

(A) if obtaining quotations from one or more third parties (or from any of the Determining Party's Affiliates), ask each third party or Affiliate (I) not to take account of the current creditworthiness of the Determining Party or any existing Credit Support Document and (II) to provide mid-market quotations; and

(B) in any other case, use mid-market values without regard to the creditworthiness of the Determining Party.

(iii) Adjustment for Bankruptcy. In circumstances where an Early Termination Date occurs because Automatic Early Termination applies in respect of a party, the Early Termination Amount will be subject to such adjustments as are appropriate and permitted by applicable law to reflect any payments or deliveries made by one party to the other under this Agreement (and retained by such other party) during the period from the relevant Early Termination Date to the date for payment determined under Section 6(d)(ii).

(iv) Adjustment for Illegality or Force Majeure Event. The failure by a party or any Credit Support Provider of such party to pay, when due, any Early Termination Amount will not constitute an Event of Default under Section 5(a)(i) or 5(a)(iii)(1) if such failure is due to the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event. Such amount will (1) accrue interest and otherwise be treated as an Unpaid Amount owing to the other party if subsequently an Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions and (2) otherwise accrue interest in accordance with Section 9(h)(ii)(2).

(v) Pre-Estimate. The parties agree that an amount recoverable under this Section 6(e) is a reasonable pre-estimate of loss and not a penalty. Such amount is payable for the loss of bargain and the loss of protection against future risks, and, except as otherwise provided in this Agreement, neither party will be entitled to recover any additional damages as a consequence of the termination of the Terminated Transactions.

(f) Set-Off. Any Early Termination Amount payable to one party (the "Payee") by the other party (the "Payer"), in circumstances where there is a Defaulting Party or where there is one Affected Party in the case where either a Credit Event Upon Merger has occurred or any other Termination Event in respect of which all outstanding Transactions are Affected Transactions has occurred, will, at the option of the Non-defaulting Party or the Non-affected Party, as the case may be ("X") (and without prior notice to the Defaulting Party or the Affected Party, as the case may be), be reduced by its set-off against any other amounts ("Other Amounts") payable by the Payee to the Payer (whether or not arising under this Agreement, matured or contingent and irrespective of the currency, place of payment or place of booking of the obligation). To the extent that any Other Amounts are so set off, those Other Amounts will be discharged promptly and in all respects. X will give notice to the other party of any set-off effected under this Section 6(f).

For this purpose, either the Early Termination Amount or the Other Amounts (or the relevant portion of such amounts) may be converted by X into the currency in which the other is denominated at the rate of exchange at which such party would be able, in good faith and using commercially reasonable procedures, to purchase the relevant amount of such currency.

If an obligation is unascertained, X may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained.

Nothing in this Section 6(f) will be effective to create a charge or other security interest. This Section 6(f) will be without prejudice and in addition to any right of set-off, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which any party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise).

7. Transfer

Subject to Section 6(b)(ii) and to the extent permitted by applicable law, neither this Agreement nor any interest or obligation in or under this Agreement may be transferred (whether by way of security or otherwise) by either party without the prior written consent of the other party, except that:—

(a) a party may make such a transfer of this Agreement pursuant to a consolidation or amalgamation with, or merger with or into, or transfer of all or substantially all its assets to, another entity (but without prejudice to any other right or remedy under this Agreement); and

(b) a party may make such a transfer of all or any part of its interest in any Early Termination Amount payable to it by a Defaulting Party, together with any amounts payable on or with respect to that interest and any other rights associated with that interest pursuant to Sections 8, 9(h) and 11.

Any purported transfer that is not in compliance with this Section 7 will be void.

8. Contractual Currency

(a) Payment in the Contractual Currency. Each payment under this Agreement will be made in the relevant currency specified in this Agreement for that payment (the "Contractual Currency"). To the extent permitted by applicable law, any obligation to make payments under this Agreement in the Contractual Currency will not be discharged or satisfied by any tender in any currency other than the Contractual Currency, except to the extent such tender results in the actual receipt by the party to which payment is owed, acting in good faith and using commercially reasonable procedures in converting the currency so tendered into the Contractual Currency, of the full amount in the Contractual Currency of all amounts payable in respect of this Agreement. If for any reason the amount in the Contractual Currency so received falls short of the amount in the Contractual Currency payable in respect of this Agreement, the party required to make the payment will, to the extent permitted by applicable law, immediately pay such additional amount in the Contractual Currency as may be necessary to compensate for the shortfall. If for any reason the amount in the Contractual Currency so received exceeds the amount in the Contractual Currency payable in respect of this Agreement, the party receiving the payment will refund promptly the amount of such excess.

(b) Judgments. To the extent permitted by applicable law, if any judgment or order expressed in a currency other than the Contractual Currency is rendered (i) for the payment of any amount owing in respect of this Agreement, (ii) for the payment of any amount relating to any early termination in respect of this Agreement or (iii) in respect of a judgment or order of another court for the payment of any amount described in clause (i) or (ii) above, the party seeking recovery, after recovery in full of the aggregate amount to which such party is entitled pursuant to the judgment or order, will be entitled to receive immediately from the other party the amount of any shortfall of the Contractual Currency received by such party as a consequence of sums paid in such other currency and will refund promptly to the other party any excess of the Contractual Currency received by such party as a consequence of sums paid in such other currency if such shortfall or such excess arises or results from any variation between the rate of exchange at which the Contractual Currency is converted into the currency of the judgment or order for the purpose of such judgment or order and the rate of exchange at which such party is able, acting in good faith and using

commercially reasonable procedures in converting the currency received into the Contractual Currency, to purchase the Contractual Currency with the amount of the currency of the judgment or order actually received by such party.

(c) Separate Indemnities. To the extent permitted by applicable law, the indemnities in this Section 8 constitute separate and independent obligations from the other obligations in this Agreement, will be enforceable as separate and independent causes of action, will apply notwithstanding any indulgence granted by the party to which any payment is owed and will not be affected by judgment being obtained or claim or proof being made for any other sums payable in respect of this Agreement.

(d) Evidence of Loss. For the purpose of this Section 8, it will be sufficient for a party to demonstrate that it would have suffered a loss had an actual exchange or purchase been made.

9. Miscellaneous

(a) Entire Agreement. This Agreement constitutes the entire agreement and understanding of the parties with respect to its subject matter. Each of the parties acknowledges that in entering into this Agreement it has not relied on any oral or written representation, warranty or other assurance (except as provided for or referred to in this Agreement) and waives all rights and remedies which might otherwise be available to it in respect thereof, except that nothing in this Agreement will limit or exclude any liability of a party for fraud.

(b) Amendments. An amendment, modification or waiver in respect of this Agreement will only be effective if in writing (including a writing evidenced by a facsimile transmission) and executed by each of the parties or confirmed by an exchange of telexes or by an exchange of electronic messages on an electronic messaging system.

(c) Survival of Obligations. Without prejudice to Sections 2(a)(iii) and 6(c)(ii), the obligations of the parties under this Agreement will survive the termination of any Transaction.

(d) Remedies Cumulative. Except as provided in this Agreement, the rights, powers, remedies and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges provided by law.

(e) Counterparts and Confirmations.

(i) This Agreement (and each amendment, modification and waiver in respect of it) may be executed and delivered in counterparts (including by facsimile transmission and by electronic messaging system), each of which will be deemed an original.

(ii) The parties intend that they are legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). A Confirmation will be entered into as soon as practicable and may be executed and delivered in counterparts (including by facsimile transmission) or be created by an exchange of telexes, by an exchange of electronic messages on an electronic messaging system or by an exchange of e-mails, which in each case will be sufficient for all purposes to evidence a binding supplement to this Agreement. The parties will specify therein or through another effective means that any such counterpart, telex, electronic message or e-mail constitutes a Confirmation.

(f) No Waiver of Rights. A failure or delay in exercising any right, power or privilege in respect of this Agreement will not be presumed to operate as a waiver, and a single or partial exercise of any right, power or privilege will not be presumed to preclude any subsequent or further exercise, of that right, power or privilege or the exercise of any other right, power or privilege.

(g) Headings. The headings used in this Agreement are for convenience of reference only and are not to affect the construction of or to be taken into consideration in interpreting this Agreement.

(h) ***Interest and Compensation.***

(i) Prior to Early Termination. Prior to the occurrence or effective designation of an Early Termination Date in respect of the relevant Transaction:—

(1) Interest on Defaulted Payments. If a party defaults in the performance of any payment obligation, it will, to the extent permitted by applicable law and subject to Section 6(c), pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the original due date for payment to (but excluding) the date of actual payment (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (3)(B) or (C) below), at the Default Rate.

*(2) Compensation for Defaulted Deliveries***.** If a party defaults in the performance of any obligation required to be settled by delivery, it will on demand (A) compensate the other party to the extent provided for in the relevant Confirmation or elsewhere in this Agreement and (B) unless otherwise provided in the relevant Confirmation or elsewhere in this Agreement, to the extent permitted by applicable law and subject to Section 6(c), pay to the other party interest (before as well as after judgment) on an amount equal to the fair market value of that which was required to be delivered in the same currency as that amount, for the period from (and including) the originally scheduled date for delivery to (but excluding) the date of actual delivery (and excluding any period in respect of which interest or compensation in respect of that amount is due pursuant to clause (4) below), at the Default Rate. The fair market value of any obligation referred to above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party that was entitled to take delivery.

(3) Interest on Deferred Payments. If:—

(A) a party does not pay any amount that, but for Section 2(a)(iii), would have been payable, it will, to the extent permitted by applicable law and subject to Section 6(c) and clauses (B) and (C) below, pay interest (before as well as after judgment) on that amount to the other party on demand (after such amount becomes payable) in the same currency as that amount, for the period from (and including) the date the amount would, but for Section 2(a)(iii), have been payable to (but excluding) the date the amount actually becomes payable, at the Applicable Deferral Rate;

(B) a payment is deferred pursuant to Section 5(d), the party which would otherwise have been required to make that payment will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the amount of the deferred payment to the other party on demand (after such amount becomes payable) in the same currency as the deferred payment, for the period from (and including) the date the amount would, but for Section 5(d), have been payable to (but excluding) the earlier of the date the payment is no longer deferred pursuant to Section 5(d) and the date during the deferral period upon which an Event of Default or Potential Event of Default with respect to that party occurs, at the Applicable Deferral Rate; or

(C) a party fails to make any payment due to the occurrence of an Illegality or a Force Majeure Event (after giving effect to any deferral period contemplated by clause (B) above), it will, to the extent permitted by applicable law, subject to Section 6(c) and for so long as the event or circumstance giving rise to that Illegality or Force Majeure Event

continues and no Event of Default or Potential Event of Default with respect to that party has occurred and is continuing, pay interest (before as well as after judgment) on the overdue amount to the other party on demand in the same currency as the overdue amount, for the period from (and including) the date the party fails to make the payment due to the occurrence of the relevant Illegality or Force Majeure Event (or, if later, the date the payment is no longer deferred pursuant to Section 5(d)) to (but excluding) the earlier of the date the event or circumstance giving rise to that Illegality or Force Majeure Event ceases to exist and the date during the period upon which an Event of Default or Potential Event of Default with respect to that party occurs (and excluding any period in respect of which interest or compensation in respect of the overdue amount is due pursuant to clause (B) above), at the Applicable Deferral Rate.

(4) Compensation for Deferred Deliveries. If:—

(A) a party does not perform any obligation that, but for Section 2(a)(iii), would have been required to be settled by delivery;

(B) a delivery is deferred pursuant to Section 5(d); or

(C) a party fails to make a delivery due to the occurrence of an Illegality or a Force Majeure Event at a time when any applicable Waiting Period has expired,

the party required (or that would otherwise have been required) to make the delivery will, to the extent permitted by applicable law and subject to Section 6(c), compensate and pay interest to the other party on demand (after, in the case of clauses (A) and (B) above, such delivery is required) if and to the extent provided for in the relevant Confirmation or elsewhere in this Agreement.

(ii) Early Termination. Upon the occurrence or effective designation of an Early Termination Date in respect of a Transaction:—

(1) Unpaid Amounts. For the purpose of determining an Unpaid Amount in respect of the relevant Transaction, and to the extent permitted by applicable law, interest will accrue on the amount of any payment obligation or the amount equal to the fair market value of any obligation required to be settled by delivery included in such determination in the same currency as that amount, for the period from (and including) the date the relevant obligation was (or would have been but for Section 2(a)(iii) or 5(d)) required to have been performed to (but excluding) the relevant Early Termination Date, at the Applicable Close-out Rate.

(2) Interest on Early Termination Amounts. If an Early Termination Amount is due in respect of such Early Termination Date, that amount will, to the extent permitted by applicable law, be paid together with interest (before as well as after judgment) on that amount in the Termination Currency, for the period from (and including) such Early Termination Date to (but excluding) the date the amount is paid, at the Applicable Close-out Rate.

(iii) Interest Calculation. Any interest pursuant to this Section 9(h) will be calculated on the basis of daily compounding and the actual number of days elapsed.

10. Offices; Multibranch Parties

(a) If Section 10(a) is specified in the Schedule as applying, each party that enters into a Transaction through an Office other than its head or home office represents to and agrees with the other party that, notwithstanding the place of booking or its jurisdiction of incorporation or organisation, its obligations are the same in terms of recourse against it as if it had entered into the Transaction through its head or home office, except that a party will not have recourse to the head or home office of the other party in respect of any payment or delivery deferred pursuant to Section 5(d) for so long as the payment or delivery is so deferred. This representation and agreement will be deemed to be repeated by each party on each date on which the parties enter into a Transaction.

(b) If a party is specified as a Multibranch Party in the Schedule, such party may, subject to clause (c) below, enter into a Transaction through, book a Transaction in and make and receive payments and deliveries with respect to a Transaction through any Office listed in respect of that party in the Schedule (but not any other Office unless otherwise agreed by the parties in writing).

(c) The Office through which a party enters into a Transaction will be the Office specified for that party in the relevant Confirmation or as otherwise agreed by the parties in writing, and, if an Office for that party is not specified in the Confirmation or otherwise agreed by the parties in writing, its head or home office. Unless the parties otherwise agree in writing, the Office through which a party enters into a Transaction will also be the Office in which it books the Transaction and the Office through which it makes and receives payments and deliveries with respect to the Transaction. Subject to Section 6(b)(ii), neither party may change the Office in which it books the Transaction or the Office through which it makes and receives payments or deliveries with respect to a Transaction without the prior written consent of the other party.

11. Expenses

A Defaulting Party will on demand indemnify and hold harmless the other party for and against all reasonable out-of-pocket expenses, including legal fees, execution fees and Stamp Tax, incurred by such other party by reason of the enforcement and protection of its rights under this Agreement or any Credit Support Document to which the Defaulting Party is a party or by reason of the early termination of any Transaction, including, but not limited to, costs of collection.

12. Notices

(a) Effectiveness. Any notice or other communication in respect of this Agreement may be given in any manner described below (except that a notice or other communication under Section 5 or 6 may not be given by electronic messaging system or e-mail) to the address or number or in accordance with the electronic messaging system or e-mail details provided (see the Schedule) and will be deemed effective as indicated:—

(i) if in writing and delivered in person or by courier, on the date it is delivered;

(ii) if sent by telex, on the date the recipient's answerback is received;

(iii) if sent by facsimile transmission, on the date it is received by a responsible employee of the recipient in legible form (it being agreed that the burden of proving receipt will be on the sender and will not be met by a transmission report generated by the sender's facsimile machine);

(iv) if sent by certified or registered mail (airmail, if overseas) or the equivalent (return receipt requested), on the date it is delivered or its delivery is attempted;

(v) if sent by electronic messaging system, on the date it is received; or

(vi) if sent by e-mail, on the date it is delivered,

unless the date of that delivery (or attempted delivery) or that receipt, as applicable, is not a Local Business Day or that communication is delivered (or attempted) or received, as applicable, after the close of business on a Local Business Day, in which case that communication will be deemed given and effective on the first following day that is a Local Business Day.

(b) Change of Details. Either party may by notice to the other change the address, telex or facsimile number or electronic messaging system or e-mail details at which notices or other communications are to be given to it.

13. Governing Law and Jurisdiction

(a) Governing Law. This Agreement will be governed by and construed in accordance with the law specified in the Schedule.

(b) Jurisdiction. With respect to any suit, action or proceedings relating to any dispute arising out of or in connection with this Agreement ("Proceedings"), each party irrevocably:—

(i) submits:—

(1) if this Agreement is expressed to be governed by English law, to (A) the non-exclusive jurisdiction of the English courts if the Proceedings do not involve a Convention Court and (B) the exclusive jurisdiction of the English courts if the Proceedings do involve a Convention Court; or

(2) if this Agreement is expressed to be governed by the laws of the State of New York, to the non-exclusive jurisdiction of the courts of the State of New York and the United States District Court located in the Borough of Manhattan in New York City;

(ii) waives any objection which it may have at any time to the laying of venue of any Proceedings brought in any such court, waives any claim that such Proceedings have been brought in an inconvenient forum and further waives the right to object, with respect to such Proceedings, that such court does not have any jurisdiction over such party; and

(iii) agrees, to the extent permitted by applicable law, that the bringing of Proceedings in any one or more jurisdictions will not preclude the bringing of Proceedings in any other jurisdiction.

(c) Service of Process. Each party irrevocably appoints the Process Agent, if any, specified opposite its name in the Schedule to receive, for it and on its behalf, service of process in any Proceedings. If for any reason any party's Process Agent is unable to act as such, such party will promptly notify the other party and within 30 days appoint a substitute process agent acceptable to the other party. The parties irrevocably consent to service of process given in the manner provided for notices in Section 12(a)(i), 12(a)(iii) or 12(a)(iv). Nothing in this Agreement will affect the right of either party to serve process in any other manner permitted by applicable law.

(d) Waiver of Immunities. Each party irrevocably waives, to the extent permitted by applicable law, with respect to itself and its revenues and assets (irrespective of their use or intended use), all immunity on the grounds of sovereignty or other similar grounds from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction or order for specific performance or recovery of property, (iv) attachment of its assets (whether before or after judgment) and (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be entitled in any Proceedings in the courts of any jurisdiction and irrevocably agrees, to the extent permitted by applicable law, that it will not claim any such immunity in any Proceedings.

14. Definitions

As used in this Agreement:—

"Additional Representation" has the meaning specified in Section 3.

"Additional Termination Event" has the meaning specified in Section 5(b).

"Affected Party" has the meaning specified in Section 5(b).

"Affected Transactions" means (a) with respect to any Termination Event consisting of an Illegality, Force Majeure Event, Tax Event or Tax Event Upon Merger, all Transactions affected by the occurrence of such Termination Event (which, in the case of an Illegality under Section 5(b)(i)(2) or a Force Majeure Event under Section 5(b)(ii)(2), means all Transactions unless the relevant Credit Support Document references only certain Transactions, in which case those Transactions and, if the relevant Credit Support Document constitutes a Confirmation for a Transaction, that Transaction) and (b) with respect to any other Termination Event, all Transactions.

"Affiliate" means, subject to the Schedule, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person.

"Agreement" has the meaning specified in Section 1(c).

"Applicable Close-out Rate" means:—

(a) in respect of the determination of an Unpaid Amount:—

(i) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Defaulting Party, the Default Rate;

(ii) in respect of obligations payable or deliverable (or which would have been but for Section 2(a)(iii)) by a Non-defaulting Party, the Non-default Rate;

(iii) in respect of obligations deferred pursuant to Section 5(d), if there is no Defaulting Party and for so long as the deferral period continues, the Applicable Deferral Rate; and

(iv) in all other cases following the occurrence of a Termination Event (except where interest accrues pursuant to clause (iii) above), the Applicable Deferral Rate; and

(b) in respect of an Early Termination Amount:—

(i) for the period from (and including) the relevant Early Termination Date to (but excluding) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable:—

(1) if the Early Termination Amount is payable by a Defaulting Party, the Default Rate;

(2) if the Early Termination Amount is payable by a Non-defaulting Party, the Non-default Rate; and

(3) in all other cases, the Applicable Deferral Rate; and

(ii) for the period from (and including) the date (determined in accordance with Section 6(d)(ii)) on which that amount is payable to (but excluding) the date of actual payment:—

(1) if a party fails to pay the Early Termination Amount due to the occurrence of an event or circumstance which would, if it occurred with respect to a payment or delivery under a Transaction, constitute or give rise to an Illegality or a Force Majeure Event, and for so long as the Early Termination Amount remains unpaid due to the continuing existence of such event or circumstance, the Applicable Deferral Rate;

(2) if the Early Termination Amount is payable by a Defaulting Party (but excluding any period in respect of which clause (1) above applies), the Default Rate;

(3) if the Early Termination Amount is payable by a Non-defaulting Party (but excluding any period in respect of which clause (1) above applies), the Non-default Rate; and

(4) in all other cases, the Termination Rate.

"Applicable Deferral Rate" means:—

(a) for the purpose of Section 9(h)(i)(3)(A), the rate certified by the relevant payer to be a rate offered to the payer by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market;

(b) for purposes of Section 9(h)(i)(3)(B) and clause (a)(iii) of the definition of Applicable Close-out Rate, the rate certified by the relevant payer to be a rate offered to prime banks by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the payer after consultation with the other party, if practicable, for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market; and

(c) for purposes of Section 9(h)(i)(3)(C) and clauses (a)(iv), (b)(i)(3) and (b)(ii)(1) of the definition of Applicable Close-out Rate, a rate equal to the arithmetic mean of the rate determined pursuant to clause (a) above and a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount.

"Automatic Early Termination" has the meaning specified in Section 6(a).

"Burdened Party" has the meaning specified in Section 5(b)(iv).

"Change in Tax Law" means the enactment, promulgation, execution or ratification of, or any change in or amendment to, any law (or in the application or official interpretation of any law) that occurs after the parties enter into the relevant Transaction.

"Close-out Amount" means, with respect to each Terminated Transaction or each group of Terminated Transactions and a Determining Party, the amount of the losses or costs of the Determining Party that are or would be incurred under then prevailing circumstances (expressed as a positive number) or gains of the Determining Party that are or would be realised under then prevailing circumstances (expressed as a negative number) in replacing, or in providing for the Determining Party the economic equivalent of, (a) the material terms of that Terminated Transaction or group of Terminated Transactions, including the payments and deliveries by the parties under Section 2(a)(i) in respect of that Terminated Transaction or group of Terminated Transactions that would, but for the occurrence of the relevant Early Termination Date, have been required after that date (assuming satisfaction of the conditions precedent in

Section 2(a)(iii)) and (b) the option rights of the parties in respect of that Terminated Transaction or group of Terminated Transactions.

Any Close-out Amount will be determined by the Determining Party (or its agent), which will act in good faith and use commercially reasonable procedures in order to produce a commercially reasonable result. The Determining Party may determine a Close-out Amount for any group of Terminated Transactions or any individual Terminated Transaction but, in the aggregate, for not less than all Terminated Transactions. Each Close-out Amount will be determined as of the Early Termination Date or, if that would not be commercially reasonable, as of the date or dates following the Early Termination Date as would be commercially reasonable.

Unpaid Amounts in respect of a Terminated Transaction or group of Terminated Transactions and legal fees and out-of-pocket expenses referred to in Section 11 are to be excluded in all determinations of Close-out Amounts.

In determining a Close-out Amount, the Determining Party may consider any relevant information, including, without limitation, one or more of the following types of information: —

(i) quotations (either firm or indicative) for replacement transactions supplied by one or more third parties that may take into account the creditworthiness of the Determining Party at the time the quotation is provided and the terms of any relevant documentation, including credit support documentation, between the Determining Party and the third party providing the quotation;

(ii) information consisting of relevant market data in the relevant market supplied by one or more third parties including, without limitation, relevant rates, prices, yields, yield curves, volatilities, spreads, correlations or other relevant market data in the relevant market; or

(iii) information of the types described in clause (i) or (ii) above from internal sources (including any of the Determining Party's Affiliates) if that information is of the same type used by the Determining Party in the regular course of its business for the valuation of similar transactions.

The Determining Party will consider, taking into account the standards and procedures described in this definition, quotations pursuant to clause (i) above or relevant market data pursuant to clause (ii) above unless the Determining Party reasonably believes in good faith that such quotations or relevant market data are not readily available or would produce a result that would not satisfy those standards. When considering information described in clause (i), (ii) or (iii) above, the Determining Party may include costs of funding, to the extent costs of funding are not and would not be a component of the other information being utilised. Third parties supplying quotations pursuant to clause (i) above or market data pursuant to clause (ii) above may include, without limitation, dealers in the relevant markets, end-users of the relevant product, information vendors, brokers and other sources of market information.

Without duplication of amounts calculated based on information described in clause (i), (ii) or (iii) above, or other relevant information, and when it is commercially reasonable to do so, the Determining Party may in addition consider in calculating a Close-out Amount any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction or group of Terminated Transactions (or any gain resulting from any of them).

Commercially reasonable procedures used in determining a Close-out Amount may include the following:—

(1) application to relevant market data from third parties pursuant to clause (ii) above or information from internal sources pursuant to clause (iii) above of pricing or other valuation models that are, at the time of the determination of the Close-out Amount, used by the Determining Party in the regular course of its business in pricing or valuing transactions between the Determining Party and unrelated third parties that are similar to the Terminated Transaction or group of Terminated Transactions; and

(2) application of different valuation methods to Terminated Transactions or groups of Terminated Transactions depending on the type, complexity, size or number of the Terminated Transactions or group of Terminated Transactions.

"Confirmation" has the meaning specified in the preamble.

"consent" includes a consent, approval, action, authorisation, exemption, notice, filing, registration or exchange control consent.

"Contractual Currency" has the meaning specified in Section 8(a).

"Convention Court" means any court which is bound to apply to the Proceedings either Article 17 of the 1968 Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters or Article 17 of the 1988 Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters.

"Credit Event Upon Merger" has the meaning specified in Section 5(b).

"Credit Support Document" means any agreement or instrument that is specified as such in this Agreement.

"Credit Support Provider" has the meaning specified in the Schedule.

"Cross-Default" means the event specified in Section 5(a)(vi).

"Default Rate" means a rate per annum equal to the cost (without proof or evidence of any actual cost) to the relevant payee (as certified by it) if it were to fund or of funding the relevant amount plus 1% per annum.

"Defaulting Party" has the meaning specified in Section 6(a).

"Designated Event" has the meaning specified in Section 5(b)(v).

"Determining Party" means the party determining a Close-out Amount.

"Early Termination Amount" has the meaning specified in Section 6(e).

"Early Termination Date" means the date determined in accordance with Section 6(a) or 6(b)(iv).

"electronic messages" does not include e-mails but does include documents expressed in markup languages, and ***"electronic messaging system"*** will be construed accordingly.

"English law" means the law of England and Wales, and ***"English"*** will be construed accordingly.

"Event of Default" has the meaning specified in Section 5(a) and, if applicable, in the Schedule.

"Force Majeure Event" has the meaning specified in Section 5(b).

"General Business Day" means a day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits).

"Illegality" has the meaning specified in Section 5(b).

"Indemnifiable Tax" means any Tax other than a Tax that would not be imposed in respect of a payment under this Agreement but for a present or former connection between the jurisdiction of the government or taxation authority imposing such Tax and the recipient of such payment or a person related to such recipient (including, without limitation, a connection arising from such recipient or related person being or having been a citizen or resident of such jurisdiction, or being or having been organised, present or engaged in a trade or business in such jurisdiction, or having or having had a permanent establishment or fixed place of business in such jurisdiction, but excluding a connection arising solely from such recipient or related person having executed, delivered, performed its obligations or received a payment under, or enforced, this Agreement or a Credit Support Document).

"law" includes any treaty, law, rule or regulation (as modified, in the case of tax matters, by the practice of any relevant governmental revenue authority), and ***"unlawful"*** will be construed accordingly.

"Local Business Day" means (a) in relation to any obligation under Section 2(a)(i), a General Business Day in the place or places specified in the relevant Confirmation and a day on which a relevant settlement system is open or operating as specified in the relevant Confirmation or, if a place or a settlement system is not so specified, as otherwise agreed by the parties in writing or determined pursuant to provisions contained, or incorporated by reference, in this Agreement, (b) for the purpose of determining when a Waiting Period expires, a General Business Day in the place where the event or circumstance that constitutes or gives rise to the Illegality or Force Majeure Event, as the case may be, occurs, (c) in relation to any other payment, a General Business Day in the place where the relevant account is located and, if different, in the principal financial centre, if any, of the currency of such payment and, if that currency does not have a single recognised principal financial centre, a day on which the settlement system necessary to accomplish such payment is open, (d) in relation to any notice or other communication, including notice contemplated under Section 5(a)(i), a General Business Day (or a day that would have been a General Business Day but for the occurrence of an event or circumstance which would, if it occurred with respect to payment, delivery or compliance related to a Transaction, constitute or give rise to an Illegality or a Force Majeure Event) in the place specified in the address for notice provided by the recipient and, in the case of a notice contemplated by Section 2(b), in the place where the relevant new account is to be located and (e) in relation to Section 5(a)(v)(2), a General Business Day in the relevant locations for performance with respect to such Specified Transaction.

"Local Delivery Day" means, for purposes of Sections 5(a)(i) and 5(d), a day on which settlement systems necessary to accomplish the relevant delivery are generally open for business so that the delivery is capable of being accomplished in accordance with customary market practice, in the place specified in the relevant Confirmation or, if not so specified, in a location as determined in accordance with customary market practice for the relevant delivery.

"Master Agreement" has the meaning specified in the preamble.

"Merger Without Assumption" means the event specified in Section 5(a)(viii).

"Multiple Transaction Payment Netting" has the meaning specified in Section 2(c).

"Non-affected Party" means, so long as there is only one Affected Party, the other party.

"Non-default Rate" means the rate certified by the Non-defaulting Party to be a rate offered to the Non-defaulting Party by a major bank in a relevant interbank market for overnight deposits in the applicable currency, such bank to be selected in good faith by the Non-defaulting Party for the purpose of obtaining a representative rate that will reasonably reflect conditions prevailing at the time in that relevant market.

"Non-defaulting Party" has the meaning specified in Section 6(a).

"Office" means a branch or office of a party, which may be such party's head or home office.

"Other Amounts" has the meaning specified in Section 6(f).

"Payee" has the meaning specified in Section 6(f).

"Payer" has the meaning specified in Section 6(f).

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

"Proceedings" has the meaning specified in Section 13(b).

"Process Agent" has the meaning specified in the Schedule.

"rate of exchange" includes, without limitation, any premiums and costs of exchange payable in connection with the purchase of or conversion into the Contractual Currency.

"Relevant Jurisdiction" means, with respect to a party, the jurisdictions (a) in which the party is incorporated, organised, managed and controlled or considered to have its seat, (b) where an Office through which the party is acting for purposes of this Agreement is located, (c) in which the party executes this Agreement and (d) in relation to any payment, from or through which such payment is made.

"Schedule" has the meaning specified in the preamble.

"Scheduled Settlement Date" means a date on which a payment or delivery is to be made under Section 2(a)(i) with respect to a Transaction.

"Specified Entity" has the meaning specified in the Schedule.

"Specified Indebtedness" means, subject to the Schedule, any obligation (whether present or future, contingent or otherwise, as principal or surety or otherwise) in respect of borrowed money.

"Specified Transaction" means, subject to the Schedule, (a) any transaction (including an agreement with respect to any such transaction) now existing or hereafter entered into between one party to this Agreement (or any Credit Support Provider of such party or any applicable Specified Entity of such party) and the other party to this Agreement (or any Credit Support Provider of such other party or any applicable Specified Entity of such other party) which is not a Transaction under this Agreement but (i) which is a rate swap transaction, swap option, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap, equity or equity index option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option, credit protection transaction, credit swap, credit default swap, credit default option, total return swap, credit spread transaction, repurchase transaction, reverse repurchase transaction, buy/sell-back transaction, securities lending transaction, weather index transaction or forward purchase or sale of a security, commodity or other financial instrument or interest (including any option with respect to any of these transactions) or (ii) which is a type of transaction that is similar to any transaction referred to in clause (i) above that is currently, or in the future becomes, recurrently entered into in the financial markets (including terms and conditions incorporated by reference in such agreement) and which is a forward, swap, future, option or other derivative on one or more rates, currencies, commodities, equity securities or other equity instruments, debt securities or other debt instruments, economic indices or measures of economic risk or value, or other benchmarks against which payments or deliveries are to be made, (b) any combination of these transactions and (c) any other transaction identified as a Specified Transaction in this Agreement or the relevant confirmation.

"Stamp Tax" means any stamp, registration, documentation or similar tax.

"Stamp Tax Jurisdiction" has the meaning specified in Section 4(e).

"Tax" means any present or future tax, levy, impost, duty, charge, assessment or fee of any nature (including interest, penalties and additions thereto) that is imposed by any government or other taxing authority in respect of any payment under this Agreement other than a stamp, registration, documentation or similar tax.

"Tax Event" has the meaning specified in Section 5(b).

"Tax Event Upon Merger" has the meaning specified in Section 5(b).

"Terminated Transactions" means, with respect to any Early Termination Date, (a) if resulting from an Illegality or a Force Majeure Event, all Affected Transactions specified in the notice given pursuant to Section 6(b)(iv), (b) if resulting from any other Termination Event, all Affected Transactions and (c) if resulting from an Event of Default, all Transactions in effect either immediately before the effectiveness of the notice designating that Early Termination Date or, if Automatic Early Termination applies, immediately before that Early Termination Date.

"Termination Currency" means (a) if a Termination Currency is specified in the Schedule and that currency is freely available, that currency, and (b) otherwise, euro if this Agreement is expressed to be governed by English law or United States Dollars if this Agreement is expressed to be governed by the laws of the State of New York.

"Termination Currency Equivalent" means, in respect of any amount denominated in the Termination Currency, such Termination Currency amount and, in respect of any amount denominated in a currency other than the Termination Currency (the "Other Currency"), the amount in the Termination Currency determined by the party making the relevant determination as being required to purchase such amount of such Other Currency as at the relevant Early Termination Date, or, if the relevant Close-out Amount is determined as of a later date, that later date, with the Termination Currency at the rate equal to the spot exchange rate of the foreign exchange agent (selected as provided below) for the purchase of such Other Currency with the Termination Currency at or about 11:00 a.m. (in the city in which such foreign exchange agent is located) on such date as would be customary for the determination of such a rate for the purchase of such Other Currency for value on the relevant Early Termination Date or that later date. The foreign exchange agent will, if only one party is obliged to make a determination under Section 6(e), be selected in good faith by that party and otherwise will be agreed by the parties.

"Termination Event" means an Illegality, a Force Majeure Event, a Tax Event, a Tax Event Upon Merger or, if specified to be applicable, a Credit Event Upon Merger or an Additional Termination Event.

"Termination Rate" means a rate per annum equal to the arithmetic mean of the cost (without proof or evidence of any actual cost) to each party (as certified by such party) if it were to fund or of funding such amounts.

"Threshold Amount" means the amount, if any, specified as such in the Schedule.

"Transaction" has the meaning specified in the preamble.

"Unpaid Amounts" owing to any party means, with respect to an Early Termination Date, the aggregate of (a) in respect of all Terminated Transactions, the amounts that became payable (or that would have become payable but for Section 2(a)(iii) or due but for Section 5(d)) to such party under Section 2(a)(i) or 2(d)(i)(4) on or prior to such Early Termination Date and which remain unpaid as at such Early Termination Date, (b) in respect of each Terminated Transaction, for each obligation under Section 2(a)(i) which was (or would have been but for Section 2(a)(iii) or 5(d)) required to be settled by delivery to such party on or prior to such Early Termination Date and which has not been so settled as at such Early Termination Date, an amount equal to the fair market value of that which was (or would have been) required to be delivered and (c) if the Early Termination Date results from an Event of Default, a Credit Event Upon Merger or an Additional Termination Event in respect of which all outstanding Transactions are Affected Transactions, any Early Termination Amount due prior to such Early Termination Date and which remains unpaid as of such Early Termination Date, in each case together with any amount of interest accrued or other

compensation in respect of that obligation or deferred obligation, as the case may be, pursuant to Section 9(h)(ii)(1) or (2), as appropriate. The fair market value of any obligation referred to in clause (b) above will be determined as of the originally scheduled date for delivery, in good faith and using commercially reasonable procedures, by the party obliged to make the determination under Section 6(e) or, if each party is so obliged, it will be the average of the Termination Currency Equivalents of the fair market values so determined by both parties.

"Waiting Period" means:—

(a) in respect of an event or circumstance under Section 5(b)(i), other than in the case of Section 5(b)(i)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of three Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance; and

(b) in respect of an event or circumstance under Section 5(b)(ii), other than in the case of Section 5(b)(ii)(2) where the relevant payment, delivery or compliance is actually required on the relevant day (in which case no Waiting Period will apply), a period of eight Local Business Days (or days that would have been Local Business Days but for the occurrence of that event or circumstance) following the occurrence of that event or circumstance.

IN WITNESS WHEREOF the parties have executed this document on the respective dates specified below with effect from the date specified on the first page of this document.

[The balance of this page is blank. Signatures on next page.]

People's United Bank, National Association

By:/s/Denise LeMay
Denise LeMay
Derivative Sales, SVP

The Eastern Company

By:/s/Gene A. Finelli
Gene A. Finelli
Its Treasurer
Duly Authorized

[Signature Page to ISDA Master Agreement]

Exhibit 99.3

ISDA®

International Swaps and Derivatives Association, Inc.

SCHEDULE
to the
2002 Master Agreement

dated as of April 3, 2017

between

People's United Bank, National Association and **The Eastern Company**
("Party A") ("Party B")

established as a national banking association with company number 06-1213065 organized under the laws of the United States of America

established as a corporation with company number 06-0330020 under the laws of the State of Connecticut

Part 1. **Termination Provisions.**

(a) ***"Specified Entity"*** means in relation to Party A for the purpose of:—
Section 5(a)(v), Not Applicable.
Section 5(a)(vi), Not Applicable.
Section 5(a)(vii), Not Applicable.
Section 5(b)(v), Not Applicable.

and in relation to Party B for the purpose of:—
Section 5(a)(v), Party B, all Guarantors and Credit Support Providers.
Section 5(a)(vi), Party B, all Guarantors and Credit Support Providers.
Section 5(a)(vii), Party B, all Guarantors and Credit Support Providers.
Section 5(b)(v), Party B, all Guarantors and Credit Support Providers.

(b) ***"Specified Transaction"*** will have the meaning specified in Section 14 of this Agreement.

(c) The ***"Cross-Default"*** provisions of Section 5(a)(vi) will not apply to Party A and will apply to Party B.

For purposes of Cross Default, the following terms shall have the meanings specified here:

"Specified Indebtedness" means any payment obligation of Party B, whether for borrowed money or otherwise, whether direct or indirect, absolute or contingent, due or to become due, now or in the future to Party A or any Affiliate of Party A.

"Threshold Amount" means with respect to Party B, $250,000.

(d) The ***"Credit Event Upon Merger"*** provisions of Section 5(b)(v) will not apply to Party A and will apply to Party B

(e) The ***"Automatic Early Termination"*** provision of Section 6(a) will not apply to Party A and will not apply to Party B.

(f) ***"Termination Currency"*** means U.S. Dollars.

(g) ***Additional Termination Event*** will apply to Party B only. Each of the following will constitute an Additional Termination Event with respect to which Party B shall be the sole Affected Party:—

(i) Change of Control. Refer to the "Event of Default" tied to "Change in Control" set forth in the Amended and Restated Loan Agreement made part of the Credit Support Documents (as defined in Part 4(f) of the Schedule)
(ii) Key Person. Not applicable.
(iii) Prepayment. The prepayment in full by Party B of the Loan for any reason.
(iv) Party A is no longer a party to the Credit Support Documents or if for any reason the Credit Support Documents are terminated and/or Party A's commitment to lend thereunder (whether discretionary or otherwise) is terminated.
(v) Party A shall at any time determine, in its sole discretion, that the creditworthiness of Party B has materially decreased.
(vi) Any amendment or modification is made to the Credit Support Documents to which Party A has not given consent.
(vii) A default, event of default, termination event or other similar event or condition shall have occurred and be continuing with respect to Party B under any other agreement between Party A and Party B.
(viii) Party B shall at any time fail to deliver any of the documents to be delivered under Parts 3(a) or (b) of this Schedule within the time periods specified for such deliveries

Part 2. **Tax Representations.**

(a) ***Payer Representations.*** For the purpose of Section 3(e) of this Agreement, Party A and Party B each make the following representation:—

It is not required by any applicable law, as modified by the practice of any relevant governmental revenue authority, of any Relevant Jurisdiction to make any deduction or withholding for or on account of any Tax from any payment (other than interest under Section 2(e), 6(d)(ii) or 6(e) of this Agreement) to be made by it to the other party under this Agreement. In making this representation, it may rely on (i) the accuracy of any representations made by the other party pursuant to Section 3(f) of this Agreement, (ii) the satisfaction of the agreement contained in Section 4(a)(i) or 4(a)(iii) of this Agreement and the accuracy and effectiveness of any document provided by the other party pursuant to Section 4(a)(i) or 4(a)(iii) of this Agreement and (iii) the satisfaction of the agreement of the other party contained in Section 4(d) of this Agreement;

Provided that it shall not be a breach of this representation where reliance is placed on clause (ii) and the other party does not deliver a form or document under Section 4(a)(iii) by reason of material prejudice to its legal or commercial position.

(b) ***Payee Representations.*** For the purpose of Section 3(f) of this Agreement:—

(i) Party A makes the following representation: None
Party B makes the following representation: None

Part 3. **Agreement to Deliver Documents.**

For the purpose of Sections 4(a)(i) and 4(a)(ii) of this Agreement, each party agrees to deliver the following documents, as applicable:—

(a) Tax forms, documents or certificates to be delivered are:—

Party required to deliver document	**Form/Document/ Certificate**	**Date by which delivered**	**Covered by Section 3(d) Representation**
Party B	Internal Revenue Service Form W-9 (or any successor form)	Upon execution of this Agreement	Yes
Party B	Any form or document reasonably requested by the other party, including without limitation, any form or document required to enable such other party to make payments hereunder without withholding for or on account of Taxes or with such withholding at a reduced rate.	Upon execution of this Agreement.	Yes

(b) Other documents to be delivered are:—

Party required to deliver document	Form/Document/ Certificate	Date by which to be delivered	Covered by Section 3(d) Representation
Party A and Party B	Certificate of incumbency containing specimen signatures of each person executing the Agreement and if requested, any Confirmation	Upon execution of this Agreement	Yes
Party B	Borrower's Resolution	Upon execution of this Agreement	Yes
Party B	Each Credit Support Document of Party B listed in Part 4(f) of this Schedule	Upon execution of this Agreement	Yes
Party B	Annual Audited Financial Statements	Promptly upon reasonable request	Yes
Party B	An opinion of counsel to Party B as to validity and enforceability of this Agreement and any Credit Support Document against Party B or its Credit Support Providers, as applicable.	Upon execution of this Agreement	Yes
Party B	An executed copy of the Risk Disclosure Statement attached hereto.	Upon execution of this Agreement.	Yes
Party B	Such other documents as Party A may reasonable request in connection with each transaction	Promptly upon reasonable request	Yes
Party B	Annual audited consolidated financial statements for each Credit Support Provider	Promptly upon reasonable request	Yes

Part 4. **Miscellaneous.**

(a) ***Addresses for Notices.*** For the purpose of Section 12(a) of this Agreement:—

Address for notices or communications to Party A:—

Address: 850 Main Street, Bridgeport, CT. 06604
Attention: Director, Treasury Operations
Facsimile No.: 203-338-3457 Telephone No.: 203-338- 4131
E-mail: Jeffrey.Ackerman@Peoples.com
Address for notices or communications to Party B:—

Address: 112 Bridge Street, Naugatuck, CT 06770-6460
Attention: John L. Sullivan III, Vice President and CFO
Facsimile No.: 203-723-8653 Telephone No.203:729-2255
E-mail: jsullivan@easterncompany.com

(b) ***Process Agent.*** For the purpose of Section 13(c) of this Agreement:—

Party A appoints as its Process Agent: not applicable
Party B appoints as its Process Agent: not applicable

(c) ***Offices.*** The provisions of Section 10(a) will apply to this Agreement.

(d) ***Multibranch Party.*** For the purpose of Section 10(b) of this Agreement:—

Party A is not a Multibranch Party.
Party B is not a Multibranch Party

(e) ***Calculation Agent.*** The Calculation Agent is Party A

(f) ***Credit Support Document.*** Details of any Credit Support Document:—
With Respect to Party A: None
With Respect to Party B means each document which, by its terms, secures, guarantees or otherwise supports Party B's obligations hereunder from time to time, whether or not this Agreement, any Transaction, or any type of Transaction entered into hereunder is specifically referenced or described in any such document, as heretofore been or may hereinafter be from time to time amended, supplemented, modified or restated with the consent of Party A.
That certain Amended and Restated Loan Agreement dated as of April 3, 2017 (but effective as of April 1, 2017), by and between Party B and Party A, that certain Security Agreement dated as of April 3, 2017 (but effective as of April 1, 2017), executed by Party B in favor of Party A, those certain Unconditional, Unlimited Continuing Guaranty of Payment and Performance agreements, each dated as of April 3, 2017

(but effective as of April 1, 2017), executed by each of Velvac Holdings, Inc., a Delaware corporation, Velvac, Incorporated, a Delaware corporation, Velvac International, Inc., a Delaware corporation, and Road-iQ, LLC, a Delaware limited liability company (collectively, the "Guarantors"), in favor of Party A, those certain Security Agreements dated as of April 3, 2017 (but effective as of April 1, 2017), executed by each of the Guarantors in favor of Party A, and those certain real property mortgages and assignments of leases and rents to be executed and delivered by Party B in favor of Party A within sixty (60) days after the date hereof.

(g) ***Credit Support Provider.*** Credit Support Provider means in relation to Party A, none
Credit Support Provider means in relation to Party B,

Each of the Guarantors.

(h) ***Governing Law.*** This Agreement will be governed by and construed in accordance with the laws of the State of New York (without reference to choice of law doctrine).

(i) ***Netting of Payments.*** "Multiple Transaction Payment Netting" will apply for the purpose of Section 2(c) of this Agreement to all Transactions in each case starting from the date of this Agreement.

(j) ***"Affiliate"*** will have the meaning specified in Section 14 of this Agreement

(k) ***Absence of Litigation.*** For the purpose of Section 3(c):—

"Specified Entity" means in relation to Party A, None

"Specified Entity" means in relation to Party B, all Guarantors and Credit Support Providers

(l) ***No Agency.*** The provisions of Section 3(g) will apply to this Agreement.

(m) ***Additional Representation*** will apply. For the purpose of Section 3 of this Agreement, the following will constitute an Additional Representation:—

(i) ***Relationship Between Parties.*** Each party will be deemed to represent to the other party on the date on which it enters into a Transaction that (absent a written agreement between the parties that expressly imposes affirmative obligations to the contrary for that Transaction):—

(1) *Non-Reliance.* It is acting for its own account, and it has made its own independent decisions to enter into that Transaction and as to whether that Transaction is appropriate or proper for it based upon its own judgment and upon advice from such advisers as it has deemed necessary. It is not relying on any communication (written or oral) of the other party as investment advice or as a recommendation to enter into that Transaction, it being understood that information and explanations related to the terms and conditions of a Transaction will not be considered investment advice or a recommendation to enter into that Transaction. No communication (written or oral) received from the other party will be deemed to be an assurance or guarantee as to the expected results of that Transaction.

(2) *Assessment and Understanding.* It is capable of assessing the merits of and understanding (on its own behalf or through independent professional advice), and understands and

accepts, the terms, conditions and risks of that Transaction. It is also capable of assuming, and assumes, the risks of that Transaction.

(3) *Status of Parties.* The other party is not acting as a fiduciary for or an adviser to it in respect of that Transaction.

(n) ***Recording of Conversations.*** Each party (i) consents to the recording of telephone conversations between the trading, marketing and other relevant personnel of the parties in connection with this Agreement or any potential Transaction, (ii) agrees to obtain any necessary consent of, and give any necessary notice of such recording to, its relevant personnel and (iii) agrees, to the extent permitted by applicable law, that recordings may be submitted in evidence in any Proceedings**.**

Part 5. **Other Provisions.**

(a) **2006 ISDA Definitions.** The provisions of the 2006 ISDA Definitions (the "Definitions"), published by the International Swaps and Derivatives Association, Inc., are incorporated by reference in, and will be deemed to be part of, this Agreement and each Confirmation as if set forth in full in this Agreement or in such Confirmation, without regard to any revision or subsequent edition thereof. In the event of any inconsistency between the provisions of this Agreement and the Definitions, this Agreement will prevail. In the event of any inconsistency between the provisions of any Confirmation and this Agreement or the Definitions, such Confirmation will prevail for the purpose of the relevant transaction.

(b) **Bankruptcy Code.** The parties hereto intend that this Agreement shall be a "master agreement" for purposes of 11 U.S.C. &101(53B) and 12 U.S.C. &1821(e)(8)(D)(vii), or any successor provisions.

(c) **Commodity Exchange Act**.
Each party represents to the other party on and as of the date hereof and on each date on which a Transaction is entered into among them that:

(i) such party is an **"eligible contract participant"** as defined in the U.S. Commodity Exchange Act, as amended (the "CEA");
(ii) neither this Agreement nor any Transaction has been executed or traded on a "trading facility" as such term is defined in the CEA; and
(iii) the terms of this Agreement and each Transaction have been subject to individual negotiation.

(d) **WAIVER OF JURY TRIAL: EACH PARTY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY SUIT, ACTION, OR PROCEEDING RELATING TO THIS AGREEMENT, ANY CREDIT SUPPORT DOCUMENT OR ANY TRANSACTION**.

(e) **Incorporation by Reference of Terms of Credit Support Documents.** The covenant, terms and provisions of, including all representations and warranties of Party B contained in the Credit Support Documents (as defined in Part 4(f) of this Schedule), as in effect as of the date of this Agreement, are hereby incorporated by reference in, and made part of, this Agreement to the same extent as if such covenants, terms, and provisions were set forth in full herein. Party B hereby agrees that, during the period commencing with the date of this Agreement through and including such date on which all of Party B's obligations under this Agreement are fully performed, Party B will (a) observe, perform, and fulfill each and every such covenant, term, and provision applicable to Party B, as such covenants, terms, and provisions, may be amended from time to time after the date of this Agreement with the consent of Party A and (b) deliver to Party A at the address for notices to Party A provided in Part 4 each notice, document, certificate or other writing as Party B is obligated to furnish to any other party to the Credit Support Documents. In the event the Credit Support Documents terminate or become no longer binding on Party B prior to

the termination of this Agreement, such covenants, terms and provisions (other than those requiring payments in respect of amounts owed under the Credit Support Documents) will remain in force and effect for purposes of this Agreement as though set forth in full herein until the date on which all of Party B's obligations under the Agreement are fully performed, and this Agreement is terminated.

(f) **Setoff.** Notwithstanding the generality of the provisions of Part 5(e) above of this Schedule, Party B and each Credit Support Provider for Party B and each specified Entity of Party B (herein each a "Party B Obligated Party" "Party B Obligated Parties") hereby give Party A a lien and right of set off for all of Party B Obligated Parties' liabilities and obligations upon and against all the deposits, credits, collateral and property of Party B Obligated Parties, no or hereafter in the possession, custody, safekeeping or control of Party A or any entity under the control of People's United Bank, N.A. or in transit to any of them. At any time upon or after a Termination Event or the occurrence of an Event of Default under the Credit Support Documents, without demand or notice, Party A may set off the same or any part thereof and apply the same to any liability or obligation of any Party B Obligated Party to Party A, even though unmatured.

(g) **Additional Party B Representations and Agreements.**
Without limiting the provisions of Section 4 of this Agreement, but as a supplement thereto, Party B agrees with Party A that, so long as Party B has or may have any obligation under this Agreement, Party B will:

(i) Eligible Contract Participant; Accredited Investor. It is an "**Eligible Contract Participant"** (as defined in the US Code, Title 7, Chapter 1, Section 1a; Commodity Exchange Act, as amended); and an "**Accredited Investor**" (as defined by the SEC) in Section 2(a)(15)(ii) of the Securities Act of 1933

(ii) maintain and be in compliance with its organizational documents and all applicable securities law and other regulatory requirements applicable to Party B and promptly deliver to Party A all amendments, supplements or revisions to any of its organizational documents if such amendments, supplements or revisions are material to this Agreement or to Party B's performance hereunder,

(iii) notify Party A immediately upon the occurrence of, or upon becoming aware of the occurrence of, an Event of Default, a Termination Event or Additional Termination Event (or an event the occurrence of which upon the giving of notice or the passage of time (or both) would become an Event of Default, a Termination Event or an Additional Termination Event;

(iv) notify Party A immediately upon becoming aware that any of the representations with respect to Party B set forth in Section 3 of this Agreement ceases to be true and accurate;

(v) Party B understands that the Transactions contemplated hereunder are subject to complex risks which may arise without warning, may at times be volatile, and that losses may occur quickly and in unanticipated magnitude. Party B is a sophisticated Borrower able to evaluate terms, conditions, and risks of the Transactions contemplated hereunder and accepts such terms, conditions and risks.

(vi) Notify Party A promptly after commencement thereof of any actions, suits or proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting Party B, if such actions, suits or proceedings may have or are likely to have a material adverse effect on Party B's ability to perform its obligations under this Agreement; and

(h) **Representations and Agreement.** The representations and agreements in this Schedule will be deemed representations and agreements for all purposes of this Agreement, including without limitation Sections 3, 4, 5(a)(ii) and 5(a)(iv), and will be deemed to be made and repeated at the times specified therein and herein.

(i) **Confirmations.** As provided in Section 9(e)(ii) of this Agreement, the parties intend that they shall be legally bound by the terms of each Transaction from the moment they agree to those terms (whether orally or otherwise). The terms of a Transaction subject to this Agreement orally agreed to shall be deemed to constitute a "Confirmation" as referred to in this Agreement, even if not so specified by the parties. As promptly as practicable after any such oral agreement, the parties shall enter into a definitive Confirmation with respect to such Transaction in accordance with the Section 9(e)(ii) of this Agreement, whereupon such definitive Confirmation shall supersede and replace such oral agreement and such oral agreement shall have no further legal force or effect. For each Transaction, Party A shall send to Party B a definitive Confirmation setting forth the terms of such Transaction and Party B shall execute and return the Confirmation to Party A or request correction of any error within three (3) Business Days of receipt. Failure of Party B to respond within such period shall not affect the validity or enforceability of such Transaction and shall be deemed to be an affirmation of such terms.

(j) In reliance on the **"end-user exception"** provided in the Commodity Exchange Act, Party B has elected ***not*** to clear any Swaps (as defined in that Act) effected pursuant to this Agreement and which are otherwise subject to mandatory clearing pursuant to that Act. This paragraph constitutes written notice to Party A of such election. In connection with such election, Party B hereby:

(i) authorizes Party A to report to a swap data repository, on a Swap-by-Swap basis, the following information: the identity of Party B; Party B's election to rely on the end-user exception; the information described in subsection (ii) below; and any other information required by CFTC Regulation 50.50 (the "End-User Information") as the same may be amended or supplemented from time to time;

(ii) represents and warrants that at the time each Swap is entered into, Party B:

a. is not a "financial entity" as defined in the Commodity Exchange Act;

b. is entering into each Swap to hedge or mitigate commercial risk;

c. generally meets its financial obligations associated with entering into non-cleared Swaps in one or more of the following ways (strike out any that do not apply):

~~i. a written credit support agreement;~~

~~ii. pledged or segregated assets (including posting or receiving margin pursuant to a credit support agreement or otherwise);~~

~~iii. a written third-party guarantee~~;

iv. Party B's available financial resources; or

~~v. Means other than those described above (list if applicable)~~: _____; and

d. is neither an issuer of securities registered under Section 12 or required to file reports under Section 15(d) of the Securities Exchange Act of 1934, nor controlled by an issuer of such securities.

In the event the End-User Information required to be reported by Party A includes information other than or in addition to that described in subsection (ii) above, Party B agrees that it will, in a prompt and timely manner following Party A's request, provide Party A with such additional End-User Information as may be required, and all of such information will be true, accurate and complete in all respects.

IN WITNESS WHEREOF, the parties have executed this Schedule by their duly authorized officers as of the date of the Agreement.

People's United Bank, National Association

By: /s/Denise LeMay
Name: Denise LeMay
Title: Derivative Sales, SVP
Date: April 3, 2017

The Eastern Company

By: /s/Gene A. Finelli
Name: Gene A. Finelli
Title: Treasurer
Date: April 3, 2017

[Signature Page to Schedule to ISDA Master Agreement]

Exhibit 99.4

FOR IMMEDIATE RELEASE

April 4, 2017

EASTERN ANNOUNCES THE ACQUISITION OF VELVAC

- Together, the companies expand their line of uniquely proprietary products for the heavy and medium duty truck, motorhome and specialty vehicle markets.
- Consideration is $39.5 million plus future earnout based on growth of Velvac's Road-iQ™ business.
- The transaction is expected to be breakeven including purchase accounting expenses but before one-time transaction costs in the current fiscal year and accretive to earnings in Fiscal 2018. [1]
- Velvac will become an independent subsidiary of The Eastern Company. Jeff Porter, its President and CEO, will continue to lead the business.

NAUGATUCK, CT – The Eastern Company ("Eastern") (NASDAQ:EML) today announced that it has reached an agreement to acquire 100% of the outstanding shares of Velvac Holdings ("Velvac"), the premier designer and manufacturer of proprietary vision technology for commercial vehicles. Velvac recorded net sales of $58.7 million for fiscal year 2016.

The transaction is expected to be breakeven including purchase accounting expenses but before one-time transaction costs, in the current fiscal year. The transaction is projected to be accretive to Eastern's earnings in Fiscal 2018.[1]

Founded in 1934, Velvac serves diverse markets within the heavy and medium duty truck, motorhome and bus markets. Velvac is a Tier 1 supplier of mirrors and camera-enabled vision systems, representing approximately two-thirds of its revenue. In addition, Velvac sells its aftermarket components and vision systems through its aftermarket channels as well as directly to OEM dealers and OEM parts distribution centers.

Velvac is a leading innovator of proprietary vision systems for commercial vehicles and motorhomes. Velvac introduced its first camera-enabled vision system in 2006 and now sells approximately 45 thousand camera-enabled units annually. Velvac recently introduced its Road-iQ™ 360-degree view camera, recording and communication system and announced TrailerLink™, a new patent-pending solution that supports trailer-to-tractor video and data communications.

"We are delighted to add Velvac to our portfolio of businesses," said August Vlak, President & CEO of Eastern. "Velvac represents an excellent fit for Eastern and helps us expand our presence in the truck and motorhome markets. This transaction also adds a new growth platform, with significant potential to expand margins in the future."

Mr. Vlak continued, "We believe Velvac will become a strong contributor to our top line and earnings growth. We look forward to working with Jeff Porter, Velvac's President & CEO, and his talented team for many years to come."

Mr. Porter said "We are proud of the team and the business we have built over the past 11 years with the support of Prospect Partners. Eastern now gives us the stable, knowledgeable platform we need to grow, and we are excited to partner with Eastern to help take Velvac to the next level."

About Eastern

The Eastern Company is a 159-year-old manufacturer of custom-engineered components and products, including industrial hardware, security products and metal castings. It operates from 13 locations in the U.S., Canada, Mexico, Taiwan and China. The broad range of the Company's products, helps it to respond to the changing requirements across diverse markets, including heavy and medium trucks, mining, commercial laundry, electronics, military and other industrials.

About Velvac

Velvac, Inc. (www.velvac.com) is a leading supplier of vision systems and components to heavy & medium duty truck OEMs, recreational and specialty vehicle OEMs, and over 4,000 aftermarket distribution locations in North America. As a TS 16949 and ISO 14001 certified company, Velvac continually upgrades and expands its operations and quality systems to improve customer satisfaction and the reliability of its broad product line, while developing and manufacturing innovative new products to meet customers' changing needs. Road-iQ LLC (www.road-iq.com) is a subsidiary company of Velvac, Inc.

1 Safe Harbor

Statements in this news release include, or may be based upon, management's current expectations, estimates and/or projections about Eastern's markets and

industries. These statements are forward-looking statements within the meaning of The Private Securities Litigation Reform Act of 1995. Actual results may materially differ from those indicated by such forward-looking statements as a result of certain risks, uncertainties and assumptions that are difficult to predict. Among the factors that could cause actual results to differ are the impact of implementation of government regulations and programs affecting our businesses, unforeseen legal judgments, fines or settlements, uncertainty in conditions in the financial and banking markets, general domestic and international economy including more specifically economic conditions in the power generation, medical equipment and other high-reliability magnetics markets, the impact of foreign exchange, increases in raw material costs, the ability to substitute less expensive alternative raw materials, the ability to continue to successfully implement productivity improvements, increase market share, access new markets, introduce new products, enhance our presence in strategic channels, the successful expansion and automation of manufacturing capabilities and diversification efforts in emerging markets, the ability to continue to achieve cost savings through lean manufacturing, cost reduction activities, and low cost sourcing, effective completion of plant consolidations, successful completion and integration of acquisitions and the other factors discussed in the Annual Report of Eastern on Form 10-K for the fiscal year ending December 31, 2016 which is on file with the Securities and Exchange Commission, and any subsequent periodic reports filed by Eastern with the Securities and Exchange Commission. In addition, any forward-looking statements represent management's estimates only as of the day made and should not be relied upon as representing management's estimates as of any subsequent date. While Eastern may elect to update forward-looking statements at some point in the future, Eastern and management specifically disclaim any obligation to do so, even if management's estimates change.