CACI INTERNATIONAL INC /DE/

FORM 10-K
(Annual Report)

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Industry	Computer Services
Sector	Technology
Fiscal Year	06/30

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended June 30, 2004

Commission File Number 0-8401

CACI International Inc

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

54-1345888
(I.R.S. Employer Identification No.)

1100 North Glebe Road, Arlington, VA 22201
(Address of principal executive offices)

(703) 841-7800
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
None	None

Securities registered pursuant to Section 12(g) of the Act:

CACI International Inc Common Stock, $0.10 par value
(Title of each class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ . No ☐ .

Indicate by checkmark whether registrant is an accelerated filer (as defined in Rule 12b-2 of the Act.) Yes ☒ . No ☐ .

The aggregate market value of the voting stock held by non-affiliates of the Registrant as of December 31, 2003 was approximately $1,395,300,000.

Indicate the number of shares outstanding of each of the Registrant's classes of Common Stock, as of August 31, 2004: CACI International Inc Common Stock, $.10 par value, 29,157,454 shares.

Documents Incorporated by Reference

(1) The information relating to directors and officers contained in the proxy statement of the Registrant to be filed in connection with its 2004 Annual Meeting of Stockholders is incorporated by reference into Part III, Items 10, 11, 12, 13 and 14 of this Form 10-K.

BUSINESS INFORMATION

Unless the context indicates otherwise, the terms "the Company" and "CACI" as used in Parts I and II, include both CACI International Inc and its subsidiaries. The term "the Registrant", as used in Parts I and II, refers to CACI International Inc only.

PART I

Item 1. Business

Background

CACI International Inc (the "Registrant") was organized as a Delaware corporation under the name of "CACI WORLDWIDE, INC." on October 8, 1985. By a merger effected on June 2, 1986, the Registrant became the parent of CACI, Inc., a Delaware corporation, and CACI N.V., a Netherlands corporation. Effective April 16, 2001, CACI, Inc. was merged into its wholly-owned subsidiary, CACI, INC.-FEDERAL, such that Registrant is now the corporate parent of CACI, INC.-FEDERAL, a Delaware corporation, and CACI N.V., a Netherlands corporation.

The Registrant is a holding company and its operations are conducted through subsidiaries, which are located in the U.S. and Europe.

The Company's telephone number is (703) 841-7800. CACI's internet page can be accessed at www.caci.com . The Company makes its web site content available for information purposes only. It should not be relied upon for investment purposes, nor is it incorporated by reference into this Form 10-K.

Throughout this Form 10-K, the Company incorporates by reference information from parts of other documents filed with the Securities and Exchange Commission, ("SEC"). The SEC allows the Company to disclose important information by referring to it in this manner, and the public should review that information.

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act are made available free of charge on our internet website at www.caci.com as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

Overview

CACI founded its business in 1962 in simulation technology, and has strategically diversified primarily within the information technology ("IT") and communications industries. With fiscal year 2004 ("FY2004") revenue of $1.15 billion, CACI serves clients in the government and commercial markets, primarily throughout North America and internationally on behalf of U.S. customers, as well as the United Kingdom. The Company primarily delivers IT and communications-solutions to clients through four areas of expertise or service offerings: systems integration, managed network services, knowledge management and engineering services. Through these service offerings, the Company provides comprehensive, practical IT and communications solutions by adapting emerging technologies and continually evolving legacy strengths in such areas as information assurance and security, reengineering, logistics and engineering support, automated debt management systems and services, litigation support systems and services, product data management, software development and reuse, voice, data and video communications, simulation and planning, financial and human resource systems and geo-demographic and customer data analysis. As a result of these broad capabilities, many of the Company's client relationships have existed for five years or more.

The Company's high quality service has enabled it to sustain winning repeat business and long-term client relationships and also to compete effectively for new clients and new contracts. The Company is organized to seek competitive business opportunities and has designed its operations to support major programs through centralized business

development and business alliances. CACI has structured its new business development organization to respond to the competitive marketplace, particularly within the federal government, and supports that activity with full-time marketing, sales, communications, and proposal development specialists.

The Company's primary markets - both domestic and international - are agencies of national governments, and major corporations. The demand for CACI's services in large measure is created by the increasingly complex network, systems and information environments in which governments and businesses operate, and by the need to stay current with emerging technology while increasing productivity and, ultimately, performance.

At June 30, 2004, CACI employed approximately 9,300 people. The Company currently operates from its headquarters at Three Ballston Plaza, 1100 North Glebe Road in Arlington, Virginia. CACI has operating offices and facilities in over 123 other locations throughout the United States and Western Europe.

Domestic Operations

CACI's domestic operations are conducted through a number of subsidiaries, and account for all of the domestic revenue generated by the Company. Some of the contracts performed by our domestic operations segment involve assignment of employees to international locations. The Company provides IT and communications solutions to its Federal, Commercial and State and Local clients through all four of its major service offerings: systems integration, managed network services, knowledge management and engineering services. Generally, the solutions offered by our domestic operations are applied by clients to improve their organizational performance by enhancing system infrastructures.

Systems integration offerings combine current systems with new technologies or integrate hardware and software from multiple sources to enhance operations and save time and money. Systems integration services include planning, designing, implementing and managing solutions that resolve specific technical or business needs; extracting core business logic from existing systems and preserving it for migration to more modern environments; helping clients visualize possible changes in processes and systems before implementation; and web-enabling systems and applications, bringing the power of the Internet to clients and system users.

Managed network services offerings include a complete suite of solutions for total life cycle support of global networks. These offerings include planning and building voice, video and data networks; managing network communications infrastructures; operating network systems, including monitoring codes, traffic, security, and fault isolation and resolution; and assuring that information is secure from unauthorized interception and intrusion during its storage and transmission.

Knowledge management offerings encompass a range of information management tools and enabling technologies, including Internet-based user interfaces, commercial off-the-shelf software, and workflow management systems. These technologies enable users to automate all aspects of document administration, including warehousing, retrieving, and sharing, while improving processes, enhancing support and allowing organizations to achieve higher operational efficiencies and mission effectiveness.

Engineering services offerings enable clients to standardize and improve the way they manage the logistical life cycles of systems, products, and material assets, resulting in cost savings and increased productivity. They also provide acquisition support, prototype development and integration, software design and integration, systems life extension and training in the use of analytical and collaboration tools for the U.S. intelligence community. The solutions provided are often coupled with the Company's simulation and programming services to deliver advanced logistics planning solutions.

In fashioning solutions utilizing the technologies of each of these service offerings, the Company makes extensive use of its wide array of modeling and simulation products and services, thereby enabling clients to visualize the impact of proposed changes or new technologies before implementation. The Company's simulation offerings address client needs in the areas of military training and war-gaming, logistics, manufacturing, wide area networks, including satellites and land lines, local area networks, the study of business processes, and the design of distributed computer systems architecture.

International Operations

CACI's international operations are conducted primarily through the Company's operating subsidiary in Europe, CACI Limited, and account for all revenue generated from international clients and over 83 percent of the Company's commercial revenue. CACI Limited is headquartered in London, England, and operates primarily in support of the Company's systems integration line of business.

The Company's international systems integration offerings focus primarily on planning, designing, implementing and managing solutions that resolve specific technical or business needs for commercial and government clients in the telecommunications, financial services, healthcare services and transportation sectors. The international operations also concentrate on combining data and technology in software products and services that provide strategic information on customers, buying patterns and market trends for clients who are engaged in retail sales of consumer products, direct marketing campaigns, franchise or branch site location projects, and similar endeavors.

Major Markets and Significant Activities

CACI operates in a highly competitive industry that includes many firms, some of which are larger in size and have greater financial resources. The Company obtains much of its business on the basis of proposals submitted in response to requests from potential and current customers, who may also receive proposals from other firms. Additionally, the Company faces indirect competition from certain government agencies that perform services for themselves similar to those marketed by CACI. The Company knows of no single competitor that is dominant in its fields of technology. The Company has a relatively small share of the available worldwide market for its products and services and intends to achieve growth in part through increasing market share.

Although the Company is a supplier of proprietary computer-based simulation technology products and marketing systems products in both domestic and international operations, CACI is not primarily focused on being a software product developer-distributor (see discussion following on Patents, Trademarks, Trade Secrets and Licenses).

CACI offers substantially all of its entire range of information systems, technical and communications services and proprietary products to defense and civilian agencies of the U.S. Government. In order to do so, the Company must maintain expert knowledge of agency policies and operations. The Company's work for U.S. Government agencies may combine a wide range of skills drawn from its major service offerings, including information systems design, development and maintenance, systems engineering, telecommunications, logistics sciences, information assurance and security, military systems engineering, simulation, automated document management, litigation support and debt management. The Company occasionally contracts through both its domestic and international operations to supply services and/or products for governments of other nations.

The Company's commercial client base consists primarily of large corporations in the UK. This market is the primary target of the Company's proprietary software and database products.

Decisions regarding contract awards by the Company's government clients typically are based on assessment of the quality of past performance, responsiveness to proposal requirements, price, and other factors.

The Company has the capability to combine comprehensive knowledge of client challenges with significant expertise in the design, integration, development and implementation of advanced information technology and communications solutions. This capability provides CACI with opportunities either to compete directly for, or to support other bidders in competition for multi-million dollar and multi-year award contracts from the U.S. Government.

CACI has strategic business relationships with many companies associated with the information technology industry. These strategic partners have business objectives compatible with those of the Company, and offer products and services that complement CACI's. The Company intends to continue development of these kinds of relationships wherever they support its growth objectives.

Marketing and new business development for the Company is conducted by virtually all officers and managers of the Company, including the Chief Executive Officer, executive officers, vice presidents, and division managers. The Company employs marketing professionals who identify and qualify major contract opportunities, primarily in the federal government market. The Company's proprietary software and marketing systems are sold primarily by full time sales people. The Company also has established agreements for the resale of certain third party software and data products.

Much of the Company's business is won through submission of formal competitive bids. Commercial bids are frequently negotiated as to terms and conditions for schedule, specifications, delivery and payment. With respect to bids for government work, however, in most cases the client specifies the terms and conditions and form of contract. In situations where the client-imposed contract type and/or terms appear to expose the Company to inappropriate risk, the Company may seek alternate arrangements or opt not to bid for the work. Essentially all contracts with the United States Government, and many contracts with other government entities, permit the government client to terminate the contract at any time for the convenience of the government or for default by the contractor. Although the Company operates under the risk that such terminations may occur and have a material impact on operations, throughout the Company's 40+ years in business such terminations have been rare and, generally, have not materially affected operations. As with other government contractors, the Company's business is subject to government client funding decisions and actions that are beyond its control. CACI's contracts and subcontracts are composed of a wide range of contract types, including firm fixed-priced, cost reimbursement, time-and-materials, indefinite delivery/indefinite quantity ("IDIQ") and government wide acquisition contracts (known as "GWACS") such as General Services Administration ("GSA") schedule contracts. By Company policy, fixed-price contracts require the approval of at least two senior officers of the Company.

At any one time, the Company may have more than a thousand separate active contracts and/or task orders. In 2004, the ten top revenue-producing contracts accounted for 47.2% of CACI's revenue, or $540.3 million; however, no single contract accounted for more than 10% of the Company's total revenue.

In 2004, 93.7% of CACI's revenue came from U.S. Government prime or subcontracts. Of CACI's total revenue, 67.4% came from U.S. Department of Defense ("DoD") contracts, 9.4% from contracts with Department of Justice ("DoJ"), and 16.9% from other civilian agency government clients. The remaining 6.3% of revenue came from commercial business, both domestic and international, and state and local contracts.

Although the Company is continuously working to diversify its client base, it will continue to aggressively seek additional work from the DoD. In 2004, DoD revenue grew by 43.9%, or $235.7 million. The acquisitions of Acton Burnell, Inc., ("Acton Burnell") in October 2002, substantially all of the assets of Premier Technology Group, Inc., ("PTG") in May 2003, C-CUBED Corporation ("C-CUBED) in October 2003, CMS Information Services, Inc. ("CMS") in March 2004 and certain assets of the Defense and Intelligence Group of American Management Systems, Inc. ("D&IG") in May 2004 and other acquisitions accounted for approximately 61.8% of the revenue growth within DoD. Internal growth accounted for the remaining 38.2% of the DoD revenue growth.

Recent Significant Acquisitions

During the past three fiscal years, the Company examined a number of opportunities and completed multiple acquisitions. Set forth below is a description of some of the most significant acquisitions during this period:

- On May 1, 2004, the Company completed the purchase of certain assets of the D&IG for $420.7 million, including transaction costs. The D&IG provides the U.S. Government with business consulting services and solutions, including information technology and software design, for defense, intelligence and homeland security agencies in support of acquisition, financial management, logistics, war-fighting and intelligence missions. The D&IG provides CACI with a broad range of consulting services to support the modernization of DoD business operations.
- On March 1, 2004, the Company acquired all of the outstanding shares of CMS for $28.2 million. CMS specializes in enterprise network solutions, enterprise financial management systems and software and integration services primarily in the national defense sector.

- On January 16, 2004, the Company purchased all of the outstanding stock of MTL Systems, Inc. ("MTL") for $4.4 million. MTL provides engineering and integration services for the Department of Defense, including advanced imagery technology, remote sensing, algorithm development, modeling and simulation and rapid change detection.
- On October 16, 2003, the Company acquired all of the outstanding stock of C-CUBED for $36.2 million of which $34.7 million has been paid. C-CUBED provides specialized services in support of C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) initiatives to clients in the DoD, federal, civilian, and intelligence communities, including network enterprise solutions, systems integration, integrated logistics support, combat systems and deep submergence engineering.
- On June 6, 2003, the Company acquired all of the outstanding capital stock of Rochester Information Systems, Ltd. ("RISys"), an United Kingdom company, for $1.9 million of which $1.7 million has been paid. Under the terms of the agreement, the Company will pay the balance of the consideration provided that certain agreed performance targets are met within 24 months following the acquisition. RISys specializes in the development and implementation of enterprise information solutions for the UK Public Sector, especially Health, Education and Local Governments.
- On May 15, 2003, the Company acquired substantially all of the assets of PTG for $48.8 million of which $46.2 million has been paid. The balance of $2.6 million will be paid in the form of earn out payments tied to the continuation of existing business. PTG provides professional services to clients in the DoD and the intelligence community, including intelligence analysis and security services, information technology training, program management and logistics.
- On February 28, 2003, the Company purchased all of the outstanding capital stock of Applied Technology Solutions of Northern Virginia, Inc. ("ATS") for $13.1 million. ATS is an information technology company providing knowledge management, program management, network engineering and training to clients in the national intelligence community.
- On October 16, 2002, the Company acquired all of the outstanding capital stock of Acton Burnell, Inc., for $29.4 million. Acton Burnell is an information technology company that provides systems integration, knowledge management, manpower readiness and training, and financial systems solutions to the federal government.
- On August 16, 2002, the Company acquired substantially all of the assets of the Government Solutions Divisions of Condor Technology Solutions, Inc. ("Condor") for $16.2 million. The acquired Condor business complements the Company's systems integration, knowledge management, data mining and purchasing systems solutions for federal clients.
- On November 1, 2001, the Company purchased all of the outstanding capital stock of DSIC for $47.0 million. The acquired business implements enterprise resource planning ("ERP") systems, including large-scale financial and human resource systems, and e-procurement applications; develops client/server and web-enabled applications; operates an enterprise networking and information assurance practice; solves complex business problems with a recognized process modeling and simulation methodology; and provides acquisition/program management consulting services, primarily to the U.S. Government.

Over the past several years, the U.S. government has organized the armed services so that military personnel focus on combat and war-fighter roles, while some non-combatant roles are filled by personnel provided by contractors. The acquisitions completed by CACI, as described above, have positioned CACI to respond to certain aspects of this departmental transformation of the U.S. Department of Defense, and deliver contract personnel to fill some of these non-combatant roles including logistics, intelligence gathering and analysis, organizational realignment and training.

Interrogation Services

The interrogation services CACI performs in Iraq are a recent extension of CACI's tactical intelligence and field services line of business for information collection, data analysis and decision support. CACI began providing interrogation services in August of 2003 with the issuance of orders to provide a wide variety of information technology services for security, intelligence and logistics support to the Coalition Joint Task Force in Iraq, under a Blanket Purchase Agreement ("BPA") CACI acquired when it purchased the assets of PTG in May 2003. CACI received the opportunity to propose personnel for these services because of the relationship established through the tactical intelligence business base acquired from PTG. As described below, the task orders issued under that BPA have been replaced by contracts directly with the U.S. Army.

The work performed by CACI's interrogators in Iraq is performed under the monitoring and supervision of the U.S. military chain of command in Iraq. The military assigns them to specific interrogation cases and projects. The interrogators perform IT related tasks such as entering interrogation information into a database, analyzing the intelligence data and information available to determine how the "pieces" may fit together, and disseminating the information resulting from their analysis. They participate on interrogation teams composed of an interpreter, an analyst and an interrogator under supervision of a non-commissioned officer, warrant officer or commissioned officer. The interrogator's role on the team is to propose the plan for interviewing the detainee, the questions to ask, when to ask the questions and how to support the task of finding out intelligence information that will assist the command in its military mission.

All interrogators hired by CACI are qualified as required by the applicable contract statement of work. The statement of work, which was issued by the military, provides specific qualifications for interrogators. A report of the Army Inspector General, dated July 21, 2004, confirmed that all interrogators provided by CACI satisfied the Army's statement of work criteria.

Under CACI's BPA for U.S. Army work in Iraq, 11 delivery orders were issued for a total maximum value of $66 million (to be billed only as work was performed and services delivered). The delivery orders for intelligence services (6 each) have been terminated, and replaced with a bridge contract for a 120 day term, and two 30 day options. The other remaining delivery orders for logistics services (5 each) have been terminated and replaced with a letter contract. CACI is currently negotiating the terms of a definitive bridge contract to cover this work. From the start of the first delivery orders in August 2003, through the end of June 2004, CACI has billed the U.S. Army a total of $23.5 million for work and services under these 11 orders. CACI has received $17 million in payments for this work to date. Less than 1% of CACI revenue for the year ended June 30, 2004 was for interrogator support at Abu Ghraib.

Given the extensive coverage of the events at Abu Ghraib prison in Iraq, CACI management is focused, in the short term, on ensuring that inaccuracies contained in the media accounts regarding CACI's role in the matter are immediately corrected. The company posts on its website: www.caci.com additional information, news releases, and FAQs on CACI's Iraq Business at the section entitled "The Truth Will Out".

Seasonal Nature of Business

The Company's business in general is not seasonal, although the summer and winter holiday seasons affect Company revenue because of the impact of holidays and vacations on the Company's labor sales and on product and service sales by the Company's international operations. Variations in the Company's business also may occur at the expiration of major contracts until such contracts are renewed or new business obtained.

The U.S. Government's fiscal year ends on September 30 of each year. It is not uncommon for government agencies to award extra tasks or complete other contract actions in the weeks before the end of the fiscal year in order to avoid the loss of unexpended fiscal year funds. Moreover, in years when the U.S. Government does not complete its budget process before the end of its fiscal year, government operations typically are funded pursuant to a "continuing resolution" that authorizes agencies of the government to continue to operate, but traditionally does not authorize new spending initiatives. When the government operates pursuant to a continuing resolution, delays can occur in procurement of products and services, and such delays can affect the Company's revenue and profit during the period of delay.

CACI Employment and Benefits

The Company's employees are its most valuable resource. It is in continuing competition for highly skilled professionals in virtually all of its business areas. The success and growth of CACI's business are significantly correlated with its ability to recruit, train, promote and retain high quality people at all levels of the organization.

For these reasons, the Company endeavors to maintain competitive salary structures, incentive compensation programs, fringe benefits, opportunities for growth, and individual recognition and award programs. Fringe benefits are generally consistent across the Company's subsidiaries, and include paid vacations and holidays, medical, dental, disability and life insurance, tuition reimbursement for job-related education and training, and other benefits under various retirement savings and stock purchase plans.

The Company has published policies that set high standards for the conduct of its business. It requires all of its employees, consultants, officers, and directors annually to execute and affirm a code of ethics applicable to their activities.

Patents, Trademarks, Trade Secrets and Licenses

The Company owns 21 patents in the United States and 1 patent in Canada. While the Company believes its patents are valid, it does not consider that its business is dependent on patent protection in any material way. CACI claims copyright, trademark and other proprietary rights in a variety of intellectual property, including each of its proprietary computer software and data products and the related documentation. The Company presently owns 29 registered trademarks and service marks in the U.S. and 57 registered trademarks and service marks in other countries, primarily the U.K. All of the Company's registered trademarks and service marks may be renewed indefinitely. In addition, the Company asserts copyrights in essentially all of its electronic and hard copy publications, its proprietary software and data products and in software produced at the expense of the U.S. Government, which rights can be maintained for up to 75 years. Because most of the Company's business involves providing services to government entities, the Company's operations generally are not substantially dependent upon obtaining and/or maintaining copyright or trademark protections, although its operations make use of such protections and benefit from them as discriminators in competition. CACI is also a party to agreements that give it the right to distribute computer software, data and other products owned by other companies, and to receive income from such distribution. As a systems integrator, it is important that the Company maintain access to software, data and products supplied by such third parties, but the Company generally has experienced little difficulty in doing so. The durations of such agreements vary according to the terms of the agreements themselves.

The Company maintains a number of trade secrets that contribute to its success and competitive distinction and endeavors to accord such trade secrets protection adequate to ensure their continuing availability to the Company. While retaining protection of its trade secrets and vital confidential information is important, the Company is not materially dependent on maintenance of any specific trade secret or group of trade secrets.

Backlog

The Company's backlog as of June 30, 2004 was $3.4 billion, of which $745 million was funded for orders believed to be firm. Total backlog as of June 30, 2003 was $2.5 billion, of which $469 million was for funded orders. The source of backlog is primarily contracts with the U.S. Government. It is presently anticipated, based on current revenue projections, the majority of the funded backlog will be filled during the fiscal year ending June 30, 2005.

Business Segments, Foreign Operations, and Major Customer

The business segment, foreign operations and major customer information is provided in the Company's Consolidated Financial Statements contained in this Report. In particular, see Note 14, Business Segment Information, in the Notes to Consolidated Financial Statements.

Revenue by Contract Type

The following information is provided on the amounts of revenue attributable to firm fixed-price contracts (including proprietary software product sales), time-and-materials contracts, and cost reimbursable contracts of the Company during each of the last three fiscal years:

(dollars in thousands)

Fiscal Year Ended June 30,	Firm Fixed-Price	%	Time-and-Materials	%	Cost Reimbursable	%	Total
2004	$194,914	17.0 %	$708,801	61.9 %	$ 242,070	21.1 %	$1,145,785
2003	$157,759	18.7 %	$543,857	64.5 %	$ 141,522	16.8 %	$ 843,138
2002	$132,697	19.5 %	$418,438	61.3 %	$ 130,807	19.2 %	$ 681,942

Item 2. Properties

As of June 30, 2004, CACI leased office space at 123 U.S. locations containing an aggregate of approximately 1,943,000 square feet located in 28 states and the District of Columbia. In two countries outside the U.S., CACI leased four offices containing an aggregate of about 32,000 square feet. CACI's leases expire primarily within the next four years, with the exception of eight leases in Northern Virginia and six leases outside of Northern Virginia, which will expire within the next 5 to 7 years. CACI anticipates that most of these leases will be renewed or replaced by other leases.

All of CACI's offices are in reasonably modern and well-maintained buildings. The facilities are substantially utilized and adequate for present operations.

As of June 30, 2004, CACI International Inc maintained its corporate headquarters in approximately 105,000 square feet of space at 1100 North Glebe Road, Arlington, Virginia. See Note 12, Commitments and Contingencies, in the Notes to Consolidated Financial Statements, for additional information regarding the Company's lease commitments.

CACI acquired certain real estate in Dayton, OH in connection with the purchase of MTL Systems, Inc., in January, 2004. The real estate consists of 2.6 acres, which includes a 7,110 square foot garage, and a 36,360 square foot two story office building. This property carries a 10 year mortgage.

Item 3. Legal Proceedings

Appeal of CACI International Inc, ASBCA No.5305

Reference is made to Part II, Item 3, Legal Proceedings, in the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, for the most recently filed information concerning the appeal filed on September 27, 2000, with the Armed Services Board of Contract Appeals ("ASBCA") challenging the Defense Information Systems Agency's ("DISA") denial of its claim for breach of contract damages. The appeal seeks damages arising from DISA's breach of a license agreement pursuant to which the DoD agreed to conduct all electronic data interchanges (which can be broadly understood to mean e-commerce) exclusively through certified value-added networks, such as the network maintained by Registrant's wholly-owned subsidiary, CACI, INC.-FEDERAL, for the period from September 2, 1994 through April 22, 1998. By decision of March 22, 2001, in the companion case of GAP Instrument Corporation, ASBCA No.51658 (2001), the ASBCA held that the Government's failure to conduct all electronic data interchanges exclusively through certified value-added networks constituted a breach of contract.

Since the filing of Registrant's report indicated above, the post-hearing briefing has been completed. Registrant believes that a decision of the ASBCA is likely to be issued before the end of calendar 2004.

CACI Dynamics Systems, Inc. v. Delphinus Engineering, Inc., et al

Reference is made to Part I, Item 3, Legal Proceedings in the Registrant's Annual Report on Form 10-K for the year ended June 30, 2003 for the most recently filed information concerning the suit filed on October 1, 2002 in the United States District Court for the Eastern District of Virginia against Delphinus Engineering, Inc., V. Allen Spicer and James R. Everett seeking damages and attorney's fees arising from defendant's efforts to move business from CACI to Delphinus.

Since the filing of Registrant's report described above, the Spicer arbitration in South Carolina was held, with final briefings scheduled to be completed by the end of September 2004. By decision dated July 15, 2004, the arbitrator granted our motion

for directed verdict on the counter-claim for violation of the South Carolina Payment of Wages Act, promissory estoppel and tortious interference with prospective contractual relations. As a result, all of Spicer's claims against CACI have been resolved in CACI's favor and the parties are awaiting the decision of the arbitrator on CACI's claims against Spicer.

Saleh, et al. v. Titan Corp., et al, Case No. 04 CV 1143 R (NLS) (S.D. Cal. 2004)

On June 9, 2004, seven named plaintiffs filed a twenty-six count class-action complaint against a number of corporate defendants and individual corporate employees alleging that defendants formed a conspiracy to increase demand for interrogation services in Iraq. The complaint named CACI International Inc, CACI INC.–FEDERAL, CACI N.V., as well as a CACI employee, Stephen A. Stefanowicz, among the defendants in the case. The complaint alleges that defendants engaged in a pattern of racketeering activity, violated U.S. domestic and international law and intentionally and negligently committed a series of tortious acts against plaintiffs, who were detainees at Abu Ghraib prison and elsewhere in Iraq. The complaint alleges that instead of providing interrogation and other related intelligence services in a lawful manner, the defendants conspired with each other and with certain U.S. government officials to direct and conduct a scheme to torture, rape, and, in some instances, summarily execute plaintiffs. Plaintiffs' complaint seeks a permanent injunction, compensatory and punitive damages, treble damages and attorney's fees under the Racketeer Influenced and Corrupt Organizations Act ("RICO"), declaratory relief, and a permanent injunction against any future contracting with the United States. On June 30, 2004, plaintiffs filed a First Amended Complaint adding an additional named plaintiff. On July 30, 2004, plaintiffs filed a Second Amended Complaint. Plaintiffs seek to have their action certified as a class action, including three subclasses certified; a RICO Class, a Common Law Class, and a Wrongful Death Class. The twenty - six claims allege violations of a variety of laws including RICO, a Conspiracy to Violate RICO, the Alien Tort Claims Act, the Geneva Conventions, the U.S. Constitution, and the Religious Land Use and Institutionalized Persons Act. In addition, the plaintiffs allege Assault and Battery, Sexual Assault and Battery, Wrongful Death, False Imprisonment, Negligent Hiring and Supervision, Intentional Infliction of Emotional Distress, Negligent Infliction of Emotional Distress, Conversion, Unjust Enrichment, and violation of various federal procurement laws and regulations. Plaintiffs also request Declaratory Judgment and Injunctive Relief.

The Company absolutely rejects the idea that it was ever a party to any kind of conspiracy related to the actions of its personnel in Iraq and intends to vigorously defend its hard earned reputation against the malicious and damaging allegations of this suit. The Company notes that, although the complaint names CACI as a "Torture Conspirator" and alleges that the "Torture Conspirators" were responsible for plaintiffs' injuries, the complaint fails to present any information linking any CACI employee to any claimed injury. The CACI defendants filed a Motion to Dismiss the case on September 10, 2004.

Ibrahim, et al. v. Titan Corp., et al., Case No. 1:04-CV-01248-JR (D.D.C. 2004)

On July 27, 2004 a lawsuit was filed on behalf of five Iraqis who claimed they were subjected to acts of murder, torture, and other abuses while they or their family members were held at Abu Ghraib prison in Iraq. The lawsuit names CACI International Inc, CACI INC.–FEDERAL, CACI N.V. and Titan Corporation as defendants. The plaintiffs allege that they suffered significant physical injury, emotional distress, and/or wrongful death for which the defendants are liable for compensatory and punitive damages.

Plaintiffs allege violations of the Alien Tort Claims Act, RICO, Assault & Battery, Wrongful Death, False Imprisonment, Intentional Infliction of Emotional Distress, Negligence and Violation of Federal procurement laws and regulations governing contractors. On the basis of both its own internal investigation of the activities of its personnel at Abu Ghraib and the results of government investigations of actions at the prison, the Company believes strongly that the allegations of the complaint are false and intends to vigorously defend its hard earned reputation against the malicious and damaging allegations of this suit. The CACI defendants will respond to the complaint no later than October 12, 2004.

Item 4. Submission of Matters to a Vote of Security Holders

No matter was submitted to a vote of security holders during the fourth quarter of the Registrant's fiscal year ended June 30, 2004, through the solicitation of proxies or otherwise.

PART II

Item 5. Market for the Registrant's Common Equity and Related Stockholder Matters

The Registrant's Common Stock became publicly traded on June 2, 1986, replacing paired units of common stock of CACI, Inc., and beneficial interests in common shares of CACI N.V. which had been traded in the over-the-counter market before that date.

From July 1, 2003 to June 30, 2004, the ranges of high and low sales prices of the common shares of the Registrant quoted on the New York Stock Exchange under the ticker symbol of "CAI", for each quarter during this period were as follows:

	2004		2003	
Quarter	High	Low	High	Low
1 st	$48.95	$33.46	$39.84	$27.45
2 nd	$53.00	$42.83	$43.10	$32.55
3 rd	$49.64	$41.10	$38.20	$29.81
4 th	$48.45	$36.09	$35.50	$30.00

The Registrant has never paid a cash dividend. The present policy of the Registrant is to retain earnings to provide funds for the operation and expansion of its business. The Registrant does not intend to pay any cash dividends at this time.

At August 31, 2004, the number of stockholders of record of the Registrant's Common Stock was approximately 496. The number of stockholders of record is not representative of the number of beneficial stockholders due to the fact that many shares are held by depositories, brokers, or nominees.

Item 6. Selected Financial Data

The selected financial data set forth below is derived from the audited financial statements of the Company for the years ended June 30, 2004, 2003, 2002, 2001 and 2000. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements of the Company and the notes thereto included as Item 8 in this Form 10-K. On December 15, 1999, the Company sold its COMNET products business to Compuware and on January 6, 2002, the Company sold its domestic Marketing Systems Group to Environmental Research Systems Institute, Inc's subsidiary, ESRI Business Information Solutions. Additional information regarding the Company's discontinued operations is presented in Note 15, Discontinued Operations, in the Notes to Consolidated Financial Statements.

Income Statement Data

(amounts in thousands, except per share data)

Year Ended June 30,	2004	2003	2002	2001	2000
Revenue	$1,145,785	$ 843,138	$ 681,942	$ 557,890	$ 484,545
Operating expenses	1,041,071	772,732	628,838	520,535	451,929
Income from continuing operations	63,669	44,711	31,924	20,765	17,891
Net income	$ 63,669	$ 44,711	$ 30,465	$ 22,301	$ 38,412
Earnings per common and common share equivalent:					
Basic:					
Average shares outstanding	29,051	28,647	24,992	22,634	22,620
Income from continuing operations	$ 2.19	$ 1.56	$ 1.28	$ 0.92	$ 0.79
Net income	$ 2.19	$ 1.56	$ 1.22	$ 0.99	$ 1.70
Diluted:					
Average shares and equivalent shares outstanding	29,877	29,425	$ 25,814	23,056	23,154
Income from continuing operations	$ 2.13	$ 1.52	1.24	$ 0.90	$ 0.77
Net income [1]	$ 2.13	$ 1.52	$ 1.18	$ 0.97	$ 1.66

(1) Computed on the basis described in Note 1, Earnings Per Share, in the Notes to Consolidated Financial Statements.

Balance Sheet Data

(dollars in thousands)

June 30,	2004	2003	2002	2001	2000
Total assets	$ 1,154,304	$ 562,050	$ 480,664	$ 284,731	$ 235,997
Long-term obligations	431,771	25,190	36,140	55,230	31,913
Working capital	208,195	182,585	228,764	81,961	62,492
Shareholders' equity	498,272	421,535	367,159	160,204	141,968

Item 7. Management's Discussion and Analysis of Financial Condition & Results of Operations

The following discussion and analysis is provided to enhance the understanding of, and should be read in conjunction with, the Consolidated Financial Statements and the related Notes. All years refer to the Company's fiscal year which ends on June 30.

Critical Accounting Policies

Critical accounting policies are defined as those that are reflective of significant judgments and uncertainties, and potentially result in materially different results under different assumptions and conditions. Application of these policies is particularly important to the portrayal of our financial condition and results of operations. We consider the following accounting policies to be our critical accounting policies:

Revenue Recognition/Contract Accounting

The Company generates its revenue from three different types of contractual arrangements: cost-plus-fee contracts; time and materials contracts; and fixed price contracts. Revenue on cost-plus-fee contracts is recognized to the extent of allowable costs incurred plus an estimate of the applicable fees earned. The Company considers fixed fees under cost-plus-fee contracts to be earned in proportion of the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance based fee incentives, the Company recognizes the relevant portion of the expected fee to be awarded by the customer at the time such fee can be reasonably estimated, based on factors such as the Company's prior award experience and communications with the customer regarding performance. Revenue on time-and-material contracts is recognized to the extent of billable rates times hours delivered plus allowable expenses incurred.

The Company has four basic categories of fixed price contracts; fixed unit price; fixed price-level of effort; fixed price-completion; and fixed price-license. Revenue on fixed unit price contracts, where specified units of output under service arrangements are delivered, is recognized as units are delivered based on the specified price per unit. Revenue on fixed unit price maintenance contracts is recognized ratably over the length of the service period. Revenue for fixed price level of effort contracts is recognized based upon the number of units of labor actually delivered multiplied by the agreed rate for each unit of labor.

A significant portion of the Company's fixed price-completion contracts involve the design and development of complex, client systems. For these contracts that are within the scope of Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* ("SOP 81-1"), revenue is recognized on the percentage of completion method using costs incurred in relation to total estimated costs. For fixed price-completion contracts that are not within the scope of SOP 81-1, revenue is generally recognized ratably over the service period. The Company's fixed price license agreements and related services contracts are primarily executed in its international operations. As the agreements to deliver software require significant production, modification or customization of software, revenue is recognized using the contract accounting guidance of SOP 81-1. For agreements to deliver data under license and related services, revenue is recognized as the data is delivered and services are performed. Provisions for estimated losses on uncompleted contracts are recorded in the period such losses are determined.

Contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of our contracts, the estimation of total revenues and cost at completion is complicated and subject to many variables. Contract costs include material, labor and subcontracting costs, as well as an allocation of allowable indirect costs. Assumptions have to be made regarding the length of time to complete the contract because costs also include expected increases in wages and prices for materials. For contract change orders, claims or similar items, we apply judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates, and are recorded when there is sufficient information for us to assess anticipated performance. Estimates of award fees for certain contracts are also a significant factor in estimating revenue and profit rates based on actual and anticipated awards.

Products and services provided under long-term development and production contracts make up a large portion of our business, and therefore the amounts we record in our financial statements using contract accounting methods and cost accounting standards are material. For our federal contracts, we follow U.S. Government procurement and accounting standards in assessing the allowability and the allocability of costs to contracts. Because of the significance of the judgments and estimation processes, it is likely that materially different amounts could be recorded if we used different assumptions or if the underlying circumstances were to change. We closely monitor compliance with and the consistent application of our critical accounting policies related to contract accounting. Business operations personnel conduct thorough periodic contract status and performance reviews. When adjustments in estimated contract revenues or costs are required, any changes from prior estimates are generally included in earnings in the current period. Also, regular and recurring evaluations of contract cost, scheduling and technical matters are performed by management personnel who are independent from the business operations personnel performing work under the contract. Costs incurred and allocated to contracts with the U.S. Government are scrutinized for compliance with regulatory standards by our personnel, and are subject to audit by the Defense Contract Audit Agency ("DCAA").

Stock-Based Compensation

The Company currently accounts for stock-based compensation transactions using the intrinsic value method in accordance with APB Opinion No. 25, *Accounting for Stock Issued to Employees* , as amended by FASB Interpretation No. 44, *Accounting for Certain Transactions involving Stock Compensation.* Alternative guidance exists under Statement of Financial Accounting Standards ("SFAS") No. 123, *Accounting for Stock-Based Compensation* , which requires companies to determine the fair value of options at the time of grant and to recognize compensation expense over the service period . If the Company's employee stock-based compensation transactions had been accounted for based on their fair value, as determined under SFAS No. 123, *Accounting for Stock-Based Compensation,* the pro-forma earnings would have been as follows:

(dollars in thousands, except per share amounts)	**Twelve Months Ended June 30,**		
	2004	**2003**	**2002**
Reported net income	$63,669	$44,711	$30,465
Stock-based compensation costs included in reported net income, (net of tax)	99	—	—
Stock-based compensation costs that would have been included in the determination of reported net income, if the fair value method was applied to all awards, (net of tax)	(6,054)	(4,726)	(4,178)
Pro forma net income	$57,714	$39,985	$26,287
Basic earnings per share:			
Reported earnings per share	$ 2.19	$ 1.56	$ 1.22
Stock-based compensation costs (net of tax)	(0.20)	(0.16)	(0.17)
Pro forma earnings per share	$ 1.99	$ 1.40	$ 1.05
Diluted earnings per share:			
Reported earnings per share	$ 2.13	$ 1.52	$ 1.18
Stock-based compensation costs (net of tax)	(0.20)	(0.16)	(0.16)
Pro forma earnings per share	$ 1.93	$ 1.36	$ 1.02

The fair value of each employee stock-based compensation transaction is estimated on the grant date using a fair-value option pricing model. These pro forma results may not be indicative of the future results for the full fiscal year due to potential grants vesting and other factors.

Investments in Marketable Securities

The Company invests in marketable securities, which are currently classified as available-for-sale or trading using the accounting guidance in SFAS No. 115, *Accounting for Certain Investments in Debt and Equity Securities* . As a result of this classification, unrealized gains and losses as a result of changes in fair value of the available-for-sale investments are recorded as a separate component within the Stockholders' Equity section of the balance sheet. If these securities were instead determined to be trading securities, any unrealized gains or losses would be reported in the Consolidated Statements of Operations and therefore, would impact the net earnings currently being reported. To date, we do not believe that a different classification would have had a significant impact on our financial results.

Allowance For Doubtful Accounts

Management establishes bad debt reserves against certain billed receivables based upon the latest information available to determine whether invoices are ultimately collectable. Whenever judgment is involved in determining the estimates, there is the potential for bad debt expense and the fair value of accounts receivable to be misstated. Given that we primarily serve the U.S. Government and that, in our opinion, we have sufficient controls in place to properly recognize revenue, we believe the risk to be relatively low that a misstatement of accounts receivable would have a material impact on our financial results.

Results of Operations

The following table sets forth the relative percentages that certain items of expense and earnings bear to revenue.

Consolidated Statements of Operations
Years Ended June 30, 2004, 2003, and 2002
(dollars in thousands, except for the percentages)

	Year						Year to Year Change			
							FY04 to FY03		FY03 to FY02	
	FY04	FY03	FY02	FY04	FY03	FY02	$	%	$	%
Revenue	$1,145,785	$843,138	$681,942	100.0%	100.0%	100.0%	$302,647	35.9%	$161,196	23.6%
Cost & expenses Direct costs	708,371	517,975	421,540	61.8%	61.4%	61.8%	190,396	36.8%	96,435	22.9%
Indirect costs & selling expenses	313,664	242,153	195,167	27.4%	28.8%	28.6%	71,511	29.5%	46,986	24.1%
Depreciation & amortization	19,036	12,604	12,131	1.7%	1.5%	1.8%	6,432	51.0%	473	3.9%
Total costs & expenses	1,041,071	772,732	628,838	90.9%	91.7%	92.2%	268,339	34.7%	143,894	22.9%
Income from operations	104,714	70,406	53,104	9.1%	8.3%	7.8%	34,308	48.7%	17,302	32.6%
Interest expense (income), net	1,783	(1,374)	1,622	0.1%	(0.2)%	0.2%	3,157	(229.8)%	(2,996)	184.7%
Income from continuing operations before income taxes	102,931	71,780	51,482	9.0%	8.5%	7.6%	31,151	43.4%	20,298	39.4%
Income taxes	39,262	27,069	19,558	3.4%	3.2%	2.9%	12,193	45.0%	7,511	38.4%
Income from continuing operations	$ 63,669	$ 44,711	$ 31,924	5.6%	5.3%	4.7%	$ 18,958	42.4%	$ 12,787	40.1%

Revenue. The table below sets forth, for the periods indicated, the customer mix in revenue with related percentages of total revenue.

	Years Ended June 30,					
(dollars in thousands)	2004		2003		2002	
Department of Defense	$ 771,920	67.4%	$536,269	63.6%	$433,927	63.7%
Federal Civilian Agencies	301,706	26.3	241,490	28.6	184,392	27.0
Commercial	55,706	4.9	51,414	6.1	49,369	7.2
State & Local Government	16,453	1.4	13,965	1.7	14,254	2.1
Total	$1,145,785	100.0%	$843,138	100.0%	$681,942	100.0%

For the year ended June 30, 2004, the Company's total revenue increased by $302.6 million, or 35.9%. The increase in revenue resulted from continuing growth in the Company's systems integration, engineering services and knowledge management offerings of its domestic operations and the successful integration of four acquisitions that broadened the Company's portfolio of solutions offerings. This growth is a result of the Company's strategic focus on national security, the global war on terrorism, and the reshaping of the way government agencies communicate, use and disseminate information, deliver services, and conduct business. During fiscal year 2003 ("FY2003") total revenue increased $161.2 million, or 23.6%. The revenue growth was driven primarily by increased demand from federal government customers along with the Company's on-going acquisition efforts.

Revenue generated from the date a business is acquired through the first anniversary of that date is considered acquired revenue growth. The Company's acquisitions accounted for $176.2 million and $72.7 million of the revenue growth for FY2004 and FY2003, respectively, as follows:

Business Acquired	2004	2003
PTG	$ 64.9	$ 5.2
D&IG	40.3	—
C-CUBED	35.7	—
CMS	13.1	—
Acton Burnell	12.7	26.4
ATS	4.8	2.7
MTL	2.5	—
Condor	2.2	15.2
DSIC	—	22.5
Other	—	0.7
Total	$176.2	$72.7

Revenue from DoD increased 43.9%, or $235.7 million, for FY2004 as compared to FY2003. The aforementioned acquisitions accounted for approximately 61.7% of this growth, contributing $145.5 million. The Company also continued to experience increased demand for mission-critical support from customers such as strategic and tactical organizations in the military intelligence community, the U.S Army Intelligence and Security Command, the U.S. Army's Communications Electronics Command ("CECOM"),and the U.S. Navy's Space and Warfare Command. DoD revenue growth in FY2003 of 23.6%, or $102.3 million, was driven primarily by high demand from customers such as the Defense Information Systems Agency ("DISA"), CECOM, and the intelligence community as well as the aforementioned acquisitions.

Revenue from Federal Civilian Agencies increased $60.2 million, or 24.9%, for FY2004 as compared to FY2003. Acquisitions accounted for approximately 45.9% of this growth, contributing $27.6 million in revenue. Approximately 35.9% of Federal Civilian Agency revenue for the year was derived from DoJ, for whom the Company provides litigation support services and maintains a debt collection system. Revenue from DoJ was $108.3 million, $94.4 million and $89.8 million in FY2004, FY2003 and FY2002, respectively. In FY2004, DoJ accounted for 23.0%, or $13.9 million, of the revenue growth within Federal Civilian Agencies. The Company also experienced increased revenue growth of 31.1%, or $18.7 million, from Federal Civilian Agencies other than DoJ in FY2004 as compared to FY2003. The increase was primarily due to the higher volumes of work from customers such as the Department of Veterans Affairs ("VA"), the Social Security Administration and other federal civilian agencies. In FY2003 as compared to FY2002, revenue from Federal Civilian Agencies increased 31.0% or $57.1 million. This increase was primarily due to higher volumes of work from customers such as the VA, the U.S. Customs Services, and the national intelligence community, along with the aforementioned acquisitions.

Commercial revenue increased 8.3%, or $4.3 million, in FY2004 as compared to FY2003. Commercial revenue is derived from both international and domestic operations. In FY2004, international operations accounted for 83.2%, or $46.3 million, of the total commercial revenue while the domestic operations accounted for 16.8%, or $9.4 million. The increase in commercial revenue was primarily from the international operations within the United Kingdom. The UK business had increased sales on higher margin software and data products and also showed improvements in its commercial IT service marketplace. In FY2003, international operations accounted for 78.5%, or $40.4 million, of the total commercial revenue while the domestic operations accounted for 21.5%, or $11.0 million. Commercial revenue increased by 4.1%, or $2.0 million, in FY2003 as compared to FY2002. The entire growth of Commercial revenue came from the domestic operations of the Company and was due primarily to the Condor acquisition. Revenue produced by international operations remained relatively flat in FY2003 due to the continued weakness in the telecom and commercial IT services industries within the UK.

Revenue from State and Local Governments increased by 17.8%, or $2.5 million, to $16.5 million for the year ended June 30, 2004 as compared to the same period a year ago. Almost half of this increase can be attributed to the acquisitions of Acton Burnell and CMS. In FY2003 as compared to FY2002, revenue from State and Local Governments decreased slightly by 2.0%, or $0.3 million. Revenue from State and Local Governments represented 1.4% and 1.7% of the Company's total revenue in FY2004 and FY2003, respectively. The Company's continued and expanded focus on DoD and federal civilian agency opportunities has resulted in a reduced emphasis on State and Local Governments business.

Income from Operations . Operating income increased 48.7%, or $34.3 million, in FY2004 as compared to the same period a year ago. Operating margin in FY2004 improved to 9.1% from 8.3% a year earlier. The Company's growth in operating margin was driven primarily by operational cost efficiencies, cost synergies associated with acquisitions and a favorable mix of business. The acquisitions in FY2004 described in Item I were all immediately accretive to operating income. In FY2003 as compared to FY2002 operating income increased 32.6%, or $17.3 million. The Company's growth in operating margin was accomplished by contract mix with more profitable fixed price and time and materials work. Internal growth was complimented by the Company's acquisition activity during the year.

During the last three years, as a percentage of revenue, total direct costs were 61.8%, 61.4% and 61.8%, respectively. Direct costs include direct labor and "other direct costs" such as equipment purchases, subcontract costs and travel expenses. Other direct costs are common in our industry, typically are incurred in response to specific client tasks and vary from period to period. The largest component of direct costs, direct labor, was $346.2 million, $251.6 million and $210.2 million in FY2004, FY2003 and FY2002, respectively. The increase in direct labor during the last three fiscal years is attributable to the internal growth in the Company's federal government business both in the DoD and federal civilian agencies as well as from the previously mentioned acquisition activities. Other direct costs were $362.2 million, $266.3 million and $211.3 million in FY2004, FY2003, and FY2002, respectively. The year over year increase was primarily the result of increased volume of tasking across system integration, knowledge management and engineering services including the aforementioned acquisitions.

Indirect costs and selling expenses include fringe benefits, marketing and bid and proposal costs, indirect labor and other discretionary costs. Many of these expenses are highly variable and have grown in dollar volume generally in proportion to the growth in revenue. As a percentage of revenue, indirect costs and selling expenses were 27.4%, 28.8% and 28.6% for FY2004, FY2003 and FY2002, respectively. The decrease in percentage from FY2003 to FY2004 is primarily from cost synergies associated with acquisitions.

Depreciation and amortization increased 51.0%, or $6.4 million, in FY2004 as compared to FY2003. Approximately 83.2%, or $5.4 million, of the increase was attributable to the intangible amortization of assets acquired in recent acquisitions, primarily that of the May 1, 2004 acquisition of the D&IG and the May 15, 2003 acquisition of PTG. The balance of the increase of approximately $1.0 million was primarily for new capital expenditures and building improvements to support on-going business. In FY2003, as compared to FY2002, depreciation and amortization increased by 3.9%, or $0.5 million. This increase was attributable to both assets acquired in acquisitions, and new capital expenditures to support on-going business offset by lower software amortization.

For FY2004, the Company incurred interest expense of $1.8 million, compared to net interest income of $1.4 million in FY2003. The majority of this increase is for interest costs relating to the Company's borrowings of $422.6 million under its new secured credit facility which was used to finance the purchase of the D&IG. The Company will be required to repay a minimum of $3.5 million annually under the terms of its credit facility. In FY2003, the Company had interest income of $1.4 million, compared to interest expense of $1.6 million in FY2002. This increase in income was attributable to the Company having cash and equivalents and short-term marketable securities averaging in excess of $100 million during FY2003. The cash was generated primarily from both the Company's secondary offering in March 2003 and from operations. Prior to this offering, the Company funded its operations and acquisitions with borrowings from its line of credit. The cash and equivalents and short-term marketable securities generated over $2.0 million in interest income in FY2003.

The effective income tax rates in FY2004, FY2003 and FY2002, were 38.1%, 37.7% and 38.0%, respectively, which differed from the federal statutory rate of 35.0% primarily due to state and local income taxes and certain non-deductible expenses.

Quarterly Financial Information

Quarterly financial data for the two most recent fiscal years is provided in the Company's Consolidated Financial Statements contained in this report. See Note 17. Quarterly Financial Data (unaudited) in the Notes to Consolidated Financial Statements.

Effects of Inflation

Approximately 21% of the Company's business is conducted under cost-reimbursable contracts which automatically adjust revenue to cover costs increased by inflation. Approximately 62% of the business is under time-and-materials contracts where labor rates are often fixed for several years. The Company generally has been able to price these contracts in a manner that accommodates the rates of inflation experienced in recent years. The remaining portion of the Company's business is fixed-price and may span multiple years. However, these contracts are priced to account for likely inflation from period to period to mitigate the risk of our business being adversely affected by inflation.

Liquidity and Capital Resources

Historically, the Company's positive cash flow from operations and its available credit facilities have provided adequate liquidity and working capital to fully fund the Company's operational needs. From March 2002 through the May 2004 acquisition of D&IG, the proceeds from the Company's March 2002 offering of approximately 4.9 million shares of common stock were the Company's principal source of liquidity and capital to fund business acquisitions. In order to fund the acquisition of the D&IG, which was purchased for $415 million in cash plus transaction costs of approximately $5.7 million, the Company executed a new $550 million credit facility, including both a revolving credit facility and institutional term loan. Total borrowings under the new credit facility were $422.6 million of which $411.3 million was outstanding at June 30, 2004. The new five-year secured revolving credit agreement permits continuously renewable borrowings of up to $200 million with annual sublimits on amounts borrowed for acquisitions. The new agreement permits similar borrowings options and interest rates as those offered by the prior agreement. The Company pays a fee on the unused portion of the facility. The institutional term loan is a 7 year secured facility in the amount of $350 million. The principal is to be prepaid 1% in years one through six with the remainder due on the maturity date. Interest rates are based on LIBOR or the higher of the prime rate or Fed funds rate plus applicable margins. Margin and unused fee rates are determined quarterly based on the leverage ratio. The Company is required to operate within certain limits on leverage, net worth and fixed-charge coverage ratios. The total costs associated with securing the new credit facility were approximately $8.2 million, which are being amortized over the life of the credit facility.

Cash and equivalents and marketable securities were $63.5 million and $89.0 million as of June 30, 2004 and 2003, respectively. Working capital was $208.2 million and $182.6 million as of June 30, 2004 and 2003, respectively. The Company's operating cash flow improved by $62.9 million during the fourth quarter of FY2004, to $75.8 million for FY2004 as compared to $75.9 million for the full year ended June 30, 2003. Days sales outstanding ("DSO") increased to 88 days in FY2004 as compared to 79 days at the end of FY2003. This includes 12 days of DSO relating to the acquisition of the D&IG. Cash flow from operations also was affected by increased DSO in the first half of FY2004 but improved significantly in the last six months of FY2004, when excluding the impact of acquisitions.

The Company used $496.7 million and $113.2 million of cash in investing activities for the years ended June 30, 2004 and 2003, respectively. The cash used in both years was primarily in support of the Company's on-going business acquisition activities.

The Company generated cash from financing activities of $408.7 million during FY2004, as compared to using cash of $21.5 million over the same period a year ago. During FY2004, cash of $403.1 million was provided by the Company's new credit facility net of financing costs and repayments. In FY2003, the Company paid down its line-of-credit by $25.0 million. In both years the Company generated additional cash primarily from the proceeds from the exercise of stock options and employee stock transactions.

The Company entered into a Letter of Intent (LOI) on March 1, 2004, which it has extended through October 2004, to acquire all of the outstanding stock of an information technology services company that provides work for various agencies of the Federal Government, primarily within the Department of Defense. The purchase price is expected to be approximately $30 million. The Company is currently evaluating whether or not it will move forward with the acquisition. If it chooses to move forward, the Company will fund the acquisition with proceeds under its new credit facility described above.

The Company also maintains a 500,000 pounds sterling unsecured line of credit in London, England which expires in December 2004. As of June 30, 2004, the Company had no borrowings under this line of credit.

The Company believes that the combination of internally generated funds, available bank borrowings and cash and cash equivalents on hand will provide the required liquidity and capital resources for the foreseeable future.

Contractual Obligations

The following table summarizes the Company's contractual obligations as of June 30, 2004 that require the Company to make future cash payments:

	Payments Due By Period				
(amounts in thousands)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**More than 5 years**
Contractual Obligations					
Long-term debt (1)	$411,325	$20,700	$ 7,000	$ 52,000	$331,625
Capital lease obligations (2)	1,402	47	1,355	—	—
Operating leases (3)	144,970	31,510	59,033	40,309	14,118
Other long-term liabilities reflected on the registrants balance sheet under GAAP:					
Other notes payable (1)	905	129	83	95	598
Deferred compensation (4)	19,322	—	—	—	19,322
Total	$577,924	$52,386	$ 67,471	$ 92,404	$365,663

(1) Amounts are included on the Company's consolidated balance sheet at June 30, 2004. See Note 7 to the Company's consolidated financial statements for additional information regarding debt and related matters.
(2) Amounts are included on the Company's consolidated balance sheet at June 30, 2004.
(3) See Note 12 to the Company's consolidated financial statements for additional information regarding lease commitments.
(4) The liability is offset by investment assets held by the plan provider to be reimbursed to the Company upon the distribution of the liability to the plan participant. See Note 11 to the Company's consolidated financial statements for additional information regarding deferred compensation.

Forward Looking Statements

There are statements made herein which may not address historical facts and, therefore, could be interpreted to be forward looking statements as that term is defined in the Private Securities Litigation Reform Act of 1995. Such statements are subject to factors that could cause actual results to differ materially from anticipated results. The factors that could cause actual results to differ materially from those anticipated include, but are not limited to, the following:

We depend on contracts with the federal government for a substantial majority of our revenue, and our business could be seriously harmed if the government ceased doing business with us.

We derived 93.7% of our total revenue in FY2004 and 92.2% of our total revenue in FY2003 from federal government contracts, either as a prime contractor or a subcontractor. We derived 67.4% of our total revenue in FY2004 and 63.6% of our total revenue in FY2003 from contracts with agencies of the DoD. We expect that federal government contracts will continue to be the primary source of our revenue for the foreseeable future. If we were suspended or debarred from contracting with the federal government generally, with the General Services Administration, or any significant agency in the intelligence community or the DoD, or if our reputation or relationship with government agencies were to be impaired, or if the government otherwise ceased doing business with us or significantly decreased the amount of business it does with us, our business, prospects, financial condition and operating results could differ materially from those anticipated.

Our business could be adversely affected by the outcome of the various investigations/proceedings regarding our interrogation services work in Iraq.

Recent press accounts have reported that an internal Government report, the Taguba report, contains information regarding the

alleged mistreatment of Iraqi prisoners. The Taguba report alleges that one CACI employee was involved with the alleged mistreatment. Another government report, the Jones Fay Report, alleges that three CACI employees, including the one identified in the Taguba Report, acted improperly in performing their assigned duties in Iraq. The Jones Fay Report recommended that the information in the report regarding each of the three CACI interrogators be forwarded to the Army General Counsel for determination of whether each of them should be referred to the Department of Justice for prosecution, as well as forwarded to the Contracting Officer for appropriate contractual action. The Company's preliminary investigation into these matters already considered some of the allegations regarding the employees cited in the Jones Fay Report, two of whom are no longer employed by CACI. That investigation, however, could not confirm the allegation of abuse contained in the Jones Fay Report concerning one of the two former employees and reached a different conclusion than the Jones Fay Report regarding the allegation that the other former employee placed a detainee in a stress position and permitted a photograph to be taken. The third CACI person named in the Jones Fay report, a current employee whose name was made public due to his implication in the illegally leaked Taguba Report, has been under careful consideration and review by the Company since May 2004. Despite attempts by counsel to obtain information from the government, to date, the Company has not received any specific information confirming the allegations of wrongdoing made in the Taguba report regarding the subject employee. In fact, our investigation uncovered glowing testimonials to the high quality of his work from his supervisors and colleagues of his good services were noted and included recommendations from his superiors as well as colleagues. The Jones Fay Report contained other allegations not previously communicated to the Company, which the Company's investigation is now pursuing. The Company's preliminary investigation thus far has not produced information that supports these new Jones Fay Report findings. CACI has and will continue to cooperate fully with the government regarding investigations arising out of the interrogation services provided in Iraq.

In addition, CACI received a letter from the General Services Administration Suspension and Debarment Official expressing concern that the Company may have misused a GSA schedule in connection with the contract to provide interrogation and affording CACI an opportunity to provide information and argument as to why it should remain eligible for further U.S. Government contracts. CACI provided information and presented argument to GSA. After review, GSA sent the Company a letter stating that it was not necessary to take any formal action to protect the interests of the Government (i.e. GSA would not suspend or debar the Company) based on these matters. In the letter, the Suspension and Debarment Official informed us that he had provided the information to the GSA's attorneys for review and would let us know if additional information was needed. GSA has not requested any further information.

CACI has never condoned, and will never condone, tolerate or endorse any illegal or inappropriate behavior on the part of any employee when engaged in CACI business – but we will stand firmly by our employees and their right to be presumed innocent until there is verifiable information confirming that they have been involved in misconduct. If and when the Company receives verifiable information indicating any inappropriate or illegal behavior on the part of any employee, the Company will take swift and appropriate action to redress the matter.

The results of the investigations and proceedings regarding our interrogation services in Iraq could affect our relationships with our government clients and could cause our actual results to differ materially from those anticipated.

Our business could be adversely affected by changes in budgetary priorities of the federal government.

Because we derive a substantial majority of our revenue from contracts with the federal government, we believe that the success and development of our business will continue to depend on our successful participation in federal government contract programs. Changes in federal government budgetary priorities could directly affect our financial performance. A significant decline in government expenditures, or a shift of expenditures away from programs that we support or a change in federal government contracting policies, could cause federal government agencies to reduce their purchases under contracts, to exercise their right to terminate contracts at any time without penalty or not to exercise options to renew contracts. Any such actions could cause our actual results to differ materially from those anticipated. Among the factors that could seriously affect our federal government contracting business are:

- changes in federal government programs or requirements;
- budgetary priorities limiting or delaying federal government spending generally, or specific departments or agencies in particular, and changes in fiscal policies or available funding, including potential governmental shutdowns (such as that which occurred during the government's 1996 fiscal year);
- an increase in set-asides for small businesses that could result in our inability to compete directly for prime contracts; and
- curtailment of the federal government's use of technology solutions firms.

Our federal government contracts may be terminated by the government at any time and may contain other provisions permitting the government not to continue with contract performance, and, if lost contracts are not replaced, our operating results may differ materially from those anticipated.

We derive substantially all of our revenue from federal government contracts that typically span one or more base years and one or more option years. The option periods typically cover more than half of the contract's potential duration. Federal government agencies generally have the right not to exercise these option periods. In addition, our contracts typically also contain provisions permitting a government client to terminate the contract for its convenience. A decision not to exercise option periods or to terminate contracts could result in significant revenue shortfalls from those anticipated.

Federal government contracts contain numerous provisions that are unfavorable to us.

Federal government contracts contain provisions and are subject to laws and regulations that give the government rights and remedies, some of which are not typically found in commercial contracts, including allowing the government to:

- cancel multi-year contracts and related orders if funds for contract performance for any subsequent year become unavailable;
- claim rights in systems and software developed by us;
- suspend or debar us from doing business with the federal government or with a governmental agency, impose fines and penalties and subject us to criminal prosecution; and
- control or prohibit the export of our data and technology.

If the government terminates a contract for convenience, we may recover only our incurred or committed costs, settlement expenses and profit on work completed prior to the termination. If the government terminates a contract for default, we may be unable to recover even those amounts, and instead may be liable for excess costs incurred by the government in procuring undelivered items and services from another source. Depending on the value of a contract, such termination could cause our actual results to differ materially from those anticipated. As is common with government contractors, we have experienced and continue to experience occasional performance issues under certain of our contracts. Certain contracts also contain organizational conflict of interest clauses that limit our ability to compete for certain related follow-on contracts. For example, when we work on the design of a particular system, we may be precluded from competing for the contract to install that system. Depending upon the value of the matters affected a performance problem or organizational conflict of interest issue that precludes our participation in a program or contract could cause our actual results to differ materially from those anticipated.

If we fail to establish and maintain important relationships with government entities and agencies, our ability to successfully bid for new business may be adversely affected.

To facilitate our ability to prepare bids for new business, we rely in part on establishing and maintaining relationships with officials of various government entities and agencies. These relationships enable us to provide informal input and advice to government entities and agencies prior to the development of a formal bid. We may be unable to successfully maintain our relationships with government entities and agencies, and any failure to do so may adversely affect our ability to bid successfully for new business and could cause our actual results to differ materially from those anticipated.

We derive significant revenue from contracts and task orders awarded through a competitive bidding process. If we are unable to consistently win new awards over any extended period, our business and prospects will be adversely affected.

Substantially all of our contracts and task orders with the federal government are awarded through a competitive bidding process. We expect that much of the business that we will seek in the foreseeable future will continue to be awarded through competitive bidding. Recently, members of Congress and administration officials have proposed changes to the procurement process intended to increase competition among suppliers to the federal government. Budgetary pressures and reforms in the procurement process have caused many federal government clients to increasingly purchase goods and services through ID/IQ contracts, or GSA contracts, and other GWAC contracts. These contracts, some of which are awarded to multiple contractors, have increased competition and pricing pressure, requiring that we make sustained post-award efforts to realize revenue under each such contract. Moreover, even if we are highly qualified to work on a particular new contract, we might not be awarded business because of the federal government's policy and practice of maintaining a diverse contracting base.

This competitive bidding process presents a number of risks, including the following:

- we bid on programs before the completion of their design, which may result in unforeseen technological difficulties and cost overruns;
- we expend substantial cost and managerial time and effort to prepare bids and proposals for contracts that we may not win;
- we may be unable to estimate accurately the resources and cost structure that will be required to service any contract we win; and
- we may encounter expense and delay if our competitors protest or challenge awards of contracts to us in competitive bidding, and any such protest or challenge could result in the resubmission of bids on modified specifications, or in the termination, reduction or modification of the awarded contract.

If we are unable to win particular contracts, we may be foreclosed from providing to clients services that are purchased under those contracts for a number of years. If we are unable to consistently win new contract awards over any extended period, our business and prospects will be adversely affected and that could cause our actual results to differ materially from those anticipated. In addition, upon the expiration of a contract, if the client requires further services of the type provided by the contract, there is frequently a competitive rebidding process. There can be no assurance that we will win any particular bid, or that we will be able to replace business lost upon expiration or completion of a contract, and the termination or non-renewal of any of our significant contracts could cause our actual results to differ materially from those anticipated.

Our business may suffer if we or our employees are unable to obtain the security clearances or other qualifications we and they need to perform services for our clients.

Many of our federal government contracts require us to have security clearances and employ personnel with specified levels of education, work experience and security clearances. Depending on the level of clearance, security clearances can be difficult and time-consuming to obtain. If we or our employees lose or are unable to obtain necessary security clearances, we may not be able to win new business and our existing clients could terminate their contracts with us or decide not to renew them. To the extent we cannot obtain or maintain the required security clearances for our employees working on a particular contract, we may not derive the revenue anticipated from the contract, which could cause our results to differ materially from those anticipated.

We must comply with a variety of laws and regulations, and our failure to comply could cause our actual results to differ materially from those anticipated.

We must observe laws and regulations relating to the formation, administration and performance of federal government contracts which affect how we do business with our clients and may impose added costs on our business. For example, the Federal Acquisition Regulation and the industrial security regulations of the DoD and related laws include provisions that:

- allow our federal government clients to terminate or not renew our contracts if we come under foreign ownership, control or influence;
- require us to disclose and certify cost and pricing data in connection with contract negotiations; and
- require us to prevent unauthorized access to classified information.

Our failure to comply with these or other laws and regulations could result in contract termination, loss of security clearances, suspension or debarment from contracting with the federal government, civil fines and damages and criminal prosecution and penalties, any of which could cause our actual results to differ materially from those anticipated.

The federal government may reform its procurement or other practices in a manner adverse to us.

The federal government may reform its procurement practices or adopt new contracting rules and regulations, such as cost accounting standards. It could also adopt new contracting methods relating to GSA contracts or other government-wide contracts, or adopt new socio-economic requirements. These changes could impair our ability to obtain new contracts or win re-competed contracts. Any new contracting methods could be costly or administratively difficult for us to satisfy, and, as a result could cause actual results to differ materially from those anticipated.

Restrictions on or other changes to the federal government's use of service contracts may harm our operating results.

We derive a significant amount of revenue from service contracts with the federal government. The government may face restrictions from new legislation, regulations or government union pressures, on the nature and amount of services the government may obtain from private contractors. Any reduction in the government's use of private contractors to provide federal services could cause our actual results to differ materially from those anticipated.

Our contracts and administrative processes and systems are subject to audits and cost adjustments by the federal government, which could reduce our revenue, disrupt our business or otherwise adversely affect our results of operations.

Federal government agencies, including the DCAA, routinely audit and investigate government contracts and government contractors' administrative processes and systems. These agencies review our performance on contracts, pricing practices, cost structure and compliance with applicable laws, regulations and standards. They also review our compliance with government regulations and policies and the adequacy of our internal control systems and policies, including our purchasing, property, estimating, compensation and management information systems. Any costs found to be improperly allocated to a specific contract will not be reimbursed, and any such costs already reimbursed must be refunded. Moreover, if any of the administrative processes and systems is found not to comply with requirements, we may be subjected to increased government scrutiny and approval that could delay or otherwise adversely affect our ability to compete for or perform contracts. Therefore, an unfavorable outcome to an audit by the DCAA or another government agency could cause actual results to differ materially from those anticipated. If a government investigation uncovers improper or illegal activities, we may be subject to civil and criminal penalties and administrative sanctions, including termination of contracts, forfeitures of profits, suspension of payments, fines and suspension or debarment from doing business with the federal government. In addition, we could suffer serious reputational harm if allegations of impropriety were made against us. Each of these results could cause actual results to differ materially from those anticipated.

Failure to maintain strong relationships with other contractors could result in a decline in our revenue.

We derive substantial revenue from contracts in which we act as a subcontractor or from teaming arrangements in which we and other contractors bid on particular contracts or programs. As a subcontractor or teammate, we often lack control over fulfillment of a contract, and poor performance on the contract could tarnish our reputation, even when we perform as required. We expect to continue to depend on relationships with other contractors for a portion of our revenue in the foreseeable future. Moreover, our revenue and operating results could differ materially from those anticipated if any prime contractor or teammate chose to offer directly to the client services of the type that we provide or if they team with other companies to provide those services.

We may not receive the full amounts authorized under the contracts included in our backlog, which could reduce our revenue in future periods below the levels anticipated.

Our backlog consists of funded backlog, which is based on amounts actually obligated by a client for payment of goods and services, and unfunded backlog, which is based upon management's estimate of the future potential of our existing contracts and task orders, including options, to generate revenue. Our backlog may not result in actual revenue in any particular period, or at all, which could cause our actual results to differ materially from those anticipated.

The maximum contract value specified under a government contract or task order awarded to us is not necessarily indicative of the revenues that we will realize under that contract. For example, we derive a substantial portion of our revenue from government contracts in which we are not the sole provider, meaning that the government could turn to other companies to fulfill the contract. We also derive revenues from ID/IQ contracts, which do not require the government to purchase a material amount of goods or services under the contract. Action by the government to obtain support from other contractors or failure of the government to order the quantity of work anticipated could cause our actual results to differ materially from those anticipated.

Without additional Congressional appropriations, some of the contracts included in our backlog will remain unfunded, which could significantly harm our prospects.

Although many of our federal government contracts require performance over a period of years, Congress often appropriates funds for these contracts for only one year at a time. As a result, our contracts typically are only partially funded at any point during their term, and all or some of the work intended to be performed under the contracts will remain unfunded pending subsequent Congressional appropriations and the obligation of additional funds to the contract by the procuring agency. Nevertheless, we estimate our share of the contract values, including values based on the assumed exercise of options relating to these contracts, in calculating the amount of our backlog. Because we may not receive the full amount we expect under a contract, our estimate of our backlog may be inaccurate and we may post results that differ materially from those anticipated.

Employee misconduct, including security breaches, could result in the loss of clients and our suspension or disbarment from contracting with the federal government.

We may be unable to prevent our employees from engaging in misconduct, fraud or other improper activities that could adversely affect our business and reputation. Misconduct could include the failure to comply with federal government procurement regulations, regulations regarding the protection of classified information and legislation regarding the pricing of labor and other costs in government contracts. Many of the systems we develop involve managing and protecting information involved in national security and other sensitive government functions. A security breach in one of these systems could prevent us from having access to such critically sensitive systems. Other examples of employee misconduct could include time card fraud and violations of the Anti-Kickback Act. The precautions we take to prevent and detect this activity may not be effective, and we could face unknown risks or losses. As a result of employee misconduct, we could face fines and penalties, loss of security clearance and suspension or debarment from contracting with the federal government, which could cause our actual results to differ materially from those anticipated.

Our failure to attract and retain qualified employees, including our senior management team, could adversely affect our business.

Our continued success depends to a substantial degree on our ability to recruit and retain the technically skilled personnel we need to serve our clients effectively. Our business involves the development of tailored solutions for our clients, a process that relies heavily upon the expertise and services of our employees. Accordingly, our employees are our most valuable resource. Competition for skilled personnel in the information technology services industry is intense, and technology service companies often experience high attrition among their skilled employees. There is a shortage of people capable of filling these positions and they are likely to remain a limited resource for the foreseeable future. Recruiting and training these personnel require substantial resources. Our failure to attract and retain technical personnel could increase our costs of performing our contractual obligations, reduce our ability to efficiently satisfy our clients' needs, limit our ability to win new business and cause our actual results to differ materially from those anticipated.

In addition to attracting and retaining qualified technical personnel, we believe that our success will depend on the continued employment of our senior management team and its ability to generate new business and execute projects successfully. Our senior management team is very important to our business because personal reputations and individual business relationships are a critical element of obtaining and maintaining client engagements in our industry, particularly with agencies performing classified operations. The loss of any of our senior executives could cause us to lose client relationships or new business opportunities, which could cause actual results to differ materially from those anticipated.

Our markets are highly competitive, and many of the companies we compete against have substantially greater resources.

The markets in which we operate include a large number of participants and are highly competitive. Many of our competitors may compete more effectively than we can because they are larger, better financed and better known companies than we are. In order to stay competitive in our industry, we must also keep pace with changing technologies and client preferences. If we are unable to differentiate our services from those of our competitors, our revenue may decline. In addition, our competitors have established relationships among themselves or with third parties to increase their ability to address client needs. As a result, new competitors or alliances among competitors may emerge and compete more effectively than we can. There is also a significant industry trend towards consolidation, which may result in the emergence of companies who are better able to compete against us. The results of these competitive pressures could cause our actual results to differ materially from those anticipated.

Our quarterly revenue and operating results could be volatile.

Our quarterly revenue and operating results may fluctuate significantly and unpredictably in the future. In particular, if the federal government does not adopt, or delays adoption of, a budget for each fiscal year beginning on October 1, or fails to pass a continuing resolution, federal agencies may be forced to suspend our contracts and delay the award of new and follow-on contracts and orders due to a lack of funding. Further, the rate at which the federal government procures technology may be negatively affected following changes in presidential administrations and senior government officials.

Therefore, period-to-period comparisons of our operating results may not be a good indication of our future performance.

Our quarterly operating results may not meet the expectations of securities analysts or investors, which in turn may have an adverse effect on the market price of our common stock. Our quarterly operating results may also fluctuate due to impairment of goodwill charges required by recent changes in accounting standards.

We may lose money or generate less than anticipated profits if we do not accurately estimate the cost of an engagement which is conducted on a fixed-price basis.

We perform a portion of our engagements on a fixed-price basis. We derived 17.0% of our total revenue in FY2004 and 18.7% of our total revenue in FY2003 from fixed-price contracts. Fixed price contracts require us to price our contracts by predicting our expenditures in advance. In addition, some of our engagements obligate us to provide ongoing maintenance and other supporting or ancillary services on a fixed-price basis or with limitations on our ability to increase prices. Many of our engagements are also on a time-and-material basis. While these types of contracts are generally subject to less uncertainty than fixed-price contracts, to the extent that our actual labor costs are higher than the contract rates, our actual results could differ materially from those anticipated.

When making proposals for engagements on a fixed-price basis, we rely on our estimates of costs and timing for completing the projects. These estimates reflect our best judgment regarding our capability to complete the task efficiently. Any increased or unexpected costs or unanticipated delays in connection with the performance of fixed-price contracts, including delays caused by factors outside our control, could make these contracts less profitable or unprofitable. From time to time, unexpected costs and unanticipated delays have caused us to incur losses on fixed-price contracts, primarily in connection with state government clients. On rare occasions, these losses have been significant. In the event that we encounter such problems in the future, our actual results could differ materially from those anticipated.

Our earnings and margins may vary based on the mix of our contracts and programs.

At June 30, 2004, our backlog included both cost reimbursement and fixed-price contracts. Cost reimbursement contracts generally have lower profit margins than fixed-price contracts. Our earnings and margins may vary materially depending on the types of long-term government contracts undertaken, the costs incurred in their performance, the achievement of other performance objectives and the stage of performance at which the right to receive fees, particularly under incentive and award fee contracts, is finally determined.

Systems failures may disrupt our business and have an adverse effect on our results of operations.

Any systems failures, including network, software or hardware failures, whether caused by us, a third party service provider, unauthorized intruders and hackers, computer viruses, natural disasters, power shortages or terrorist attacks, could cause loss of data, interruptions or delays in our business or that of our clients. In addition, the failure or disruption of our mail, communications or utilities could cause us to interrupt or suspend our operations or otherwise harm our business. Our property and business interruption insurance may be inadequate to compensate us for all losses that may occur as a result of any system or operational failure or disruption and, as a result, our actual results could differ materially from those anticipated.

The systems and networks that we maintain for our clients, although highly redundant in their design, could also fail. If a system or network we maintain were to fail or experience service interruptions, we might experience loss of revenue or face claims for damages or contract termination. Our errors and omissions liability insurance may be inadequate to compensate us for all the damages that we might incur and, as a result, our actual results could differ materially from those anticipated.

We may have difficulty identifying and executing acquisitions on favorable terms and therefore may grow at slower than anticipated rates.

One of our key growth strategies has been to selectively pursue acquisitions. Through acquisitions, we have expanded our base of federal government clients, increased the range of solutions we offer to our clients and deepened our penetration of existing clients. We may encounter difficulty identifying and executing suitable acquisitions. Without acquisitions, we may not grow as rapidly as the market expects, which could cause our actual results to differ materially from those anticipated. We may encounter other risks in executing our acquisition strategy, including:

- increased competition for acquisitions may increase the costs of our acquisitions;
- our failure to discover material liabilities during the due diligence process, including the failure of prior owners of any acquired businesses or their employees to comply with applicable laws or regulations, such as the Federal Acquisition Regulation and health, safety and environmental laws, or their failure to fulfill their contractual obligations to the federal government or other customers; and
- acquisition financing may not be available on reasonable terms or at all.

Each of these types of risks could cause our actual results to differ materially from those anticipated.

We may have difficulty integrating the operations of any companies we acquire, which could cause actual results to differ materially from those anticipated.

The success of our acquisition strategy will depend upon our ability to continue to successfully integrate any businesses we may acquire in the future. The integration of these businesses into our operations may result in unforeseen operating difficulties, absorb significant management attention and require significant financial resources that would otherwise be available for the ongoing development of our business. These integration difficulties include the integration of personnel with disparate business backgrounds, the transition to new information systems, coordination of geographically dispersed organizations, loss of key employees of acquired companies, and reconciliation of different corporate cultures. For these or other reasons, we may be unable to retain key clients of acquired companies. Moreover, any acquired business may fail to generate the revenue or net income we expected or produce the efficiencies or cost-savings that we anticipated. Any of these outcomes could cause our actual results to differ materially from those anticipated.

If our subcontractors fail to perform their contractual obligations, our performance as a prime contractor and our ability to obtain future business could be materially and adversely impacted and our actual results could differ materially from those anticipated.

Our performance of government contracts may involve the issuance of subcontracts to other companies upon which we rely to perform all or a portion of the work we are obligated to deliver to our clients. A failure by one or more of our subcontractors to satisfactorily deliver on a timely basis the agreed-upon supplies and/or perform the agreed-upon services may materially and adversely impact our ability to perform our obligations as a prime contractor.

A subcontractor’s performance deficiency could result in the government terminating our contract for default. A default termination could expose us to liability for excess costs of reprocurement by the government and have a material adverse effect on our ability to compete for future contracts and task orders.

Depending upon the level of problem experienced, such problems with subcontractors could cause our actual results to differ materially from those anticipated.

Our business may be adversely affected if we cannot collect our receivables.

We depend on the collection of our receivables to generate cash flow, provide working capital, pay debt and continue our business operations. If the federal government, any of our other clients or any prime contractor for whom we are a subcontractor fails to pay or delays the payment of their outstanding invoices for any reason, our business and financial condition may be materially adversely affected. The government may fail to pay outstanding invoices for a number of reasons, including lack of appropriated funds or lack of an approved budget.

Some prime contractors for whom we are a subcontractor have significantly less financial resources than we do, which may increase the risk that we may not be paid in full or payment may be delayed.

If we experience difficulties collecting receivables it could cause our actual results to differ materially from those anticipated.

Our global networks and other business commitments require our employees to travel to potentially dangerous places, which may result in injury or other negative impact to key employees.

Our domestic business involves the maintenance of global networks and provision of other services that require us to dispatch employees to various countries around the world. These countries may be experiencing political upheaval or unrest, and in some cases war or terrorism. Certain senior level employees or executives are, on occasion, part of the teams deployed to provide services in these countries. As a result, it is possible that certain of our employees or executives will suffer injury or bodily harm, or be killed or kidnapped in the course of these deployments. It is also possible that we will encounter unexpected costs in connection with the repatriation of our employees or executives for reasons beyond our control. These problems could cause our actual results to differ materially from those anticipated.

Our failure to adequately protect our confidential information and proprietary rights may harm our competitive position.

Our success depends, in part, upon our ability to protect our proprietary information and other intellectual property. Although our employees are subject to confidentiality obligations, this protection may be inadequate to deter misappropriation of our confidential information. In addition, we may be unable to detect unauthorized use of our intellectual property in order to take appropriate steps to enforce our rights. If we are unable to prevent third parties from infringing or misappropriating our copyrights, trademarks or other proprietary information, our competitive position could be harmed and our actual results could differ materially from those anticipated.

We face additional risks which could harm our business because we have international operations.

Our international operations consist of our U.K.-based business which conducts the majority of its business in the United Kingdom. Our international operations comprised approximately 4.0% of our revenue in FY2004 and 4.8% of our revenue in FY2003. Our U.K.-based operations are subject to risks associated with operating in a foreign country. These risks include fluctuations in the value of the British pound, longer payment cycles, changes in foreign tax laws and regulations and unexpected legislative, regulatory, economic or political changes.

Our U.K.-based operations are also subject to risks associated with operating a commercial, as opposed to a government contracting, business, including the effects of general economic conditions in the United Kingdom on the telecommunications, computer software and computer services sectors and the impact of more concentrated and intense competition for the reduced volume of work available in those sectors. Our revenue from this business grew during FY2004 over revenue from such business in FY2003 largely as a result of the slight recovery of the U.K. economy and the strengthening of the British pound. While we are marketing our services to clients in industries that are new to us, our efforts in that regard may be unsuccessful. Other factors that may adversely affect our international operations are a continued decline in the economy of the United Kingdom, difficulties relating to managing our business internationally, and multiple tax structures. Any of these factors could cause our actual results to differ materially from those anticipated.

Item 7A. Quantitative and Qualitative Disclosure About Market Risk

As of June 30, 2004, we had investments in marketable securities valued at $0.5 million. All of these securities consisted of highly liquid investments that had remaining maturities of less than 365 days at June 30, 2004. These investments are subject to interest rate risk and will decrease in value if market interest rates increase. Hypothetically, a 10% increase or decrease in market interest rates from the June 30, 2004 rates would not cause a material change in the value of these short-term investments. We have the ability to hold these investments until maturity, and therefore we do not expect the value of these investments to be affected to any significant degree by a sudden change in market interest rates. Declines in interest rates over time will, however, reduce our interest income. As of June 30, 2004, we did not own any significant equity investments. Therefore, we did not have any material equity price risk.

The interest rates on both the institutional term loan and the revolving credit facility portion of the Company’s Credit Facility are affected by changes in market interest rates. The Company has the ability to manage these fluctuations in part, through interest rate swaps. A 1% change in interest rates on variable rate debt would have resulted in the Company’s interest expense fluctuating by approximately $680,000 for the year ended June 30, 2004.

Approximately 4.0% and 4.8% of the Company’s total revenues in FY2004 and FY2003, respectively, were derived from

customers of our international operations, primarily in the United Kingdom. The Company's practice in its international operations is to negotiate contracts in the same currency in which the predominant expenses are incurred, thereby mitigating the exposure to foreign currency exchange fluctuations. It is not possible to accomplish this in all cases; thus, there is some risk that profits will be affected by foreign currency exchange fluctuations. As of June 30, 2004 the Company had approximately $18.6 million in cash held in pounds sterling in the United Kingdom. This allows the Company to better utilize its cash resources on behalf of its foreign subsidiaries, thereby mitigating foreign currency conversion risks.

Item 8. Financial Statements and Supplementary Data

The Consolidated Financial Statements of CACI International Inc and subsidiaries are provided in Section II of the Report.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company had no disagreements with its independent accountants on accounting principles, practices or financial statement disclosure during the two years prior to the date of the most recent financial statements included in this report.

On September 5, 2002, the Company filed a Form 8-K describing the circumstances of its change of independent registered public accounting firm from Deloitte & Touche, LLP to Ernst & Young LLP. That report can be accessed through the Company's website at http://www.caci.com or the Securities and Exchange Commission website at http://www.sec.gov .

Item 9A. Controls and Procedures

As of June 30, 2004, the Company carried out an evaluation of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Exchange Act Rule 13a-15 under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer. Based upon that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures are effective. Disclosure controls and procedures are controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms.

There have been no significant changes in our internal controls or in other factors that could significantly affect internal controls subsequent to the date the Company carried out this evaluation.

PART III

The Information required by Items 10, 11, 12, 13 and 14 of Part III of Form 10-K has been omitted in reliance on General Instruction G(3) and is incorporated herein by reference to the Company's proxy statement to be filed with the SEC pursuant to Regulation 14A promulgated under the Securities Exchange Act of 1934, as amended, except for the specific disclosures below:

Item 10. Officers, Directors and Executive Officers of the Registrants

Audit Committee and Financial Expert

The Board of Directors has determined that the Company has at least one audit committee financial expert serving on its Audit Committee – Director Richard L. Leatherwood. Mr. Leatherwood is "independent" as that term is used in Schedule 14A, Item 7(d)(3)(iv) under the Securities Exchange Act of 1934, as amended.

Code of Ethics

The Company has adopted a code of ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. That code, our Code of Ethics and Business Conduct Standards, can be found posted on the Company's website at http://www.caci.com and a printed copy of such code will be furnished to any shareholder who requests one.

Corporate Governance Guidelines

The Company has adopted a set of corporate governance guidelines in accordance with the requirements of the Section 303A of the New York Stock Exchange Listed Company Manual. Those guidelines can be found posted on the Company's website at http://www.caci.com and a printed copy will be furnished to any shareholder who requests one.

Item 11. Executive Compensation

The information required by this Item 11 is included in the text and tables under the caption Executive Officer Compensation in the Company's 2004 Proxy Statement, for the annual meeting to be held with respect to the fiscal year ended June 30, 2004.

Item 12. Security Ownership Of Certain Beneficial Owners And Management

The information required by this Item 12 is included under the headings Security Ownership of Certain Beneficial Owners and Management, in the Company's 2004 Proxy Statement, for the annual meeting to be held with respect to the fiscal year ended June 30, 2004.

Item 13. Certain Relationships And Related Transactions

The information required by Item 404 of Regulation S-K concerning certain relationships and related transactions is included under the caption "Transactions with Management and Others; Other Information", in our 2004 Proxy Statement, for the annual meeting to be held with respect to the fiscal year ended June 30, 2004.

Item 14. Principal Accounting Fees and Services

The information required by Item 9(e) of Schedule 14A concerning principal accounting fees and services is included under the caption "Fees Paid to Principal Accountants" in our 2004 Proxy Statement, for the annual meeting to be held with respect to the fiscal year ended June 30, 2004.

PART IV

Item 15. Exhibits, Financial Statements, Schedules, and Reports on Form 8-K

(a) Documents filed as part of this Report

1. Financial Statements
   - A. Reports of Independent Registered Public Accounting Firms
   - B. Consolidated Statements of Operations for the years ended June 30, 2004, 2003 and 2002
   - C. Consolidated Balance Sheets as of June 30, 2004 and 2003
   - D. Consolidated Statements of Cash Flows for the years ended June 30, 2004, 2003 and 2002
   - E Consolidated Statements of Shareholders' Equity for the years ended June 30, 2004, 2003 and 2002
   - F. Consolidated Statements of Comprehensive Income for the years ended June 30, 2004, 2003 and 2002
   - G. Notes to Consolidated Financial Statements

2. Supplementary Financial Data.

   Schedule II - Valuation and Qualifying Accounts for the years ended June 30, 2004, 2003 and 2002

(b) Reports on Form 8-K for the periods of April 1, 2004 through June 30, 2004

- The Registrant filed a Current Report on Form 8-K on April 21, 2004 announcing its financial results for the third quarter and first nine months of fiscal year 2004.
- The Registrant filed a Current Report on Form 8-K on May 3, 2004 announcing its intent to complete its purchase of the Defense and Intelligence Group of American Management Systems, Incorporated and related assets effective May 1, 2004.
- The Registrant filed a Current Report on Form 8-K on May 5, 2004 announcing its position regarding reported allegations concerning employees in Iraq.
- The Registrant filed a Current Report on Form 8-K on May 5, 2004 responding to allegations in the media regarding the company's employees in Iraq and to financial community interests.
- The Registrant filed a Current Report on Form 8-K on May 11, 2004 providing an update to ongoing investigations into prison abuse in Iraq in response to Congressional testimony and clarified information in recent media reporting about its employees.
- The Registrant filed a Current Report on Form 8-K on May 14, 2004 announcing that it had completed the purchase of the Defense and Intelligence Group and related assets of American Management Systems, Incorporated.
- The Registrant filed a Current Report on Form 8-K on May 25, 2004 reporting that it had been informed by officials of the Department of the Interior ("DOI") of their intent to honor all existing delivery orders in accordance with their terms and funding.
- The Registrant filed a Current Report on Form 8-K on May 26, 2004 announcing that it would hold a conference call on May 27, 2004 to discuss first quarter and initial revenue guidance for its fiscal year 2005 and provide an update on the recent acquisition of American Management System's Defense & Intelligence Group.
- The Registrant filed a Current Report on Form 8-K on May 26, 2004 announcing that it has been awarded a contract with an estimated value of $88 million with the U.S. Navy Expeditionary Warfare, Ship Self Defense System Division at the Naval Surface Warfare Center in Port Hueneme, California.
- The Registrant filed a Current Report on Form 8-K on May 27, 2004, releasing guidance for its first quarter of FY05 and forecast revenues for all of FY05.
- The Registrant filed a Current Report on Form 8-K on May 27, 2004 releasing guidance for its first quarter of FY05 and forecast revenues for all of FY05, attaching a copy of the transcript of the May 27, 2004 conference call.
- The Registrant filed a Current Report on Form 8-K on May 27, 2004 reporting that it had been informed by the U.S. General Services Administration that it has questions concerning the contract instrument used to procure services requested by the U.S. Army for work in Iraq.
- The Registrant filed a Current Report on Form 8-K on June 10, 2004 issuing a press release rejecting as slanderous

and malicious a lawsuit filed June 9, 2004 in San Diego federal court by a New York-based human rights activist group. The Registrant also stated that it is examining its options for sanctions against the lawyers who participated in the filing of the lawsuit

- The Registrant filed a Current Report on Form 8-K on June 14, 2004 issuing a press release summarizing the information it has been providing to the investment community and the public about its business in Iraq and seeking to correct various media and press reports that have mistakenly included false, distorted or inaccurate information.
- The Registrant filed a Current Report on Form 8-K on June 28, 2004 issuing a press release clarifying and correcting inaccurate and false information being widely disseminated relating to the Registrant's business in Iraq.

(3) Articles of Incorporation and By-laws:

3.1 Certificate of Incorporation of the Registrant, as amended to date, is incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2000.

3.2 By-laws of the Registrant, as amended to date, is incorporated by reference to the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 30, 2000.

(4) Instruments Defining the Rights of Security Holders:

4.1 Clause FOURTH of the Registrant's Certificate of Incorporation, incorporated above as Exhibit 3.1.

4.2 The Rights Agreement incorporated below as Exhibit 10.16

(10) Material Contracts:

10.1 Employment Agreement between the Registrant and Dr. J. P. London dated August 17, 1995, is incorporated by reference from Exhibit 10.3 of the Registrant's Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 30, 1995.

10.2 The 1996 Stock Incentive Plan of the Registrant is incorporated by reference to the Registration Statement, as amended, on Form S-8 filed with the Commission on February 7, 2002.

10.3 Consulting and Separation Agreement between the Registrant and Ronald R. Ross, former President and Chief Operating Officer, dated August 10, 1999, as incorporated by reference from Exhibit 10.7 of the Annual Report on Form 10-K filed with the Securities and Exchange Commission for the fiscal year ended June 30, 1999.

10.4 The Asset Purchase Agreement dated as December 15, 1999, between Compuware Corporation, CACI International Inc, CACI Products Company, CACI Development Company and CACI Products Company California, is incorporated by reference from Exhibit 99.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 20, 1999.

10.5 The Agreement and Plan of Merger dated as of January 28, 2000, between the Registrant, XEN Corporation and CACI Acquisition Corporation, is incorporated by reference from Exhibit 99.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on February 14, 2000.

10.6 The Asset Acquisition Agreement dated as of March 16, 2000, between the Registrant, Century Technologies, Incorporated (CENTECH), and CACI, Inc., is incorporated by reference from Exhibit 99.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on April 3, 2000.

10.7 The Asset Acquisition Agreement dated as of October 18, 2000, between the Registrant, N.E.T. Federal, Inc., Network Equipment Technologies, Inc., and CACI, INC.-FEDERAL is incorporated by reference from Exhibit 99.1 of the Current Report on Form 8-K filed with the Securities and Exchange Commission on December 15, 2000.

10.8 The Revolving Credit Agreement dated February 4, 2002, between the Registrant, Bank of America, N.A. and a consortium of participating banks is incorporated by reference to the current report on Form 8-K filed with Securities and Exchange Commission on February 7, 2002.

10.9 The CACI $MART PLAN of the Registrant is incorporated by reference to the Registration Statement on Form S-8 filed with the Commission on July 1, 2002.

10.10 Form of Stock Option Agreement between Registrant and certain employees is incorporated by reference from the Form 10-K files with the Commission on September 27, 2002.

10.11 Form of Performance Accelerated Stock Option Agreement between Registrant and certain employees is incorporated by reference from the Form 10-K filed with the Commission on September 27, 2002.

10.12 The Asset Purchase Agreement dated July 3, 2002 between the Registrant, Condor Technology Solutions, Inc., CACI INC.-FEDERAL, Louden Associates, Inc., InVenture Group, Inc., MIS Technologies, Inc., and Federal Computer Corporation.*

10.13 The Agreement and Plan of Merger dated September 21, 2003 between the Registrant, CACI, INC.-FEDERAL, CACI Acquisition Corporation and Acton Burnell, Inc.*

10.14 The Stock Purchase Agreement dated February 20, 2003 between the Registrant, CACI INC.-FEDERAL, Applied Technology Solutions of Northern Virginia, Inc., Donna K. Alligood, Carol Carlson and Robert D. Walp.*

10.15 The Asset Purchase Agreement dated April 13, 2003 between the Registrant, CACI INC.-FEDERAL, CACI Premier Technology, Inc., Premier Technology Group, Inc., and Rajiv Bajawa.*

10.16 The Rights Agreement dated July 11, 2003 between the Registrant and American Stock Transfer & Trust Company is represented by reference from Exhibit 4.1 of the Current Registration Form 8-K filed with the Securities and Exchange Commission on July 11, 2003.

10.17 The 2002 Employee, Management, and Director Stock Purchase Plans of the Registrant are incorporated by reference from the Registration Statement on Form S-8 filed with the commission on March 28, 2003

10.18 The Stock Purchase Agreement dated as of February 12, 2004 by and among the Registrant, CMS Information Services, Inc. and CACI, INC.-FEDERAL.

10.19 The Stock Purchase Agreement dated as of September 22, 2003 by and among the Registrant, C-CUBED Corporation, CACI, INC.-FEDERAL and the stockholders of C-CUBED.

10.20 The Asset Purchase Agreement dated as of March 10, 2004 by and among Registrant, American Management Systems, Incorporated, CGI Group Inc., CACI, INC.-FEDERAL and Dagger Acquisition Corporation.

10.21 The Credit Agreement dated May 3, 2004, between the Registrant, Bank of America, N.A. and a consortium of participating banks.

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* This agreement can be accessed through the Securities and Exchange Commission website at http://www.sec.gov .

(21) The significant subsidiaries of the Registrant, as defined in Section 1-02(w) of regulation S-X, are:

CACI, INC.- FEDERAL, a Delaware Corporation

CACI, INC.- COMMERCIAL, a Delaware Corporation

CACI Limited, a United Kingdom Corporation

Automated Sciences Group, Inc., a Delaware Corporation

CACI Technologies, Inc., a Virginia Corporation
(also does business as “CACI Productions Group”)

CACI Dynamic Systems, Inc., a Virginia Corporation

CACI Premier Technology, Inc., a Delaware Corporation

CACI SYSTEMS AND TECHNOLOGY LTD, a Canadian Corporation

CACI Enterprise Solutions, Inc.

(23.1) Consent of Ernst & Young LLP

(23.2) Consent of Deloitte & Touche, LLP

(31.1) Rule 13a-14(a)/15d-14(a) Certification of Chief Executive Officer

(31.2) Rule 13a-14(a)/15d-14(a) Certification of Chief Financial Officer

(32.1) Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

(32.2) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
CACI International Inc

We have audited the accompanying consolidated balance sheets of CACI International Inc and subsidiaries (the Company) as of June 30, 2004 and 2003, and the related consolidated statements of operations, shareholders' equity, cash flows, and comprehensive income for the each of the two years then ended. Our audits also included the financial statement schedule for the years ended June 30, 2004 and 2003, listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CACI International Inc and subsidiaries as of June 30, 2004 and 2003, and the consolidated results of their operations and their cash flows for each of the two years then ended, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule for each of the two years ended June 30, 2004 and 2003, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/s/ Ernst & Young LLP

McLean, Virginia
August 16, 2004

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To The Board of Directors and Shareholders
CACI International Inc
Arlington, Virginia

We have audited the consolidated balance sheet of CACI International Inc and subsidiaries (the Company) as of June 30, 2002, and the related consolidated statements of operations, shareholders' equity, cash flows, and comprehensive income for the year ended June 30, 2002. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the financial statement schedule based on our audits.

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

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2002, and the results of their operations and their cash flows for the year ended June 30, 2002, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly in all material respects the information set forth therein.

/s/ Deloitte & Touche, LLP
McLean, Virginia
August 13, 2002

CACI INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF OPERATIONS
(amounts in thousands, except per share data)

	Year ended June 30,		
	2004	2003	2002
Revenue	$1,145,785	$843,138	$681,942
Costs and expenses:			
Direct costs	708,371	517,975	421,540
Indirect costs and selling expenses	313,664	242,153	195,167
Depreciation and amortization	19,036	12,604	12,131
Total costs and expenses	1,041,071	772,732	628,838
Income from operations	104,714	70,406	53,104
Interest expense (income), net	1,783	(1,374)	1,622
Income before income taxes	102,931	71,780	51,482
Income taxes	39,262	27,069	19,558
Income from continuing operations	63,669	44,711	31,924
Discontinued operations:			
Loss from operations from discontinued Marketing Systems Group (less applicable income tax benefit of $128)	—	—	(209)
Loss on disposal of Marketing Systems Group including provision of $284 for operating losses during phase-out period (less applicable income tax benefit of $766)	—	—	(1,250)
Net income	$ 63,669	$ 44,711	$ 30,465
Earnings per common and common equivalent share:			
Basic:			
Average shares outstanding	29,051	28,647	24,992
Income from continuing operations	$ 2.19	$ 1.56	$ 1.28
Loss from discontinued operations	0.00	0.00	(0.01)
Loss on disposal	0.00	0.00	(0.05)
Net income	$ 2.19	$ 1.56	$ 1.22
Diluted:			
Average shares and equivalent shares outstanding	29,877	29,425	25,814
Income from continuing operations	$ 2.13	$ 1.52	$ 1.24
Loss from discontinued operations	0.00	0.00	(0.01)
Loss on disposal	0.00	0.00	(0.05)
Net income	$ 2.13	$ 1.52	$ 1.18

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC
CONSOLIDATED BALANCE SHEETS
(amounts in thousands, except per share numbers)

	June 30, 2004	June 30, 2003
ASSETS		
Current assets:		
Cash and cash equivalents	$ 63,029	$ 73,735
Marketable securities	515	15,291
Accounts receivable, net:		
Billed	320,041	179,202
Unbilled	28,326	18,891
Total accounts receivable, net	348,367	198,093
Deferred income taxes	3,392	462
Prepaid expenses and other	17,153	10,329
Total current assets	432,456	297,910
Property and equipment, net	25,489	18,634
Accounts receivable, long-term, net	9,438	8,083
Goodwill	551,851	182,313
Other assets	35,446	18,715
Intangible assets, net	99,624	36,395
Total assets	$1,154,304	$562,050
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Notes payable, current	$ 20,829	$ 4,558
Accounts payable	37,662	20,739
Other accrued expenses	86,263	32,569
Accrued compensation and benefits	72,387	44,460
Income taxes payable	7,120	12,999
Total current liabilities	224,261	115,325
Notes payable, long-term	391,401	—
Deferred rent expense	5,968	4,463
Deferred income taxes	12,307	6,108
Other long-term obligations	22,095	14,619
Shareholders' equity:		
Common stock $.10 par value, 80,000 shares authorized, 36,956 and 36,509 shares issued, respectively	3,696	3,651
Capital in excess of par	215,645	204,144
Retained earnings	298,143	234,474
Accumulated other comprehensive income	3,660	388
Treasury stock, at cost (7,815 and 7,774 shares, respectively)	(22,872)	(21,122)
Total shareholders' equity	498,272	421,535
Total liabilities and shareholders' equity	$1,154,304	$562,050

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year ended June 30,		
	2004	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 63,669	$ 44,711	$ 30,465
Reconciliation of net income to net cash provided by operating activities:			
Depreciation and amortization	19,036	12,604	12,255
Amortization of deferred financing costs	224	—	—
Stock based compensation expense	159	—	—
Gain on sale of property and equipment	—	5	5
(Benefit) provision for deferred income taxes	(7,078)	1,824	(5,410)
Loss on disposal of business	—	—	966
Changes in operating assets and liabilities, net of effect of business combinations:			
Increase in accounts receivable	(42,491)	(22,595)	(6,226)
(Increase) decrease in prepaid expenses and other assets	(9,728)	(8,706)	781
Increase (decrease) in accounts payable and accrued expenses	27,625	19,064	(10,408)
Increase in accrued compensation and benefits	17,187	7,335	3,848
Increase (decrease) in deferred rent expenses	2,014	3,441	(5)
(Decrease) increase in income taxes payable	(626)	11,519	11,820
Increase in deferred compensation and other long term liabilities	5,824	6,686	2,952
Net cash provided by operating activities	75,815	75,888	41,043
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditures	(8,703)	(10,634)	(8,185)
Cash paid for the purchase of businesses, net of cash acquired	(503,331)	(107,733)	(45,445)
Proceeds from sale of business	—	—	3,500
Proceeds from sale of property and equipment	—	11	24
Purchases of marketable securities	(62)	(10,281)	(20,019)
Proceeds from sale of marketable securities	15,352	15,009	—
Other assets	73	384	(898)
Net cash used in investing activities	(496,671)	(113,244)	(71,023)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds under lines of credit	72,575	6,372	319,372
Payments under lines of credit	(10,375)	(31,372)	(343,260)
Proceeds under term loan	350,000	—	—
Payments under term loan	(875)	—	—
Payment of financing costs	(8,221)	—	(405)
Proceeds from employee stock purchase plans	3,495	—	—
Proceeds from exercise of stock options	6,967	3,603	8,113
Net proceeds from secondary stock offering	—	—	161,475
Purchase of common stock for treasury	(4,883)	(105)	(83)
Net cash provided by (used in) financing activities	408,683	(21,502)	145,212
Effect of exchange rate changes on cash and cash equivalents	1,467	1,544	975
Net (decrease) increase in cash and cash equivalents	(10,706)	(57,314)	116,207
Cash and cash equivalents, beginning of year	73,735	131,049	14,842
Cash and cash equivalents, end of year	$ 63,029	$ 73,735	$ 131,049
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Cash paid during the year for income taxes	$ 48,101	$ 14,946	$ 13,024
Cash paid for interest	$ 289	$ 1,213	$ 2,275

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(amounts in thousands)

	Common stock					Treasury stock		
	Shares	Amount	Capital in excess of par	Retained earnings	Accumulated other comprehensive (loss) income	Shares	Amount	Total Shareholders' equity
BALANCE, June 30, 2001	30,572	$3,057	$ 23,269	$159,298	$ (4,486)	7,768	$(20,934)	$ 160,204
Net income	—	—	—	30,465	—	—	—	30,465
Other comprehensive income	—	—	—	—	1,925	—	—	1,925
Net proceeds from secondary offering	4,888	489	160,986	—	—	—	—	161,475
Exercise of stock options (including $5,060 income tax benefit)	735	74	13,099	—	—	4	(83)	13,090
BALANCE, June 30, 2002	36,195	3,620	197,354	189,763	(2,561)	7,772	(21,017)	367,159
Net income	—	—	—	44,711	—	—	—	44,711
Other comprehensive income	—	—	—	—	2,949	—	—	2,949
Exercise of stock options (including $3,218 income tax benefit)	314	31	6,790	—	—	2	(105)	6,716
BALANCE, June 30, 2003	36,509	3,651	204,144	234,474	388	7,774	(21,122)	421,535
Net income	—	—	—	63,669	—	—	—	63,669
Other comprehensive income	—	—	—	—	3,272	—	—	3,272
Repurchase of common stock	—	—	—	—	—	110	(4,883)	(4,883)
Employee stock purchase plans	—	—	(562)	—	—	(69)	3,133	2,571
Exercise of stock options (including $5,141 income tax benefit)	447	45	12,063	—	—	—	—	12,108
BALANCE, June 30, 2004	36,956	$3,696	$215,645	$298,143	$ 3,660	7,815	$(22,872)	$ 498,272

See Notes to Consolidated Financial Statements.

CACI INTERNATIONAL INC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(dollars in thousands)

	Year ended June 30,		
	2004	2003	2002
Net income	$63,669	$44,711	$30,465
Currency translation adjustment	3,272	2,653	2,221
Fair value of interest rate swap	—	296	(296)
Comprehensive income	$66,941	$47,660	$32,390

See Notes to Consolidated Financial Statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Business Activities

CACI International Inc ("the Company") is an international information systems and high technology services corporation. It primarily delivers information technology and communications solutions through four areas of expertise or service offerings: systems integration, managed network services, knowledge management and engineering services. The Company provides these services in support of U.S. national defense, intelligence and civilian agencies, agencies of foreign governments, state and local governments, and commercial enterprises.

The Company's operations are subject to certain risks and uncertainties including, among others, the dependence on contracts with federal government agencies, dependence on revenues derived from contracts awarded through competitive bidding, existence of contracts with fixed pricing, dependence on subcontractors to fulfill contractual obligations, dependence on key management personnel, ability to attract and retain qualified employees, ability to successfully integrate acquired companies, and current and potential competitors with greater resources.

Principles of Consolidation

The consolidated financial statements include the statements of CACI International Inc and its subsidiaries (collectively, the "Company"). All significant intercompany balances and transactions have been eliminated in consolidation.

Revenue Recognition

The Company generates its revenue from three different types of contractual arrangements: cost-plus-fee contracts; time and materials contracts; and fixed price contracts. Revenue on cost-plus-fee contracts is recognized to the extent of costs incurred plus an estimate of the applicable fees earned. The Company considers fixed fees under cost-plus-fee contracts to be earned in proportion of the allowable costs incurred in performance of the contract. For cost-plus-fee contracts that include performance based fee incentives, the Company recognizes the relevant portion of the expected fee to be awarded by the customer at the time such fee can be reasonably estimated, based on factors such as the Company's prior award experience and communications with the customer regarding performance. Revenue on time-and-material contracts is recognized to the extent of billable rates times hours delivered plus expenses incurred.

The Company has four basic categories of fixed price contracts; fixed unit price; fixed price-level of effort; fixed price-completion; and fixed price-license. Revenue on fixed unit price contracts, where specified units of output under service arrangements are delivered, is recognized as units are delivered based on the specified price per unit. Revenue on fixed unit price maintenance contracts is recognized ratably over the length of the service period. Revenue for fixed price level of effort contracts is recognized based upon the number of units of labor actually delivered multiplied by the agreed rate for each unit of labor.

A significant portion of the Company's fixed price-completion contracts involve the design and development of complex, client systems. For these contracts that are within the scope of Statement of Position 81-1, *Accounting for Performance of Construction-Type and Certain Production-Type Contracts* ("SOP 81-1"), revenue is recognized on the percentage of completion method using costs incurred in relation to total estimated costs. For fixed price-completion contracts that are not within the scope of SOP 81-1, revenue is generally recognized ratably over the service period. The Company's fixed price license agreements and related services contracts are primarily executed in its international operations. As the agreements to deliver software require significant production, modification or customization of software, revenue is recognized using the contract accounting guidance of SOP 81-1. For agreements to deliver data under license and related services, revenue is recognized as the data is delivered and services are performed. Provisions for estimated losses on uncompleted contracts are recorded in the period such losses are determined.

Contract accounting requires judgment relative to assessing risks, estimating contract revenues and costs, and making assumptions for schedule and technical issues. Due to the size and nature of many of the Company's contracts, the estimation of total revenues and cost at completion is complicated and subject to many variables. Contract costs include material, labor and subcontracting costs, as well as an allocation of allowable indirect costs. Assumptions have to be made regarding the length of

time to complete the contract because costs also include expected increases in wages and prices for materials. For contract change orders, claims or similar items, the Company applies judgment in estimating the amounts and assessing the potential for realization. These amounts are only included in contract value when they can be reliably estimated and realization is considered probable. Incentives or penalties related to performance on contracts are considered in estimating sales and profit rates, and are recorded when there is sufficient information for the Company to assess anticipated performance. Estimates of award fees for certain contracts are also a significant factor in estimating revenue and profit rates based on actual and anticipated awards.

The Company's U.S. Government contracts (approximately 94% of total revenue in 2004) are subject to subsequent government audit of direct and indirect costs. The majority of such incurred cost audits have been completed through June 30, 2001. Management does not anticipate any material adjustment to the consolidated financial statements in subsequent periods for audits not yet completed.

Allowance For Doubtful Accounts

The Company establishes bad debt reserves against certain billed receivables based upon the latest information available to determine whether invoices are ultimately collectable. Whenever judgment is involved in determining the estimates, there is the potential for bad debt expense and the fair value of accounts receivable to be misstated. Given that the Company primarily serves the U.S. Government and that, in the Company's opinion, the Company has sufficient controls in place to properly recognize revenue, the Company believes the risk to be relatively low that a misstatement of accounts receivable would have a material impact on its consolidated financial statements.

Property and Equipment

Property and equipment is recorded at cost. Depreciation of equipment and furniture has been provided over the estimated useful life of the respective assets (ranging from three to seven years) using the straight-line method. Leasehold improvements are generally amortized using the straight-line method over the remaining lease term or the useful life of the improvements, whichever is shorter. Repairs and maintenance costs are expensed as incurred. As of June 30, 2004 and 2003, property and equipment consisted of the following:

	June 30,	
(dollars in thousands)	**2004**	**2003**
Equipment and furniture	$ 51,265	$ 41,525
Leasehold improvements	16,061	12,085
Property and equipment, at cost	67,326	53,610
Less accumulated depreciation and amortization	(41,837)	(34,976)
Total property and equipment, net	$ 25,489	$ 18,634

During 2004, the Company wrote off approximately $1.9 million of fully depreciated assets and the related accumulated depreciation. Depreciation expense for the fiscal years ended June 30, 2004 and 2003 was approximately $9.0 million and $7.8 million, respectively.

Capitalized Software Costs

Costs incurred internally in creating a computer software product to be sold or licensed are charged to expense when incurred as research and development expense until technological feasibility has been established for the software. Technological feasibility is established upon completion of a detailed program design or, in its absence, completion of a working software version. Thereafter, all such software development costs are capitalized and subsequently reported at the lower of unamortized cost or estimated net realizable value. Capitalized costs are amortized based on current and future revenue for each product with annual minimum amortization equal to the straight-line amortization over the remaining estimated economic life of the product, which is approximately three years.

Goodwill

The Financial Accounting Standards Board ("FASB") has issued Statement of Financial Accounting Standards ("SFAS") No. 142, *Goodwill and Other Intangible Assets* . SFAS No. 142 requires that goodwill no longer be amortized against earnings, but instead reviewed periodically for impairment. The Company elected to adopt SFAS No. 142 effective July 1, 2001, and as a result, amortization of goodwill was discontinued. Annually, the Company performs a fair value analysis of its reporting units using valuation techniques prescribed in SFAS No. 142. Based on the analysis performed as of June 30, 2004, 2003 and 2002, the Company determined that there were no indications of goodwill impairment.

Long-Lived Assets (Excluding Goodwill)

The Company follows the provisions of SFAS No. 144, *Accounting for the Impairment of Long-Lived Assets* ("SFAS No. 144"). SFAS No. 144 requires that long-lived assets be reviewed for impairment whenever events or circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment loss is recognized if the sum of the long-term undiscounted cash flows is less than the carrying amount of the long-lived asset being evaluated. Any write-downs are treated as permanent reductions in the carrying amount of the assets. The Company believes that the carrying values of its assets as of June 30, 2004 are fully realizable.

Intangible Assets

Intangible assets related to contracts and programs acquired are as follows:

(dollars in thousands)	June 30, 2004		June 30, 2003	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer contracts and related customer relationships	$ 110,928	$ 12,126	$ 39,973	$ 4,483
Covenants not to compete	787	356	380	121
Other	742	351	717	71
	$ 112,457	$ 12,833	$ 41,070	$ 4,675

Intangible assets are being amortized over periods ranging from 12 to 120 months based on their estimated useful lives. The intangible assets that resulted from the acquisition of the Defense and Intelligence Group ("D&IG") of American Management Systems, Inc. are being amortized using an accelerated method based upon the estimated cash flows expected to be derived from the customer relationships. Amortization expense for the fiscal years ended June 30, 2004 and June 30, 2003 was approximately $8.2 million and $2.8 million, respectively. Future amortization expense related to intangible assets is expected to be $19.2 million, $17.3 million, $16.8 million, $14.0 million and $12.2 million for the fiscal years ending June 30, 2005, 2006, 2007, 2008 and 2009, respectively.

Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, as well as operating loss and tax credit carry-forwards.

U.S. income taxes have not been provided for with respect to $35.0 million in undistributed earnings of foreign subsidiaries that have been permanently reinvested outside the United States. If such earnings were distributed to the United States, certain foreign tax credits would be available to reduce the associated tax liability.

Currency Translation

The assets and liabilities of the Company's foreign subsidiaries whose functional currency is other than the U.S. dollar are translated at the exchange rate in effect on the reporting date, and income and expenses are translated at the weighted average exchange rate during the period. The Company's primary practice is to negotiate contracts in the same currency in which the

predominant expenses are incurred, thereby mitigating the exposure to foreign currency fluctuations. The net effect of translation gains and losses is not included in determining net income, but is accumulated as a separate component of shareholders' equity. Foreign currency transaction gains and losses are included in determining net income, but are insignificant. These costs are included as indirect costs and selling expenses within the Company's Consolidated Statements of Operations. As of June 30, 2004, the cumulative foreign currency translation adjustment was the only component of accumulative other comprehensive income.

Earnings Per Share

SFAS No. 128, *Earnings Per Share*, requires dual presentation of basic and diluted earnings per share on the face of the Consolidated Statements of Operations. Basic earnings per share exclude dilution and are computed by dividing net income by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock. Diluted earnings per share include the incremental effect of stock options calculated using the treasury stock method. The chart below shows the calculation of basic and diluted earnings per share for the years June 30, 2004, 2003 and 2002, respectively:

	Years Ended June 30,		
(amounts in thousands, except per share amounts)	**2004**	**2003**	**2002**
Net income	$63,669	$44,711	$30,465
Weighted average number of basic shares outstanding during the period	29,051	28,647	24,992
Dilutive effect of stock options after application of treasury stock method	826	778	822
Weighted average number of diluted shares outstanding during the period	29,877	29,425	25,814
Basic earnings per share	$ 2.19	$ 1.56	$ 1.22
Diluted earnings per share	$ 2.13	$ 1.52	$ 1.18

Fair Value of Financial Instruments

The carrying amounts of the Company's accounts receivables, accounts payable and accrued expenses approximate their fair value due to their short-term nature. The lines of credit and term loan have floating interest rates that vary with current indices and, as such, the recorded value approximates fair value.

Use of Estimates

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

Reclassifications

Certain reclassifications have been made to the prior years' financial statements in order to conform to the current presentation.

Stock Compensation

On December 21, 2002, the FASB issued SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure* ("SFAS No. 148"). SFAS No. 148 amends SFAS No. 123, *Accounting for Stock-Based Compensation* ("SFAS No. 123"), to provide alternative methods of transition of SFAS No. 123's fair value method of accounting for stock-based employee compensation. SFAS No. 148 also amends the disclosure provisions if SFAS No. 123, to require disclosure in the summary of

significant accounting policies of the effects of an entity's accounting policy with respect to stock-based employee compensation on reported net income and earnings per share in annual financial statements. While the statement does not amend SFAS No. 123 to require companies to account for employee stock options using the fair value method, the disclosure provisions of SFAS No. 148 are applicable to all companies with stock-based employee compensation, regardless of whether they account for that compensation using the fair value method of SFAS No. 123 or the intrinsic value method of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, ("APB No. 25").

The Company currently accounts for stock-based compensation transactions using the intrinsic value method in accordance with APB No. 25 as amended by FASB Interpretation No. 44, *Accounting for Certain Transactions involving Stock Compensation.* If the Company's employee stock-based compensation transactions had been accounted for based on their fair value, as determined under SFAS No. 123 , the pro-forma earnings would have been as follows:

(dollars in thousands, except per share amounts)	**Twelve Months Ended June 30,**		
	2004	**2003**	**2002**
Reported net income	$63,669	$44,711	$30,465
Stock-based compensation costs included in reported net income, (net of tax)	99	—	—
Stock-based compensation costs that would have been included in the determination of reported net income, if the fair value method was applied to all awards, (net of tax)	(6,054)	(4,726)	(4,178)
Pro forma net income	$57,714	$39,985	$26,287
Basic earnings per share:			
Reported earnings per share	$ 2.19	$ 1.56	$ 1.22
Stock-based compensation costs (net of tax)	(0.20)	(0.16)	(0.17)
Pro forma earnings per share	$ 1.99	$ 1.40	$ 1.05
Diluted earnings per share:			
Reported earnings per share	$ 2.13	$ 1.52	$ 1.18
Stock-based compensation costs (net of tax)	(0.20)	(0.16)	(0.16)
Pro forma earnings per share	$ 1.93	$ 1.36	$ 1.02

The weighted average fair value of each option granted during the years ended June 2004, 2003 and 2002 was $11.89, $20.33, and $10.00 respectively. The fair value of each option granted is estimated on the grant date using the Black-Scholes option pricing method. These pro forma results may not be indicative of the future results due to the potential grants vesting and other factors. The following significant assumptions were made in estimating fair value:

	2004	**2003**	**2002**
Risk-free interest rates	2.48% - 3.63%	3.05% - 4.08%	3.66% - 4.87%
Expected life in years	5	5	5
Expected volatility	33% - 35%	47% - 65%	38% - 53%
Expected dividends	—	—	—

New Accounting Pronouncements

In November 2002, the Emerging Issues Task Force ("EITF") issued a final consensus on Issue No. 00-21, *Accounting for Revenue Arrangements with Multiple Deliverables* ("Issue 00-21"). Issue 00-21 provides guidance on how and when to recognize revenues from arrangements requiring delivery of more than one product or service. It also addresses how arrangement

consideration should be measured and allocated to the separate units of accounting in an arrangement. To the extent that a deliverable is part of an arrangement that is within the scope of other existing higher-level authoritative literature, Issue 00-21 does not apply. Issue 00-21 is effective prospectively for arrangements entered into in fiscal periods beginning after June 15, 2003. The adoption of this EITF issue has not had a material effect on the Company's results of operations and financial position.

In May 2003, the EITF reached a consensus on Issue No. 01-8, *Determining Whether an Arrangement Contains a Lease* ("Issue 01-8"). Issue 01-8 provides guidance on how to identify a lease in an arrangement that also provides for the delivery of other goods or services by the seller (lessor), such as outsourcing arrangements. The provisions of Issue 01-8 apply to arrangements entered into on or after July 1, 2003. The adoption of this EITF issue has not had a material effect on the Company's results of operations and financial position.

NOTE 2. CASH AND CASH EQUIVALENTS AND SHORT-TERM MARKETABLE SECURITIES

The Company considers all investments with an original maturity of three months or fewer on their trade date to be cash equivalents. The Company classifies investments with an original maturity of more than three months but less than twelve months on their trade date as short-term marketable securities. To date, marketable securities have been classified as available-for-sale and have been carried at fair value with any unrealized gains and losses reported as a separate component of comprehensive income. The fair value of marketable securities was determined based on quoted market prices at the reporting date for those instruments. The cost of securities sold is based on specific identification. Premiums and discounts are amortized over the period from acquisition to maturity and are included in investment income, along with interest and dividends. To date there have been no realized or unrealized gains or losses. The Company's cash and cash equivalents and short-term marketable securities at June 30, 2004 and 2003, consisted of the following (cost approximated fair value):

(dollars in thousands)	2004 Cash and Cash Equivalents	2004 Short-term Marketable Securities	2003 Cash and Cash Equivalents	2003 Short-term Marketable Securities
Certificate of deposit	$ —	$ —	$ —	$ 5,148
Money market funds	48,499	—	48,553	—
Common stock	—	515	—	—
Municipal securities	—	—	—	10,143
Cash	14,530	—	25,182	—
Total	$ 63,029	$ 515	$ 73,735	$ 15,291

NOTE 3. CAPITALIZED SOFTWARE DEVELOPMENT COSTS

The software development costs capitalized and amortized during the years ended June 30, 2004, 2003 and 2002, included in the Consolidated Balance Sheets as other assets, were as follows:

	June 30,		
(dollars in thousands)	2004	2003	2002
Annual activity			
Capitalized software development costs, beginning of year	$ 1,914	$ 3,891	$ 7,118
Capitalized during year	—	47	671
Acquired development costs	4,946	—	—
Amortized during year	(1,949)	(2,024)	(3,898)
Capitalized software development costs, end of year	$ 4,911	$ 1,914	$ 3,891

The $4.9 million of acquired development costs during the fiscal year ended June 30, 2004 relate entirely to capitalized software acquired in the May 2004 D&IG acquisition.

NOTE 4. ACCOUNTS RECEIVABLE

Total accounts receivable are net of allowance for doubtful accounts of approximately $4,889,000 and $3,390,000 at June 30, 2004 and 2003, respectively. Accounts receivable are classified as follows:

(dollars in thousands)	June 30, 2004	June 30, 2003
Billed receivables		
Billed receivables	$269,808	$156,012
Billable receivables at end of period	50,233	23,190
Total billed receivables	320,041	179,202
Unbilled receivables		
Unbilled pending receipt of contractual documents authorizing billing	28,326	18,891
Unbilled retainages and fee withholdings expected to be billed beyond the next 12 months	9,438	8,083
Total unbilled receivables	37,764	26,974
Total accounts receivable	$357,805	$206,176

NOTE 5. OTHER ACCRUED EXPENSES

The detail of other accrued expenses is as follows:

(dollars in thousands)	June 30, 2004	June 30, 2003
Contract forward loss reserves	$32,285	$ —
Vendor obligations	26,999	19,147
Other accrued costs	26,979	13,422
Total other accrued expenses	$86,263	$32,569

The Company has recorded contract forward loss reserves for two contracts acquired with the D&IG business on May 1, 2004. See further discussions in Note 13.

NOTE 6. ACCRUED COMPENSATION AND BENEFITS

The detail of accrued compensation and benefits is as follows:

(dollars in thousands)	June 30, 2004	June 30, 2003
Accrued leave	$26,855	$17,965
Accrued payroll and related costs	45,532	26,495
Total accrued compensation and benefits	$72,387	$44,460

NOTE 7. NOTES PAYABLE AND CREDIT FACILITIES

In order to fund the acquisition of D&IG, the Company executed a new $550 million credit facility, which included a revolving credit facility and an institutional term loan. Total borrowings under the new credit facility were $422.6 million, of which $411.3 million was outstanding at June 30, 2004. The five year secured revolving credit facility permits continuously renewable borrowings of up to $200 million with annual sublimits on amounts borrowed for acquisitions. The Company had $62 million outstanding on the revolving credit facility as of June 30, 2004. In July 2004, the Company repaid $12.2 million of amounts borrowed under the revolver, which has been classified as current notes payable at June 30, 2004 in the Consolidated Balance Sheet. Also classified as current notes payable is the amount of the revolving credit facility that management expects to repay in fiscal year 2005. The revolving credit facility permits one, two, three, and six month interest rate options. The Company pays a fee on the unused portion of the facility. The institutional term loan is a seven year secured facility in the amount of $350 million. The principal is to be prepaid 1% in years one through six with the remainder due on the maturity date. Interest rates on both the revolver and the term loan are based on LIBOR or the higher of the prime rate or Federal funds rate plus applicable margins. As of June 30, 2004, the weighted average interest rate was approximately 3.2% on these loans. Interest expense for the year ended June 30, 2004 was $2.5 million. Margin and unused fee rates are determined quarterly based on the leverage ratio. The total costs associated with securing the new credit facility were approximately $8.2 million, which is being amortized as additional interest expense over the life of the revolving credit facility and institutional term loan. The unamortized balance of approximately $8.0 million as of June 30, 2004 is included with other assets in the accompanying Consolidated Balance Sheet. The Company is required to operate within certain limits on leverage net worth and fixed-charge coverage ratios. As of June 30, 2004, the Company was in compliance with these covenants. The revolving credit facility and institutional term loan are secured by substantially all of the Company’s assets.

On February 4, 2002, the Company executed a five-year unsecured revolving line of credit. The agreement permitted borrowings of up to $185 million with a sublimit of $75 million per year on amounts borrowed for acquisitions. This agreement has now been replaced by the new credit facility described above. For the years ended June 30, 2003 and 2002 interest expense was $315,000 and $1.4 million, respectively.

The remaining notes payable are the result of various acquisitions. In July 2003, MTL Systems, Inc., which was acquired by the Company in January 2004, entered into a 10 year, $850,000 mortgage. The mortgage, which was assumed by the Company, bears a 5.88% interest rate and is being amortized over 15 years, with a balloon payment of $367,000 due in July 2013. As of June 30, 2004, the outstanding balance of the mortgage was $815,000. In July 2003,C-CUBED Corporation, which was acquired by the Company in October 2003, entered into a non-compete agreement with the founder of SIR, whose business they acquired. The note associated with the non-compete agreement is to be paid in full in June 2005, and has a remaining principal balance of $90,000 as of June 30, 2004.

During the fiscal year 2004, the Company paid off the outstanding balance of $1.5 million due on a note payable to the former shareholders of Net Federal, which was acquired in December 2000, as well as a note payable due to the former shareholders of Acton Burnell, Inc., which was acquired in October 2002, in the amount of $3.1 million. In addition, in March 2004, the Company repaid $5.4 million of borrowings on a line-of-credit that it acquired in its March 2004 acquisition of CMS Information Services, Inc.

The balance of Notes Payable is as follows:

(dollars in thousands)	June 30, 2004		June 30, 2003	
	Short Term	Long Term	Short Term	Long Term
Term loan	$ 3,500	$345,625	$ —	$ —
Revolving credit facility	17,200	45,000	—	—
Facility mortgage	39	776	—	—
C-CUBED non-compete agreement	90	—	—	—
Net Federal note payable	—	—	1,500	—
Acton Burnell note payable	—	—	3,058	—
Total outstanding	$ 20,829	$391,401	$ 4,558	$ —

Scheduled future maturities under the Company's indebtedness are as follows:

(dollars in thousands)	
Year ending June 30,	
2005	$ 20,829
2006	3,540
2007	3,543
2008	3,546
2009	48,549
Thereafter	332,223
Total	$412,230

NOTE 8. INCOME TAXES

The provision (benefit) for income taxes for the years ended June 30, 2004, 2003, and 2002 consists of:

(dollars in thousands)	Years ended June 30,		
	2004	2003	2002
Current provision:			
Federal	$41,453	$22,012	$20,722
State and local	3,887	1,910	1,911
Foreign	1,000	1,323	1,040
Total current provision:	46,340	25,245	23,673
Deferred (benefit) provision:			
Federal	(6,564)	1,746	(3,757)
State and local	(394)	155	(305)
Foreign	(120)	(77)	(53)
Total deferred (benefit) provision:	(7,078)	1,824	(4,115)
Total provision for income taxes	$39,262	$27,069	$19,558

A reconciliation of the income tax provision and the amount computed by applying the statutory U.S. income tax rate of 35% for the years ended June 30, 2004, 2003, and 2002 is as follows:

(dollars in thousands)	Years ended June 30, 2004	2003	2002
Amount at statutory U.S. rate	$36,026	$25,123	$18,019
State taxes, net of U.S. income tax benefit	2,271	1,342	1,023
Taxes on foreign earnings at different effective rates	(29)	(35)	(208)
Other	994	639	724
Total	$39,262	$27,069	$19,558
Effective tax rate	38.1%	37.7%	38.0%

The tax effects of temporary differences that give rise to significant deferred tax assets and deferred tax liabilities at June 30, 2004 and 2003, are as follows:

(dollars in thousands)	June 30, 2004	2003
Deferred tax assets		
Accrued vacation and other expenses	$ 7,616	$ 5,886
Accrued post-retirement obligations	7,202	4,690
Deferred rent	425	16
Foreign transactions	497	316
Property and equipment	1,571	1,425
Other	377	228
Total deferred tax assets	17,688	12,561
Deferred tax liabilities		
Unbilled revenues	(4,321)	(3,251)
Capitalized software	(2,591)	(581)
Goodwill and other intangible assets	(18,863)	(8,850)
Change in accounting method for accrued expenses	—	(2,616)
Other	(828)	(2,909)
Total deferred tax liabilities	(26,603)	(18,207)
Net deferred tax liability	$ (8,915)	$ (5,646)

Of the Company's $551.9 million of goodwill as of June 30, 2004, $479.4 million is expected to be deductible for income tax purposes.

The Company is currently under examination by the State of Indiana. The examination is for the period beginning June 30, 1991 and ending June 30, 2000 and focuses on whether the Company established a taxable presence in Indiana during the examination period. Management of the Company believes that it did not establish a taxable presence and is contesting the State's conclusion vigorously. Management has accrued its best estimate of the exposure in this matter. The Company does not believe the outcome will have a material adverse effect on its financial statements.

NOTE 9. STOCK PLANS

Stock Incentive Plan

In 1996, the Company's shareholders approved an Employee Stock Incentive Plan (the "1996 Plan"), which replaced a 1986 Plan that expired. The 1996 Plan permits the award of incentive and non-qualified stock options and stock grants to officers,

employees and directors of the Company. The 1996 Plan limited total awards and stock grants to 1,500,000 shares over the life of the 1996 Plan. In November 2000, the shareholders approved an amendment to add 550,000 more shares to the 1996 Plan. In December 2001, the Company declared a 100% stock dividend, the equivalent of a stock split on a two for one basis.

Pursuant to its provisions, the 1996 Plan was adjusted to reflect the impact of such stock dividend. With respect to outstanding option grants, such adjustment was effected by doubling the number of options granted and reducing the exercise price by half. At their meeting in November 2002, the shareholders approved an increase of 1,850,000 shares to the 1996 Plan, bringing the total shares available to 5,950,000. As adjusted for the stock dividend, options for 5,925,040 shares have been granted under the 1996 Plan through June 30, 2004. With certain exceptions, one-third of the options granted in conjunction with any award under the 1996 Plan become exercisable each year over a three year period, beginning one year from the date of grant. Of the total options granted, 1,063,290 have been forfeited by grantees.

Under the 1996 Plan, non-qualified stock options granted prior to January 1, 2004 lapse and are no longer exercisable if not exercised within ten years of the date of grant. Options and RSUs granted on or after January 1, 2004 have a term of seven years. Grantees whose employment has been terminated have 60 days after their termination date to exercise options that are then exercisable or forfeit their right to the options. Options that are not yet exercisable as of the date of termination are forfeited by the terminating employee and become available for future grants under the plan.

All awards granted under the 1996 Plan to date have been in the form of non-qualified stock options and restricted stock unit grants. The exercise prices of all non-qualified stock option grants have been set at the market price of the Company stock on the date of grant. Accordingly, no compensation cost has been recognized for stock option grants as the Company accounts for its stock option grants using the guidance in APB No. 25.

In 2004, the Company began issuing Restricted Stock Units (“RSUs”) under the 1996 Plan. All grants have been set at the market price of the Company stock on the date of the grant. The RSUs cliff vest three years from the date of award and compensation expense is being recognized ratably over the vesting period. During the year ended June 30, 2004, the Company granted approximately 20,000 RSUs at a weighted average price of $44.06 per share.

Stock option activity and price information regarding the Plans follows:

(shares in thousands)	Number of Shares	Exercise Price	Weighted Average Exercise Price
Shares under option, June 30, 2001	2,226	$ 7.50 - 19.10	$ 10.07
Granted	926	20.07 - 37.10	23.21
Exercised	(735)	7.50 - 30.15	11.16
Forfeited	(11)	9.94 - 11.19	10.33
Shares under option, June 30, 2002	2,406	7.50 - 37.10	14.77
Granted	507	36.13 - 38.68	36.65
Exercised	(314)	8.16 - 21.40	11.42
Forfeited	(16)	9.94 - 36.13	24.30
Shares under option, June 30, 2003	2,583	7.50 - 38.68	19.40
Granted	727	34.10 - 49.34	35.06
Exercised	(447)	8.16 - 36.13	15.58
Forfeited	(107)	9.94 - 38.68	30.92
Shares under option, June 30, 2004	2,756	$ 7.50 - 49.34	$ 22.70

(shares in thousands)	Number of Shares	Exercise Price	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Shares under option, June 30, 2004	288	$ 7.50 - 9.25	$ 8.08	4.53
	566	9.41 - 11.00	10.15	5.39
	122	11.06 - 20.07	13.22	6.12
	607	21.40 - 33.00	22.01	7.10
	1,000	34.10 - 37.10	34.96	8.59
	173	36.68 - 49.34	42.22	8.78
	2,756	$ 7.50 - 49.34	$ 23.70	7.08
Options exercisable, June 30, 2004	258	$ 7.50 - 9.25	$ 7.94	
	482	9.41 - 11.19	10.27	
	493	11.25 - 21.40	19.84	
	166	21.80 - 36.13	34.93	
	130	36.20 - 49.34	39.35	
	1,529	$ 7.50 - 49.34	$ 18.12	

Stock Purchase Plans

The Company adopted the 2002 Employee Stock Purchase Plan ("ESPP"), Management Stock Purchase Plan ("MSPP"), and Director Stock Purchase Plan ("DSPP") at its annual shareholder meeting on November 21, 2002 and implemented these plans beginning July 1, 2003 (the start of the Company's fiscal year 2004). There are 500,000, 300,000, and 75,000 shares authorized for grants under the ESPP, MSPP and DSPP, respectively. The aforementioned plans provide employees, management, and directors with an opportunity to acquire or increase an ownership interest in the Company through the purchase of shares of the Company's common stock at a discounted rate (except for the DSPP which offers no discount), subject to certain terms and conditions.

The ESPP is implemented through one offering during each quarter of each fiscal year, beginning effective July 1, 2003. The ESPP allows the Company's full-time employees to purchase shares of common stock at 85% of the fair market value of a share of common stock on the first day or the last day of the offering period, whichever is lower. The maximum number of shares that an eligible employee may purchase during any offering period is equal to two times an amount determined as follows: 20% of such employee's compensation over the offering period divided by 85% of the fair market value of a share of common stock on the first day of the offering period. As the ESPP is a qualified plan under Section 423 of the Internal Revenue Code and the Company follows APB Opinion No. 25, no compensation expense has been recorded in connection with the ESPP. The Company follows the disclosure provisions of SFAS No. 123 in accounting for the ESPP. As of June 30, 2004, participants have purchased approximately 69,000 shares under the ESPP at a weighted average price per share of $34.53.

The MSPP provides senior executives with stock holding requirements a mechanism to acquire RSUs in lieu of up to 30% of their annual bonus. The RSUs are awarded under the MSPP at 85% of the market price of the Company's common stock on the date of the award and vest three years from the date of the award, upon a change of control of the Company, retirement on or after age 65, or the participant's death or permanent disability. Vested RSUs will be settled in shares of common stock. The Company accounts for MSPP transactions in accordance with APB Opinion No. 25. As of June 30, 2004, there have been approximately 29,000 RSUs issued under the MSPP at $36.48 per share.

The DSPP provides an opportunity for Non-Employee Directors to acquire an equity interest in the Company. The DSPP allows directors to elect to receive RSUs at the market price of the Company's common stock on the date of the award in lieu of up to 50% of their annual retainer fees. Vested RSUs will be settled in shares of common stock. As of June 30 2004, there have been approximately 1,600 RSUs issued under the DSPP at a weighted average price per share of $42.78.

All Stock Purchase Plans are administered by the Compensation Committee of the Board of Directors.

NOTE 10. EMPLOYEE BENEFIT PLANS

The Company maintains a defined contribution plan under Section 401(k) of the Internal Revenue Code, the CACI $MART PLAN. Employees can contribute up to 25% (subject to certain statutory limitations) of their total cash compensation. The Company provides matching contributions equal to 50% of the amount of the employee's contribution, up to 6% of the employee's total fiscal year cash compensation. In addition, the Company may also make discretionary profit sharing contributions to the plan. Employer contributions vest according to a schedule entitling full vesting after three years of employment. Employee contributions vest immediately. The CACI $MART PLAN is qualified under the Internal Revenue Code, as determined by the Internal Revenue Service.

The Company maintains a non-qualified, defined contribution plan, the CACI International Inc Group Executive Retirement Plan, which is available to certain executives. Executives at the vice president level and above may voluntarily defer up to 50% of their cash compensation in a plan year, thus deferring income taxes on the amount they contribute until they terminate their interest in the plan through retirement or termination of their employment. For executives who participate in the Plan, and whose annual compensation exceeds the statutory limit of the qualified plan (currently $200,000 per year), the Company contributes 5% of such excess to the participant's account in the Group Executive Retirement Plan. Each participant is fully vested immediately in his voluntary deferrals. The Company contributions vest 20% per year over a five year period from the date of first participation in the Plan.

The total consolidated expenses for the Company's contributions to the 401(k) plan and the Group Executive Retirement Plan for the years ended June 30, 2004, 2003 and 2002 were $11,193,000, $8,441,000 and $6,454,000, respectively. The Company funds the costs of the qualified plans as they accrue.

NOTE 11. OTHER LONG-TERM OBLIGATIONS

The Company has established retirement benefit plans for certain employees and executives. At June 30, 2004 and 2003, respectively, the balances of the obligations by category are as follows:

	June 30,	
(dollars in thousands)	**2004**	**2003**
Accrued post-retirement obligations:		
Long-term care	$ 386	$ 189
Group health plan	375	346
Executive life	217	229
Deferred compensation	19,322	12,693
Total accrued post-retirement obligations	20,299	13,457
Other long-term obligations	1,796	1,162
Total other long-term obligations	$22,095	$14,619

Long-Term Care. The Company has agreed to provide Long Term care coverage for the President and Chief Executive Officer, his wife, and a former Company executive and board member.

Group Health Plan. The Company has provided for medical and dental benefit coverage to certain eligible employees, both former and active, and their dependents. The accumulated post-retirement benefit obligation represents the estimated present value of future claims by participants under this plan.

Executive Life . In accordance with certain agreements, the Company maintains life insurance policies covering certain officers, both former and active. The cost of the insured's premiums is treated as compensation expense.

Deferred Compensation . Effective July 1, 2000, the Company established the CACI International Inc Group Executive Retirement Plan described in Note 10. Upon termination or retirement, account balances are paid to participants as taxable income. The Company maintains investment assets to offset the obligations under the deferred compensation plan. The investment assets are classified as trading securities and the changes in the value of the assets are classified in the Statement of Operations. The investment assets are included within other assets in the Consolidated Balance Sheets. The increase of $6.6 million in the fiscal year ended June 30, 2004 as compared to the fiscal year ended June 30, 2003 is due to the fiscal year ended June 30, 2004 compensation deferrals of $4.8 million, investment gains of $2.1 million, company contributions of $333,000, and distributions of $773,000.

Other Long-Term Obligations . These obligations include deferred income, non-qualified pension payables, sublease security deposits, payments due to certain founders of Questech, Inc., under confidential agreements, as well as capital lease payables.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Leases

The Company conducts its operations from leased office facilities, all of which are classified as operating leases and expire primarily over the next nine years.

The following is a schedule of future minimum lease payments under non-cancelable leases with a remaining term greater than one year as of June 30, 2004:

Year ended June 30	Operating Leases (dollars in thousands)
2005	$ 31,510
2006	30,940
2007	28,093
2008	23,403
2009	16,906
Thereafter	14,118
Total minimum lease payments	$ 144,970

Operating leases reflect the minimum lease payments net of a minimal amount of sub-lease income. Rent expense incurred from operating leases for the years ended June 30, 2004, 2003 and 2002 totaled approximately $24,441,000, $19,882,000, and $16,463,000, respectively.

Other Contingencies

The Company is involved in various lawsuits, claims, and administrative proceedings arising in the normal course of business. Management is of the opinion that any liability or loss associated with such matters, either individually or in the aggregate, will not have a material adverse effect on the Company’s operations and liquidity.

The Company has entered into a subcontract agreement with a vendor to purchase a number of directional finding units to be ordered in connection with the performance of one of the Company’s contracts over a four year period ending in fiscal year 2006. The subject subcontract provides for unit price decreases as the number of units purchased under the subcontract increases. Based on the present status of contract performance, management believes that the Company will purchase a sufficient number of units over the subcontract term to allow it to realize the lowest unit cost available. Based upon that expectation, unit costs incurred to date have been recognized in “Direct Costs” at such lowest unit cost in the accompanying Consolidated Statements of Operations. Based on the number of units ordered to date and assuming that no other units are ordered under the subcontract, the Company’s maximum unit price exposure (the difference between the unit price that would be applicable to the number of units actually purchased as compared to the discount price at which the Company has recognized the purchases to date) is estimated to be approximately $1.7 million, which has not been recorded in the Company’s financial statements as of June 30, 2004.

NOTE 13. BUSINESS ACQUISITIONS

2004 Acquisitions

On May 1, 2004, the Company completed the purchase of the D&IG and related assets of American Management Systems, Incorporated. D&IG provides the U.S. Government with business management solutions, including information technology and software design, for defense, intelligence and homeland security agencies in support of acquisition, financial management, logistics, warfighting and intelligence missions. The transaction was entered into with CGI Group Inc., which concurrently purchased all of the outstanding shares of AMS.

The total purchase price paid for the D&IG acquisition was $420.7 million, including $5.7 million of transaction costs. Approximately $328.8 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $30.9 million estimated fair value of the net assets acquired and $61.0 million assigned to identifiable intangible assets. The Company is amortizing substantially all such intangible assets over a period of 8 years using an accelerated method. D&IG contributed revenue of $40.3 million for the period of May 1, 2004 to June 30, 2004.

The D&IG acquisition has been accounted for under the purchase method of accounting pursuant to the provisions of SFAS No. 141, *Business Combinations.* Accordingly, the identifiable intangible assets acquired and liabilities assumed were recognized at their fair value as of the date of the acquisition. The Company is in the process of finalizing the D&IG balance sheet, thus, the allocation of the purchase price is subject to refinement as further information becomes available. The Company may be required to pay additional consideration of up to $10 million based on the resolution of the final D&IG balance sheet at the acquisition date. Any additional amounts paid will be recorded as goodwill. The preliminary allocation of the purchase price is as follows:

(dollars in thousands)	
Accounts receivable:	
Billed (net of allowance)	$ 59.8
Unbilled	18.0
Property and equipment	4.0
Other assets	6.5
Accounts payable and accruals	(7.2)
Accrued compensation	(6.8)
Loss reserve on contracts	(33.4)(a)
Deferred income taxes	(10.0)(b)
Net book value of assets purchased	30.9
Goodwill	328.8
Intangible assets	61.0
	$420.7

(a) In connection with the D&IG acquisition, two contracts were acquired which required forward loss reserves. These losses were recorded based on the guidance in SOP 81-1. As a result, $33.4 million was recorded as a liability in Other Accrued Expenses as of May 1, 2004, based on the estimate-to-complete analyses prepared. The estimate for these reserves will be periodically reviewed by management.

(b) As part of the D&IG acquisition, the Company acquired the stock of R.M. Vredenburg and Company (“Vredenburg”). For book purposes, the Company is required to amortize intangible assets, however for tax purposes, the amortization is not deductible. This results in a deferred tax liability related to Vredenburg intangible assets, which is estimated to be approximately $7.0 million. The remaining $3.0 million of acquired deferred income taxes represents deferred income taxes associated with Vredenburg.

On March 1, 2004, the Company acquired all of the outstanding shares of CMS Information Services, Inc. (“CMS”). CMS headquartered in Vienna, Virginia, is an information technology consulting firm that serves government agencies, primarily in the national defense sector. CMS specializes in enterprise network solutions, enterprise financial management systems and software engineering and integration. The total purchase price paid was $28.2 million. Approximately $18.3 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $6.9 million estimated fair value of the net assets acquired and the $3.0 million value assigned to identifiable intangible assets. The Company is amortizing substantially all such assets over a period of nine years. CMS contributed revenue of $13.1 million for the period from March 1, 2004 to June 30, 2004.

On January 16, 2004, the Company purchased all of the outstanding stock of MTL Systems, Inc. ("MTL"). MTL, headquartered in Dayton, Ohio, provides engineering and integration services such as imagery technology, algorithm development and modeling and simulation for the Department of Defense. The total purchase price was approximately $4.4 million. Approximately $1.9 million of the purchase price has been allocated to goodwill based on the excess of the purchase price over the $1.8 million estimated fair value of the net assets acquired and the $0.7 million value assigned to the identifiable intangible assets. The Company is amortizing these assets over a period of five years. MTL contributed revenue of $2.5 million from January 16, 2004 to June 30, 2004.

On October 16, 2003, the Company acquired all of the outstanding stock of C-CUBED Corporation ("C-CUBED"). C-CUBED provides specialized services in support of C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance, and Reconnaissance) initiatives to clients in the Department of Defense, federal, civilian, and intelligence communities. The total purchase price paid was $36.2 million of which $34.7 has been paid. The balance of $1.5 million is payable in the form of contingent consideration to the former shareholders of C-CUBED, regardless of their employment status with the Company, based on the achievement of level of effort goals on an existing contract for 18 months after the acquisition. The Company has placed this amount in escrow and recorded it as an Other Asset in the Consolidated Balance Sheet, and will record additional goodwill if the contingent consideration is earned. Approximately $19.5 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $8.8 million estimated fair value of the net assets acquired and the $6.4 million value assigned to identifiable intangible assets. The Company is amortizing substantially all such intangible assets over a period of two to eight years. C-CUBED contributed revenue of $35.7 million for the period from October 16, 2003 to June 30, 2004.

The Company entered into a Letter of Intent (LOI) on March 1, 2004, which it has extended through October 2004, to acquire all of the outstanding stock of an information technology services company that provides work for various agencies of the Federal Government, primarily within the Department of Defense. The purchase price is expected to be approximately $30 million. The Company is currently evaluating whether or not it will move forward with the acquisition. If the Company chooses to move forward, the Company will fund the acquisition with proceeds under its new credit facility described above.

These acquisitions resulted in an increase of approximately $368.5 million in the Company's goodwill balance reported on the Consolidated Balance Sheets. The additional $1.0 million increase in goodwill is due to adjustments made to the goodwill related to the Company's fiscal year 2003 acquisitions, as discussed below. The adjustments primarily related to earn-out payments and closing balance sheet adjustments.

2003 Acquisitions

On August 16, 2002, the Company acquired substantially all of the assets of the Government Solutions Division of Condor Technology Solutions, Inc. ("Condor"). The acquired Condor business complements the Company's systems integration, knowledge management, data mining and purchasing systems solutions for federal clients. The total cash paid for Condor was $16.2 million. Approximately $10.3 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $1.2 million estimated fair value of net assets acquired and the $4.7 million value assigned to identifiable intangible assets. The Company is amortizing substantially all such identifiable intangible assets over a period of ten years. Condor contributed revenue of $15.2 million for the period from August 16, 2002 to June 30, 2003.

On October 16, 2002, the Company acquired all of the outstanding capital stock of Acton Burnell, Inc., an information technology company providing systems integration, knowledge management, manpower readiness and training, and financial systems solutions for the federal government. The total purchase price for Acton Burnell, Inc., was $29.4 million Approximately $17.6 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $7.9 million estimated fair value of net assets acquired, the $6.3 million value assigned to identifiable intangible assets, and deferred tax liabilities related to identifiable intangible assets of $2.4 million. The Company is amortizing substantially all such identifiable intangible assets over a period of ten years. Acton Burnell, Inc. contributed revenue of $26.4 million for the period from October 16, 2002 to June 30, 2003.

On February 28, 2003, the Company purchased all of the outstanding capital stock of Applied Technology Solutions of Northern Virginia, Inc. ("ATS"), an information technology company serving clients in the national intelligence community. The total cash paid for ATS was $13.1 million. Approximately $9.6 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $1.3 million estimated fair value of net assets acquired and the $2.2 million value assigned to identifiable intangible assets. The Company is amortizing substantially all such identifiable intangible assets over a weighted average life of seven years. ATS contributed revenue of $2.7 million for the period from February 28, 2003 to June 30, 2003. The Company has made a 338(h)(10) election related to the ATS acquisition, which allows the acquisition to be treated as an asset purchase for income tax purposes.

On May 15, 2003, the Company acquired substantially all of the assets of Premier Technology Group, Inc. ("PTG"). PTG, headquartered in Fairfax, Virginia, provided professional services to clients in the Department of Defense and the intelligence community. The total purchase price for PTG was $48.8 million, of which $46.2 million has been paid. The balance of $2.6

million will be paid in the form of earn out payments tied to the continuation of existing business and will be recorded, if earned, as additional goodwill. The timing of this payment is contingent upon the receipt of authorized funding from the federal government. The earn out payments have not been accrued at June 30, 2004 as the contingencies are not resolved. Approximately $19.3 million of the purchase price has been allocated to goodwill based primarily on the excess of the purchase price over the $12.2 million estimated fair value of net assets acquired and the $14.7 million value assigned to identifiable assets. The Company is amortizing substantially all such identifiable intangible assets over a period of one to eight years. PTG contributed revenue of $5.2 million for the period from May 15, 2003 to June 30, 2003.

On June 6, 2003, the Company acquired all of the outstanding capital stock of Rochester Information Systems Ltd ("RISys"), a company in the United Kingdom which specializes in the development and implementation of enterprise information solutions for the UK Public Sector, especially Health, Education and Local Government. To date, $1.7 million has been paid in cash for the company, and there is a potential additional liability estimated at $217,000 which will bring the total purchase price up to $1.9 million. Under the terms of the agreement, the Company will pay the balance of the consideration if certain performance targets are met within 24 months following the acquisition. As the purchase price paid exceeded the fair value of net liabilities acquired of $779,000 (identified intangible assets of $595,000 less net liabilities assumed of $1,374,000), this resulted in a $2.4 million allocation to goodwill. The Company is amortizing all identifiable intangible assets over periods up to 10 years. In the year ended June 30, 2003, RISys contributed revenue of $126,000.

2002 Acquisition

On November 1, 2001, the Company purchased all of the outstanding capital stock of DSIC for $47.0 million. The $47.0 million payment was financed through the Company's existing credit facility. The acquired business implements ERP systems, including large-scale financial and human resource systems, and e-procurement applications; develops client/server and web-enabled applications; operates an enterprise networking and information assurance practice; solves complex business problems with a recognized process modeling and simulation methodology; and provides acquisition/program management consulting services, primarily to the federal government. As part of this acquisition, 498 employees joined the Company. Approximately $23.0 million of the purchase consideration has been allocated to goodwill, based upon the excess of the purchase price over the $15.9 million estimated fair value of net tangible assets and the $8.1 million assigned to intangible assets acquired. The Company is amortizing these intangible assets over a period of three to ten years. DSIC contributed revenue of $40.3 million for the period from November 1, 2001 to June 30, 2002.

Pro Forma Information (unaudited)

The following unaudited pro forma combined condensed statements of operations set forth the consolidated results of operations of the Company for the years ended June 30, 2004, 2003 and 2002 as if the above-mentioned acquisitions had occurred at the beginning of both the year of acquisition and the year prior to the acquisition. This unaudited pro forma information does not purport to be indicative of the actual results that would have occurred if the combinations had occurred at the earlier date, as indicated above:

(dollars in thousands, except per share amounts)	June 30, 2004	2003	2002
Revenue	$1,408,760	$1,197,744	$810,239
Net income	94,279	78,348	38,682
Diluted earnings per share	3.16	2.66	1.50

NOTE 14. BUSINESS SEGMENT INFORMATION

The Company reports operating results and financial data in two segments: domestic operations and international operations. Domestic operations provide information technology and communications solutions through all four of the Company's major service offerings: systems integration, managed network services, knowledge management and engineering services. Its customers are primarily U.S. federal agencies, however, it does serve a number of agencies of foreign governments and customers in the commercial and state and local sectors and places employees in locations around the world in support of these clients. International operations offer services to both commercial and government customers primarily through the Company's systems

integration line of business. The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies in Note 1 to the financial statements. The Company evaluates the performance of its operating segments based on income before income taxes. Summarized financial information concerning the Company's reportable segments is shown in the following tables. The operating segments' income total the amount presented as income before income taxes in the Consolidated Statements of Operations. Prior year's segment information has been restated in order to provide for consistent presentation with the current year and the information related to the discontinued operations has been excluded from this presentation.

(dollars in thousands)	Domestic Operations	International Operations	Total
		Year Ended June 30, 2004	
Revenue from external customers	$1,099,454	$ 46,331	$1,145,785
Income before income taxes	98,925	4,006	102,931
Total assets	1,104,551	49,753	1,154,304
Capital expenditures	7,806	897	8,703
Depreciation and amortization	17,790	1,246	19,036
		Year Ended June 30, 2003	
Revenue from external customers	$ 802,757	$ 40,381	$ 843,138
Income before income taxes	67,331	4,449	71,780
Total assets	518,952	43,098	562,050
Capital expenditures	10,068	566	10,634
Depreciation and amortization	11,643	961	12,604
		Year Ended June 30, 2002	
Revenue from external customers	$ 641,574	$ 40,368	$ 681,942
Income before income taxes	46,208	5,274	51,482
Total assets	442,879	37,785	480,664
Capital expenditures	7,693	360	8,053
Depreciation and amortization	10,927	1,204	12,131

Although for purposes of promoting an understanding of the Company's complex business, the four areas of service offerings, systems integration, managed network services, knowledge management and engineering services, are discussed, the Company does not manage its business nor allocate capital resources based upon those service offerings. Furthermore, the underlying accounting and forecasting systems are not designed to capture key financial information such as revenue, costs and capital expenditures by such service offerings because these offerings cut across all divisions of the operations. Therefore, it is impractical for the Company to report revenue by the four service offerings.

Major Customers. The Company earned approximately 94%, 92% and 91% of its revenue from the U.S. Government for the years ended June 30, 2004, 2003 and 2002, respectively. For the year ended June 30, 2004, the Company had one contract for technical engineering, fabrication and operations support for the United States Army that accounted for 8.6% of total revenue. In addition, 8.2% of the revenue for the year ended June 30, 2004, was derived from contracts with the United States Department of Justice. Revenue by customer sector for each of the three years ended June 30, 2004 was as follows:

(dollars in thousands)	2004	%	2003	%	2002	%
Department of Defense	$ 771,920	67.4%	$536,269	63.6%	$433,927	63.7%
Federal Civilian	301,706	26.3%	241,490	28.6%	184,392	27.0%
Commercial	55,706	4.9%	51,414	6.1%	49,369	7.2%
State & local	16,453	1.4%	13,965	1.7%	14,254	2.1%
Total	$1,145,785	100.0%	$843,138	100.0%	$681,942	100.0%

Geographic Information. Revenue is attributed to geographic areas based on the location of the assets producing the revenue. The international operations amounts consist primarily of product and systems integration sales in the United Kingdom. Financial information relating to the Company's operations by geographic area is as follows:

(dollars in thousands)	2004	2003	2002
Revenue			
Domestic	$1,099,454	$802,757	$641,574
International	46,331	40,381	40,368
	$1,145,785	$843,138	$681,942
Net Assets			
Domestic	$ 459,351	$387,603	$338,150
International	38,921	33,932	29,009
	$ 498,272	$421,535	$367,159

NOTE 15. DISCONTINUED OPERATIONS

On January 6, 2002, the Company completed the sale of the net assets of its domestic Marketing Systems Group to Environmental Research Systems Institute, Inc's subsidiary, ERSI Business Information Solutions, for $3.5 million. This resulted in a net after tax loss for the Company of $1.3 million. Included in the loss was a net after tax loss from discontinued operations of $284,000 for the period from October 31, 2001 to January 6, 2002. Revenue from discontinued operations was $1.9 million for the year ended June 30, 2002.

NOTE 16. COMMON STOCK DATA (UNAUDITED)

The ranges of high and low sales prices for the Registrant's stock each quarter during fiscal years ended June 30, 2004 and 2003 were as follows:

	2004		2003	
Quarter	**High**	**Low**	**High**	**Low**
1 st	$48.95	$33.46	$39.84	$27.45
2 nd	$53.00	$42.83	$43.10	$32.55
3 rd	$49.64	$41.10	$38.20	$29.81
4 th	$48.45	$36.09	$35.50	$30.00

Until August 16, 2002, the Registrant's stock traded on the NASDAQ National Market System under the ticker symbol, "CACI". Effective August 16, 2002, the Registrant's stock began trading on the New York Stock Exchange under its new ticker symbol, "CAI".

NOTE 17. QUARTERLY FINANCIAL DATA (UNAUDITED)

The quarterly financial data is unaudited, but in the opinion of management, all adjustments necessary for a fair presentation of the selected data for these interim periods have been included.

(dollars in thousands, except per share data)	Year ended June 30, 2004			
	First	Second	Third	Fourth
Revenue	$ 235,745	$ 263,351	$ 288,411	$ 358,278
Income from operations	$ 20,565	$ 23,176	$ 25,212	$ 35,761
Net Income	$ 12,966	$ 14,264	$ 15,762	$ 20,677
Basic earnings per share	$ 0.45	$ 0.49	$ 0.54	$ 0.71
Diluted earnings per share	$ 0.44	$ 0.48	$ 0.53	$ 0.69
Weighted average shares used in per share computation				
Basic	28,585	29,081	29,126	29,140
Diluted	29,720	29,968	29,935	29,884

(dollars in thousands, except per share data)	Year ended June 30, 2003			
	First	Second	Third	Fourth
	Year ended June 30, 2003			
Revenue	$ 187,978	$ 204,511	$ 222,016	$ 228,633
Income from operations	$ 14,686	$ 16,800	$ 17,853	$ 21,067
Net Income	$ 9,375	$ 10,601	$ 11,458	$ 13,277
Basic earnings per share	$ 0.33	$ 0.37	$ 0.40	$ 0.46
Diluted earnings per share	$ 0.32	$ 0.36	$ 0.39	$ 0.45
Weighted average shares used in per share computation				
Basic	28,445	28,697	28,718	28,727
Diluted	29,304	29,495	29,461	29,441

SCHEDULE II

CACI INTERNATIONAL INC AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
FOR YEARS ENDED JUNE 30, 2004, 2003 AND 2002
(dollars in thousands)

Description	Balance at Beginning of Period	Additions at Cost	Deductions	Other Changes	Balance at End of Period
2004					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 3,390	$ 639	$ (404)	$ 1,265	$ 4,890
2003					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 3,255	$ 442	$ (790)	$ 483	$ 3,390
2002					
Reserves deducted from assets to which they apply:					
Allowances for doubtful accounts	$ 4,301	$ 255	$ (1,362)	$ 61	$ 3,255

The Company acquired allowances of $1.3 million and $0.5 million related to its domestic and international business acquisitions for the years ended June 30, 2004 and 2003, respectively.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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, on the 10th day of September 2004.

CACI International Inc
Registrant

Date: September 10, 2004

By: /s/

Dr. J. P. London
Chairman of the Board, President
Chief Executive Officer and Director
(Principal Executive Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in capacities and on the dates indicated.

Signatures	Title	Date
/s/ J. P. London	Chairman of the Board, Chief Executive Officer and Director (Principal Executive Officer)	September 10, 2004
/s/ Stephen L. Waechter	Executive Vice President, Chief Financial officer and Treasurer (Principal Financial Officer)	September 10, 2004
/s/ James D. Kuhn	Senior Vice President, Corporate Controller (Principal Accounting Officer)	September 10, 2004
/s/ Michael J. Bayer	Director	September 10, 2004
/s/ Peter A. Derow	Director	September 10, 2004
/s/ Richard L. Leatherwood	Director	September 10, 2004
/s/ Barbara A. McNamara	Director	September 10, 2004
/s/ Arthur L. Money	Director	September 10, 2004
/s/ Warren R. Phillips	Director	September 10, 2004
/s/ Charles P. Revoile	Director	September 10, 2004
/s/ Richard P. Sullivan	Director	September 10, 2004
/s/ John M. Toups	Director	September 10, 2004
/s/ Larry D. Welch	Director	September 10, 2004

Exhibit 10.18

CACI INTERNATIONAL INC
CACI, INC. - FEDERAL
CMS INFORMATION SERVICES, INC.

STOCK PURCHASE AGREEMENT

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STOCK PURCHASE AGREEMENT

STOCK PURCHASE AGREEMENT, dated as of February 12, 2004 (the " *Agreement* "), by and among **CACI International Inc** , a Delaware corporation (" *Parent* "), **CACI, INC. - FEDERAL** , a Delaware corporation and wholly-owned subsidiary of Parent (" *Federal* "), **CMS I nformation Services, Inc.** , a Virginia corporation (" *CMS* "), and the stockholders of CMS listed on Schedule A attached hereto (each individually a " *Stockholder* " and collectively, the " *Stockholders* "). Should the CMS Information Services, Inc. Employee Stock Ownership Plan (the " *ESOP* ") accede to this Agreement pursuant to Section 10.6 hereof, then, from and after the time of such accession, the ESOP shall be deemed to be a Stockholder, and the Stockholders shall be deemed to include the ESOP, for all purposes hereunder.

WITNESSETH

WHEREAS, as of the date hereof, each Stockholder owns the number of issued and outstanding shares of common stock, $0.01 par value per share, of CMS (" *CMS Common Stock* ") set forth opposite such Stockholder's name on Schedule A hereto;

WHEREAS, the Stockholders own all of the issued and outstanding shares of CMS Common Stock held by Persons other than the ESOP;

WHEREAS, the Stockholders wish to enter into this Agreement as of the date hereof and sell all of their shares of CMS Common Stock (the " *Shares* ") and Federal wishes to purchase all (but not less than all) of the Shares (the " *Transaction* ");

WHEREAS, the ESOP does not wish to be a party to this Agreement as of the date hereof, but may wish to accede to this Agreement prior to the Closing;

WHEREAS, Parent, Federal, the Stockholders and CMS wish to allow the ESOP to accede to this Agreement at its option after the date hereof and prior to the Closing, subject to certain terms and conditions; and

WHEREAS, Parent, Federal, the Stockholders and CMS wish to make certain representations and warranties and other agreements in connection with the Transaction;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

Article 1
D EFINITIONS

1.1 **Certain Matters of Construction.** A reference to an article, section, exhibit or schedule shall mean an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement, which shall be considered as a

whole. The words “include,” “includes,” and “including” when used herein shall be deemed in each case to be followed by the words “without limitation.” All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument, law or regulation defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or law or regulation as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of laws and regulations) by succession of comparable successor laws or regulations and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

1.2 **Cross References** . The following terms defined elsewhere in this Agreement in the Sections set forth below shall have the respective meanings therein defined:

Term	***Definition***
Acquisition Proposals	Section 7.1
Agreement	Preamble
Auditor	Section 2.5.3
CMS Balance Sheet	Section 3.5
CMS Common Stock	Recitals
CMS Financial Statements	Section 3.5
CMS Insurance Contracts	Section 3.19
CMS Plans	Section 3.11.1
CMS Proprietary Rights	Section 3.18.1
CMS	Preamble
CMS’s Accountant	Section 2.2.2
CMS’s Counsel	Section 2.2.2
Closing Balance Sheet	Section 2.5.1
Closing Date	Section 2.1
Closing	Section 2.1
Direct Payment	Section 2.2.2
Employee List	Section 3.12.2
Encumbrances	Section 3.15.1
Escrow Agent	Section 2.2.3
Escrow Agreement	Section 2.2.3
Escrow Payment	Section 2.2.3
Escrow	Section 2.2.3
ESOP	Preamble
Expenses	Section 7.2.1
Federal	Preamble
Final Closing Balance Sheet	Section 2.5.4
GAAP	Section 2.5.1
Governmental Entity	Section 3.4.2
Indemnification Claim	Section 7.4.1
Indemnified Party	Section 7.4.1

Indemnifying Party	Section 7.4.1
Indemnifying Stockholders	Section 2.2.3
Initial Balance Sheet	Section 2.5.1
Insurance Tail Premiums	Section 7.3
Notice of Claim	Section 7.4.1
Objections	Section 2.5.2
Parent Balance Sheet	Section 5.3
Parent Demand Notice	Section 7.1
Parent Indemnified Parties	Section 7.4
Parent Indemnifying Parties	Section 7.4
Parent Indemnity Basket	Section 7.4.3
Parent	Preamble
Permits	Section 3.8
Purchase Price	Section 2.2.1
Section 338(h)(10) Election	Section 7.8.1
Shares	Recitals
Stockholder Indemnified Parties	Section 7.4
Stockholder Indemnifying Parties	Section 7.4
Stockholder Indemnity Basket	Section 7.4.3
Stockholders	Recitals
Stockholders' Representative	Section 2.4
Third Party Claim	Section 7.4.2
Transaction	Recitals
Welfare Plan	Section 3.11.6

1.3 **Certain Definitions** . As used herein, the following terms shall have the following meanings:

Affiliate : with respect to any Person, any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person.

Affiliated Group : any affiliated group within the meaning of Code section 1504(a).

CMS Leases : each lease, sublease, license or other agreement under which CMS or any Subsidiary uses, occupies or has the right to occupy any real property or interest therein.

CMS Material Adverse Effect : any materially adverse change in or effect on CMS's financial condition, business, operations, assets, properties, results of operations or prospects.

COBRA : the provisions of Section 4980B of the Code and Part 6 of Title I of ERISA.

Code : the United States Internal Revenue Code of 1986, as amended from time to time.

Commercial Software : packaged commercial software programs generally available to the public through retail dealers in computer software or directly from the manufacturer which have been licensed to CMS or a Subsidiary and which are used in CMS's or such

Subsidiary's business but are in no way a component of or incorporated in or specifically required to develop any of CMS's or such Subsidiary's products and related trademarks and technology.

Control : (including with correlative meaning, controlled by and under common control with): as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Environmental Claim : any actual notice alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, response or remediation costs, natural resources damages, property damages, personal injuries, fines or penalties) arising out of, based on or resulting from (a) the presence, or release of any Material of Environmental Concern at any location, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

Environmental Laws : any and all Federal, state and local laws, statutes, rules and regulations and common law relating to the environment or occupational health and safety, including without limitation any and all statutes, regulations, administrative decisions and orders pertaining to (a) treatment, storage, disposal, generation and transportation of industrial, toxic or hazardous materials or substances or solid or hazardous waste; (b) air, water and noise pollution; (c) groundwater and soil contamination; (d) the release or threatened release into the environment of industrial, toxic or hazardous materials or substances, or solid or hazardous waste, including without limitation emissions, discharges, injections, spills, escapes or dumping of pollutants, contaminants or chemicals; (e) the protection or wild life, marine life and wetlands, including without limitation all endangered and threatened species; (f) storage tanks, vessels, containers, abandoned or discarded barrels, and other closed receptacles; (g) health and safety of employees and other persons; and (h) manufacturing, processing, using, distributing, treating, storing, disposing, transporting or handling of materials regulated under any law as pollutants, contaminants, toxic or hazardous materials or substances or oil or petroleum products or solid or hazardous waste. As used above, the terms "release" and "environment" shall have the meaning set forth in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

ERISA Affiliate : with respect to a party, any member (other than that party) of a controlled group of corporations, group of trades or businesses under common control or an affiliated service group that includes that party (as defined for purposes of Sections 414(b), (c) and (m) of the Code).

ERISA : the Employee Retirement Income Security Act of 1974, as amended.

Exchange Act : the Securities Exchange Act of 1934, as amended.

Key Management Group : David C. Lucien, Chairman and Chief Executive Officer of CMS; Robert B. Turner, President and Chief Operating Officer of CMS; Douglas K.

Turner, Vice Chairman of CMS; William H. Wilken, Secretary and Chief Information Officer of CMS; Lanphuong Truong, Treasurer and Chief Financial Officer of CMS; Charlie McQuillan, Division Vice President for Strategic Applications and Consulting of CMS; Jim Roy, Division Vice President for Enterprise Solutions of CMS; Mike Perro, Vice President of Business Development of CMS; and Bob Werthmann, Director of Human Resources of CMS.

Knowledge of CMS : the actual, current knowledge of the Key Management Group and each member thereof.

Letter of Intent : the letter dated November 19, 2003 from Stephen L. Waechter, Executive Vice President and Chief Financial Officer of Parent, to David C. Lucien, Chairman and Chief Executive Officer of CMS, expressing the companies' intention to effect the stock purchase and related transactions, subject to execution of this Agreement and other matters.

Liability : any liability or obligation, known or unknown, asserted or unasserted, accrued or unaccrued, absolute or contingent, liquidated or unliquidated, or otherwise, and whether due or to become due, including any liability for Taxes.

Losses : the amount of any actual damages, liabilities, obligations, deficiencies, losses (including without limitation any actual diminution in value), expenditures, costs or expenses (including without limitation reasonable attorneys' fees and disbursements). For purposes of determining the amount of any Loss, the amount of any Loss shall be reduced by any insurance proceeds received or receivable in respect thereof (in each case net of costs of recovery). For purposes of determining the amount of any Loss incurred by reason of any breach of any representation or warranty made by CMS or the Stockholders under this Agreement, each such representation or warranty would read as if all qualifications as to materiality and knowledge were deleted therefrom.

Materials of Environmental Concern : petroleum and its by-products and any and all other substances or constituents to the extent that they are regulated by, or form the basis of liability under, any Environmental Law.

Net Worth : CMS's total assets less total liabilities as of the Closing Date, determined in accordance with GAAP. Any receipts from the exercise of stock options after execution of the Letter of Intent and any related tax benefits to CMS shall be excluded from assets in determining Net Worth.

Parent Material Adverse Effect : any change in or effect on the financial condition, business, operations, assets, properties, results of operations of Parent and Federal considered on a consolidated basis that would reasonably be expected to impair the ability of Parent to provide funds for payment of the entire Purchase Price in accordance with the terms of this Agreement.

Paying Agent Agreement : the paying agent agreement, substantially in the form attached hereto as Exhibit G .

Permitted Encumbrances : (a) liens for current Taxes and other statutory liens and trusts not yet due and payable or that are being contested in good faith, (b) liens incurred in the ordinary course of business, such as carriers', warehousemen's, landlords' and mechanics' liens and other similar liens arising in the ordinary course of business, (c) liens on personal property leased under operating leases, (d) liens, pledges or deposits incurred or made in connection with workmen's compensation, unemployment insurance and other social security benefits, or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, progress payments, surety and appeal bonds and other obligations of like nature, in each case incurred in the ordinary course of business, (e) pledges of or liens on manufactured products as security for any drafts or bills of exchange drawn in connection with the importation of such manufactured products in the ordinary course of business, (f) liens under Article 2 of the Uniform Commercial Code that are special property interests in goods identified as goods to which a contract refers, (g) liens under Article 9 of the Uniform Commercial Code that are purchase money security interests, (h) those liens disclosed on Exhibit H hereto, (i) such imperfections or minor defects of title, easements, rights-of-way and other similar restrictions (if any) as are insubstantial in character, amount or extent, do not materially detract from the value or interfere with the present or proposed use of the properties or assets of the party subject thereto or affected thereby, and do not otherwise adversely affect or impair the business or operations of such party, and (j) accounts payable incurred in the ordinary course of business.

Person : an individual, a corporation, a limited liability company, an association, a partnership, an estate, a trust or any other entity or organization.

SEC : the United States Securities and Exchange Commission, or any Governmental Entity succeeding to its functions.

Securities Act : the Securities Act of 1933, as amended.

Security Interest : any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialman's, and similar liens, (b) liens for Taxes not yet due and payable, and (c) purchase money liens and liens securing rental payments under capital lease arrangements.

Subsidiary : any corporation, association, or other business entity a majority (by number of votes on the election of directors or persons holding positions with similar responsibilities) of the shares of capital stock (or other voting interests) of which is owned directly or indirectly by CMS.

Tax : any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

Tax Return : any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Treasury Regulation : a regulation promulgated by the United States Treasury Department under one or more provisions of the Code.

Article 2
THE PURCHASE AND SALE OF SHARES

2.1 Purchase of the Shares from the Stockholders . Subject to and upon the terms and conditions of this Agreement, and on the basis of the representations, warranties, covenants, and agreements herein contained, at the closing of the transactions contemplated by this Agreement (the " *Closing* "), the Stockholders shall sell, transfer, convey or assign and deliver to Federal, and Federal shall purchase, acquire and accept from the Stockholders, the Shares, free and clear of any and all liens, claims, encumbrances or rights of any third party. At the Closing, the Stockholders shall deliver to Federal stock powers or other appropriate instruments of transfer duly executed. The Closing shall take place at the offices of Parent in Arlington, Virginia, commencing at 9 a.m. local time on February 29, 2004 or on such other date as the parties may agree after the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (the " *Closing Date* ").

2.2 **Purchase Price**

2.2.1 **The Aggregate Purchase Price** . The aggregate purchase price (the " *Purchase Price* ") to be paid by Federal for the Shares shall be $29,000,000 (Twenty-Nine Million Dollars), assuming the satisfaction of the conditions set forth in Section 8.2 and subject to adjustment as provided below in Section 2.5. All payments of the Purchase Price under this Section 2.2 shall be made in immediately available funds wired to one or more accounts designated by the Stockholders' Representative, by a certified check or by such other method as may be agreed by the Stockholders' Representative and Federal.

2.2.2 **The Purchase Price Paid at the Closing** . $25,000,000 (Twenty-Five Million Dollars) of the total Purchase Price (the " *Direct Payment* "), less

(a) the amount of the fees owed by CMS or the Stockholders (or any of them) to John Woloszyn (" *CMS's Counsel* "), which will be paid by Federal directly to CMS's Counsel pursuant to Section 7.2.2;

(b) the amount of the fees owed by CMS or the Stockholders (or any of them) to McGladrey and Pullen, L.L.P. (" *CMS's Accountant* "), which will be paid by Federal directly to CMS's Accountant pursuant to Section 7.2.3; and

(c) an amount equal to one-half of the Insurance Tail Premium.

shall be paid to the Stockholders by Federal on the Closing Date on the basis of the allocations set forth on Schedule A hereto.

2.2.3 **The Escrowed Portion of the Purchase Price** . For the purpose of securing the Stockholders' obligations pursuant to Section 7.4, $4,000,000 (Four Million Dollars) of the total Purchase Price (the " *Escrow Payment* ") shall be delivered to an account (the " *Escrow* ") to be administered by Riggs Bank NA (the " *Escrow Agent* ") pursuant to an escrow agreement substantially in the form of Exhibit A (the " *Escrow Agreement* "). The Escrow Payment shall be delivered by Federal to the Escrow Agent on behalf of the Stockholders named on Schedule B hereto (the " *Indemnifying Stockholders* ") and as allocated among the Indemnifying Stockholders asset forth on Schedule B.

2.3 **Additional Actions** . If, at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement or to vest, perfect or confirm in Federal title to or ownership or possession of the Shares acquired pursuant to this Agreement, the Stockholders, as well as the officers and directors of CMS and Federal, are fully authorized in their name and in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action to so vest, perfect or confirm in Federal title to or ownership of the Shares, so long as such action is consistent with this Agreement.

2.4 **Stockholders' Representative** . The Stockholders hereby appoint David C. Lucien as the true and lawful agent and attorney-in-fact (the " *Stockholders' Representative* ") of the Stockholders with full power of substitution to act in the name, place and stead of the Stockholders with respect to the surrender of the stock certificates owned by each of the Stockholders to Federal in accordance with the terms and provisions of this Agreement, and to act on behalf of the Stockholders in any litigation or arbitration involving this Agreement, act as the paying agent on behalf of the Stockholders, do or refrain from doing all such further acts and things, and execute all such documents as the Stockholders' Representative shall deem necessary or appropriate in connection with the transactions contemplated by this Agreement, including, without limitation, the power:

2.4.1 to act for the Stockholders with regard to matters pertaining to indemnification referred to in this Agreement, including the power to compromise any indemnity claim on behalf of the Stockholders and to transact matters of litigation;

2.4.2 to execute and deliver all ancillary agreements, certificates and documents that the Stockholders' Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

2.4.3 to act as the paying agent and to receive funds and give receipts for funds, including in respect of any adjustments to the Purchase Price, and to do or refrain from doing the actions further described in the Paying Agent Agreement;

2.4.4 to do or refrain from doing any further act or deed on behalf of the Stockholders that the Stockholders' Representative deems necessary or appropriate in his sole discretion relating to the subject matter of this Agreement and the Paying Agent Agreement as fully and completely as the Stockholders could do if personally present; and

2.4.5 to receive service of process in connection with any claims under this Agreement.

The appointment of the Stockholders' Representative shall be deemed coupled with an interest and shall be irrevocable, and Parent, Federal and CMS may conclusively and absolutely rely, without inquiry, upon any action of the Stockholders' Representative in all matters referred to herein.

If David C. Lucien resigns, dies or is otherwise unable to serve as the Stockholders' Representative, the successor Stockholders' Representative shall be designated in writing by the Stockholders who held a majority of the CMS Common Stock immediately prior to the Closing, and such designation shall be binding upon all of the Stockholders.

If any individual Stockholders should die or become incapacitated, if any trust or estate should terminate or if any other such event should occur, any action taken by the Stockholders' Representative pursuant to this Section 2.4 shall be as valid as if such death or incapacity, termination or other event had not occurred, regardless of whether or not the Stockholders' Representative, Parent, Federal or CMS shall have received notice of such death, incapacity, termination or other event.

All notices and other deliveries required to be made or delivered by Parent, Federal or CMS to the Stockholders shall be made to the Stockholders' Representative for the benefit of the Stockholders and shall discharge in full all notice requirements of Parent, Federal or CMS to the Stockholders with respect thereto. The Stockholders hereby confirm all that the Stockholders' Representative shall do or cause to be done by virtue of his appointment as the Stockholders' Representative of the Stockholders.

The Stockholders' Representative shall act for the Stockholders on all of the matters set forth in this Agreement in the manner the Stockholders' Representative believes to be in the best interest of the Stockholders and consistent with his and their obligations under this Agreement, but the Stockholders' Representative shall not be responsible to the Stockholders for any loss or damages the Stockholders may suffer by the performance by the Stockholders' Representative of his duties under this Agreement, other than loss or damage arising from his willful violation of the law or his duties hereunder. The Stockholders' Representative and his heirs and personal or legal representatives shall be held harmless by the Stockholders from, and indemnified against, any loss or damages arising out of or in connection with the performance of his obligations in accordance with the provisions of this Agreement, except for any of the foregoing arising out of his willful violation of the law. The foregoing indemnity shall survive the resignation or substitution of the Stockholders' Representative.

Notwithstanding anything to the contrary herein, the Stockholders' Representative shall have no liability or obligation to any Stockholder Indemnified Party otherwise than, and only to the extent of, his individual liability as a Stockholder as set forth in Section 7.4.

2.5 **Adjustment to Purchase Price.**

2.5.1 **Preparation of Closing Balance Sheet** . As soon as reasonably possible after the Closing Date (but not later than 60 days thereafter), Federal shall prepare or cause to be prepared and shall deliver to the Stockholders' Representative a Closing Balance Sheet for CMS as of the opening of business on the Closing Date (the " *Closing Balance Sheet* "). The Closing Balance Sheet shall be prepared in accordance with United States generally accepted accounting principles (" *GAAP* ").

2.5.2 **Review of Closing Balance Sheet** . The Stockholders' Representative, upon receipt of the Closing Balance Sheet, shall (a) review the Closing Balance Sheet and (b) to the extent he may deem necessary, make reasonable inquiry of CMS, Federal and their accountants (if any are used), relating to the preparation of the Closing Balance Sheet. The Stockholders' Representative and his employees and advisors shall have full access upon prior written notice and during normal business hours to the books, papers and records of CMS and its accountants (if any are used), relating to the preparation of the Closing Balance Sheet in connection with such inquiry and the preparation of any objections thereto (" *Objections* "). The Closing Balance Sheet shall be binding and conclusive upon, and deemed accepted by, the Stockholders' Representative on behalf of the Stockholders unless the Stockholders' Representative shall have notified Federal in writing of any Objections thereto within 30 days after receipt of the Closing Balance Sheet.

2.5.3 **Disputes** . In the event of Objections, Federal shall have 20 days to review and respond to such Objections, and Federal and the Stockholders' Representative shall attempt to resolve the differences underlying such Objections within 20 days following completion of Federal's review of such Objections. Disputes between Federal and the Stockholders' Representative which cannot be resolved by them within such 20-day period shall be referred no later than such 20th day for decision to a nationally-recognized independent public accounting firm mutually selected by the Stockholders' Representative and Federal (the " *Auditor* ") (which firm shall not be either of (a) the independent public accountants of Federal or (b) the independent public accountants used by CMS prior to the Closing Date) who shall act as arbitrator and determine, based solely on presentations by the Stockholders' Representative and Federal and only with respect to the remaining differences so submitted, whether and to what extent, if any, the Closing Balance Sheet requires adjustment. The Auditor shall deliver its written determination to Federal and the Stockholders' Representative no later than the 30th day after the remaining differences underlying such Objections are referred to the Auditor, or such longer period of time as the Auditor reasonably determines is necessary. The Auditor's determination shall be conclusive and binding upon the parties. The fees and disbursements of the Auditor shall be allocated equally between Federal and the Stockholders. Federal and the Stockholders shall make readily available to the Auditor all relevant information, books and records and any work papers relating to the Closing Balance Sheet and all other items reasonably requested by the Auditor. In no event may the Auditor's resolution of any difference be for an amount which is outside the range of Federal's and the Stockholders' Representative's disagreement.

2.5.4 **Final Closing Balance Sheet** . The Closing Balance Sheet shall become final and binding upon the parties upon the earlier of (a) the Stockholders' Representative's failure to object thereto within the period permitted under Section 2.5.2, (b) the agreement between Federal and the Stockholders' Representative with respect thereto and (c) the decision by the Auditor with respect to any disputes under Section 2.5.3. The Closing Balance Sheet, as adjusted pursuant to the agreement of the parties or decision of the Auditor, when final and binding is referred to herein as the " *Final Closing Balance Sheet* ."

2.5.5 **Adjustments to the Purchase Price** . As soon as practicable (but not more than five business days) after the date on which the Final Closing Balance Sheet shall have been determined in accordance with this Section 2.5, (a) the Stockholders' Representative, as paying agent, shall pay to Federal in immediately available funds in United States Dollars the amount, if any, by which the Net Worth in the Final Closing Balance Sheet is less than $6,100,000 (Six Million One Hundred Thousand Dollars), which shall constitute an immediate adjustment of the Purchase Price in such amount or (b) Federal shall pay to the Stockholders' Representative, as paying agent, in immediately available funds in United States Dollars the amount, if any, by which the Net Worth in the Final Closing Balance Sheet is greater than $6,100,000 (Six Million One Hundred Thousand Dollars), which shall constitute an immediate adjustment of the Purchase Price in such amount.

Article 3
REPRESENTATIONS AND WARRANTIES OF CMS AND THE INDEMNIFYING STOCKHOLDERS

CMS and each of the Indemnifying Stockholders jointly and severally represent and warrant to Parent and Federal as follows. Except where the context requires otherwise, all references to "CMS" in this Article 3 refer to CMS and each of the Subsidiaries.

3.1 **Corporate Status of CMS** . Except as set forth on Schedule 3.1 hereto, CMS is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted. Except as set forth on Schedule 3.1 hereto, CMS is duly qualified or licensed to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where failure to be so qualified would not have an CMS Material Adverse Effect. All jurisdictions in which CMS is qualified to do business are set forth on Schedule 3.1 hereto.

3.2 **Capital Stock**

3.2.1 **Authorized Stock of CMS** . The authorized capital stock of CMS consists of 40,000,000 shares of CMS Common Stock consisting of 20,000,000 shares of Voting Common Stock - A, of which 7,676,192 shares are issued and outstanding, and 20,000,000 shares of Non-Voting Common Stock - B , of which 0 shares are issued and outstanding. No shares of CMS Common Stock are held in Treasury. All of the outstanding shares of CMS Common Stock have been duly authorized and validly issued, were not issued in violation of any Person's preemptive rights, and are fully paid and nonassessable. The Stockholders together own of record and beneficially all the outstanding shares of CMS Common Stock, other than the 386,545 shares of CMS Common Stock owned by the ESOP.

3.2.2 **Options and Convertible Securities of CMS** . Except as set forth on Schedule 3.2.2 , there are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating CMS to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock. Except as set forth on Schedule 3.2.2 ,

there are no voting trusts or other agreements or understandings to which CMS or any Stockholder is a party with respect to the voting of the shares of CMS Common Stock and CMS is neither a party to, nor bound by, any outstanding restrictions, options or other obligations, agreements or commitments to sell, repurchase, redeem or acquire any outstanding shares of CMS Common Stock or any other securities of CMS.

3.3 **Subsidiaries** . CMS owns all of the capital stock of each of the corporations named on Schedule 3.3 , and the jurisdiction and date of organization of each such corporation, as well as the date on which CMS acquired or organized each such corporation, is listed opposite the name of such corporation on such schedule. CMS has no Subsidiaries other than those named on Schedule 3.3 . Except as set forth on Schedule 3.3 , CMS has not acquired, sold, divested or liquidated any corporate entity or line of business. There are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating any Subsidiary to issue, sell or otherwise dispose of shares of their capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of their capital stock. There are no voting trusts or other agreements or understandings to which any of CMS or any Subsidiary is a party with respect to the voting of the shares of the capital stock of any Subsidiary and no Subsidiary is a party to, or bound by, any outstanding restrictions, options or other obligations, agreements or commitments to sell, repurchase, redeem or acquire any of its securities.

3.4 **Authority for Agreement; Noncontravention**

3.4.1 **Authority** . CMS has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby to the extent of its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, to the extent of CMS's obligations hereunder, have been duly and validly authorized by the board of directors of CMS and no other corporate proceedings on the part of CMS are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, to the extent of CMS's obligations hereunder. This Agreement and the other agreements contemplated hereby to be signed by CMS have been duly executed and delivered by CMS and constitute valid and binding obligations of CMS, enforceable against CMS in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby is subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

3.4.2 **No Conflict** . Except as set forth on Schedule 3.4.2 hereto, none of the execution, delivery or performance of this Agreement and the agreements referenced herein, nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with or result in a violation of any provision of CMS's charter documents or by-laws or the charter documents or by-laws of any Subsidiary, (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any lien, charge or encumbrance pursuant to, or right of termination under, any provision of any note, mortgage, indenture, lease, instrument or other agreement, permit, concession, grant, franchise, license, judgment, order,

decree, statute, ordinance, rule or regulation to which CMS or any Subsidiary is a party or by which CMS or any Subsidiary, or any of their respective assets or properties, are bound or which is applicable to CMS or any Subsidiary, or any of their respective assets or properties. Except to the extent that novation is required as further described in Section 7.7.2 below, no authorization, consent or approval of, or filing with or notice to, any United States or foreign governmental or public body or authority (each a " *Governmental Entity* ") is necessary for the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would not have an CMS Material Adverse Effect.

3.5 **Financial Statements** . CMS has previously furnished Parent with a copy of CMS's balance sheet as of December 31, 2003 and December 31, 2002 and CMS's statements of operations, cash flows and changes in stockholders' equity for the year then ended, and such balance sheets and statements of operations, cash flows and changes in stockholder's equity are accurate and complete. The December 31, 2002 annual financial statements were audited by McGladrey & Pullen, LLP, certified public accountants, and CMS has previously furnished Parent with a copy of the report of McGladrey & Pullen, LLP on such audited financial statements. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the " *CMS Financial Statements* " and CMS's balance sheet as of December 31, 2003 is referred to herein as the " *CMS Balance Sheet* ." Each of the balance sheets included in the CMS Financial Statements (including any related notes) fairly presents in all material respects CMS's financial position as of their respective dates, and the other statements included in the CMS Financial Statements (including any related notes) fairly present in all material respects CMS's results of operations, cash flows and stockholders' equity, as the case may be, for the periods therein set forth, in each case in accordance with GAAP consistently applied. There are no significant deficiencies in the design or operation of CMS's internal controls over financial reporting (as such concept is defined in Rule 13a-15(f) under the Exchange Act) which could adversely affect CMS's ability to record, process, summarize, and report financial data.

3.6 **Absence of Material Adverse Changes** . Except as set forth on Schedule 3.6 hereto, since the date of the Letter of Intent, CMS has not suffered any CMS Material Adverse Effect, and there has not occurred or arisen any event, condition or state of facts of any character that could reasonably be expected to result in an CMS Material Adverse Effect. Since the date of the Letter of Intent, there have been no dividends or other distributions declared or paid in respect of, or any repurchase or redemption by CMS of, any of the shares of capital stock of CMS, nor has there been any commitment relating to any of the foregoing.

3.7 **Absence of Undisclosed Liabilities** . Except as set forth on Schedule 3.7 , neither CMS nor any Subsidiary has any Liabilities that are not fully reflected or provided for on, or disclosed in the notes to, the balance sheets included in the CMS Financial Statements, except (a) Liabilities incurred in the ordinary course of business since the date of the CMS Balance Sheet, none of which individually or in the aggregate has had or could reasonably be expected to have an CMS Material Adverse Effect, (b) Liabilities permitted or contemplated by this Agreement, and (c) Liabilities expressly disclosed on the Schedules delivered hereunder.

3.8 **Compliance with Applicable Law, Charter and By-Laws** . CMS and each Subsidiary has all requisite licenses, permits and certificates from all Governmental Entities necessary to conduct their respective businesses as currently conducted, and to own, lease and operate their respective properties in the manner currently held and operated (collectively, " *Permits* "), except as set forth on Schedule 3.8 hereto and except for any Permits the absence of which, in the aggregate, do not and could not reasonably be expected to have an CMS Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated hereby. All of such Permits are in full force and effect. CMS and each Subsidiary is in compliance in all material respects with all the terms and conditions related to such Permits. There are no proceedings in progress, pending or, to the Knowledge of CMS, threatened, which may result in revocation, cancellation, suspension, or any materially adverse modification of any of such Permits. The businesses of CMS and the Subsidiaries are not being, and have not been, conducted in violation of any applicable law, statute, ordinance, regulation, rule, judgment, decree, order, Permit, concession, grant or other authorization of any Governmental Entity. Neither CMS nor any Subsidiary is in default or violation of any provision of its charter documents or its by-laws. Also set forth on Schedule 3.8 hereto is a list of the jurisdictions in which CMS or any Subsidiary is not authorized or qualified to do business, but where employees of CMS or such Subsidiary conduct activities or otherwise have a physical presence.

3.9 **Litigation and Audits** . Except for any claim, action, suit or proceeding set forth on Schedule 3.9 or Schedule 3.10.3 hereto, (a) there is no investigation by any Governmental Entity with respect to CMS or any Subsidiary pending or, to the Knowledge of CMS, threatened, nor has any Governmental Entity indicated to CMS or any Subsidiary an intention to conduct the same; (b) there is no claim, action, suit, arbitration or proceeding pending or, to the Knowledge of CMS, threatened against or involving CMS or any Subsidiary, or any of their respective assets or properties, at law or in equity, or before any arbitrator or Governmental Entity, that, if adversely determined, either singly or in the aggregate, would have an CMS Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated hereby; and (c) there are no judgments, decrees, injunctions or orders of any Governmental Entity or arbitrator outstanding against CMS or any Subsidiary.

3.10 **Tax Matters**

3.10.1 **Filing of Returns** . Each of CMS and the Subsidiaries has timely filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all respects. All Taxes owed by any of CMS and the Subsidiaries (whether or not shown on any Tax Return) have been paid. Neither CMS nor any of the Subsidiaries is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where CMS or any Subsidiary does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of CMS or any Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax.

3.10.2 **Payment of Taxes** . CMS and each of the Subsidiaries 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, stockholder or other third party.

3.10.3 **Assessments or Disputes** . None of the Key Management Group, nor any director or officer (or employee responsible for Tax matters) of CMS or any Subsidiary, expects any authority to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of CMS or any Subsidiary either (a) claimed or raised by any authority or (b) as to which any of the Key Management Group or any of the directors and officers (and employees responsible for Tax matters) of CMS or any Subsidiary has knowledge based upon personal contact with any agent of such authority. Schedule 3.10.3 lists all federal, state, local, and foreign income Tax Returns filed with respect to CMS or any Subsidiary for taxable periods ended on or after December 31, 1998, indicates those Tax Returns that have been audited and indicates those Tax Returns that currently are the subject of audit. CMS and the Subsidiaries has delivered to Federal correct and complete copies of all income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by CMS or any Subsidiary.

3.10.4 **Waiver of Statute of Limitations** . Neither CMS nor any Subsidiary has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

3.10.5 **Collapsible Corporations, Golden Parachutes, Real Property Holding Corporations** . Neither CMS nor any Subsidiary has filed a consent under Code section 341(f) concerning collapsible corporations. Neither CMS nor any Subsidiary has made any payments, is obligated to make any payments or is a party to any agreement that under certain circumstances could obligate it to make any payments, that will not be deductible under Code section 280G. Neither CMS nor any Subsidiary has been a United States real property holding corporation within the meaning of Code section 897(c)(2) during the applicable period specified in Code section 897(c)(1)(A)(ii). Neither CMS nor any Subsidiary is a party to any Tax allocation or sharing agreement. Neither CMS nor any Subsidiary (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was CMS) or (B) has any Liability for the Taxes of any Person (other than CMS or a Subsidiary) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

3.10.6 **Tax Basis** . Schedule 3.10.6 sets forth (a) the basis of CMS in each of the assets of CMS and its qualified subchapter S Subsidiaries, the Fair Market Value of the total assets of CMS on the day CMS became an S Corporation, the Fair Market Value of each of CMS's qualified subchapter S Subsidiaries on the day each such qualified subsidiary became a qualified subchapter S Subsidiary, (b) the adjusted tax basis of each of the assets of CMS on the day CMS became an S corporation, and (c) the adjusted tax basis of each of the assets of each of CMS's qualified subchapter S subsidiaries on the day each such qualified subchapter S subsidiary became a qualified subchapter S Subsidiary.

3.10.7 **Unpaid Taxes** . The unpaid Taxes of CMS and the Subsidiaries (a) did not, as of the date of the CMS Balance Sheet, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the CMS Balance Sheet (rather than in any notes thereto) and (b) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of CMS and the Subsidiaries in filing their Tax Returns.

3.10.8 **Unclaimed Property** . Except as set forth on Schedule 3.10.8, neither CMS nor any Subsidiary has any assets that may constitute unclaimed property under applicable law. CMS and the Subsidiaries have complied in all material respects with all applicable unclaimed property laws. Without limiting the generality of the foregoing, CMS and the Subsidiaries have established and followed procedures to identify any unclaimed property and, to the extent required by applicable law, remit such unclaimed property to the applicable governmental authority. The records of CMS and the Subsidiaries are adequate to permit a governmental agency or authority or other outside auditor to confirm the foregoing representations.

3.10.9 **No Changes in Accounting, Closing Agreement, Installment Sale** . Neither CMS nor any Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (a) change in method of accounting for a taxable period ending on or prior to the Closing Date under Code section 481(c) (or any corresponding or similar provision of state, local or foreign income Tax law); (b) ”closing agreement” as described in Code section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (c) deferred intercompany gain or any excess loss account described in Treasury Regulations under Code section 1502 (or any corresponding or similar provision of state, local or foreign income Tax law); (d) installment sale or open transaction disposition made on or prior to the Closing Date; or (e) prepaid amount received on or prior to the Closing Date.

3.10.10 **S Corporation** . CMS (and any predecessor of CMS) has been a validly electing S corporation within the meaning of Code sections 1361 and 1362 at all times since September 1, 1995, and CMS will be an S corporation up to and including the Closing Date. Schedule 3.10.10 identifies each Subsidiary, and indicates each Subsidiary that is a “qualified subchapter S subsidiary” within the meaning of Code section 1361(b)(3)(B). Each Subsidiary so identified has been a qualified subchapter S subsidiary at all times since the date shown on such schedule up to and including the Closing Date.

3.10.11 **Acquisitions** . Neither CMS nor any Subsidiary has (a) acquired assets from another corporation in a transaction in which CMS’s Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor or (b) acquired the stock of any corporation which is a qualified subchapter S subsidiary.

3.11 **Employee Benefit Plans**

3.11.1 **List of Plans** . Schedule 3.11.1 hereto contains a correct and complete list of all pension, profit sharing, retirement, deferred compensation, welfare, legal services, medical, dental or other employee benefit or health insurance plans, life insurance or other death benefit plans, disability, stock option, stock purchase, restricted stock, stock compensation, bonus, vacation pay, severance pay and other similar plans, programs or agreements, and every material

written personnel policy, relating to any persons employed by CMS or any Subsidiary or in which any person employed by CMS or any Subsidiary is eligible to participate and which is currently maintained or that was maintained at any time by CMS, any Subsidiary or any ERISA Affiliate of CMS or any Subsidiary (collectively, the " *CMS Plans* "). CMS has delivered to Parent (a) accurate and complete copies of all CMS Plan documents and all other material documents relating thereto, including (if applicable) all documents establishing or constituting any related trust, annuity contract, insurance contract or other funding instruments, and summary plan descriptions relating to said CMS Plans, (b) accurate and complete copies of the most recent financial statements and actuarial reports with respect to all CMS Plans for which financial statements or actuarial reports are required or have been prepared, and (c) accurate and complete copies of all annual reports and summary annual reports for all CMS Plans for which annual reports are required or have been prepared. CMS has also delivered to Parent complete copies of other current plan summaries, employee booklets, personnel manuals and other material documents or written materials concerning the CMS Plans. Neither CMS nor any Subsidiary has any "defined benefit plans" as defined in Section 3(35) of ERISA. Neither CMS nor any Subsidiary has any current or contingent obligation to contribute to any multiemployer plan (as defined in Section 3(37) of ERISA).

3.11.2 **ERISA** . None of CMS, the Subsidiaries and the ERISA Affiliates of CMS and the Subsidiaries has incurred any "withdrawal liability" calculated under Section 4211 of ERISA and there has been no event or circumstance which would cause any of them to incur any such liability. No employee pension benefit plan previously maintained by CMS, any Subsidiary or any ERISA Affiliate of CMS or any Subsidiary which was subject to ERISA has been terminated; no proceedings to terminate any such plan have been instituted within the meaning of Subtitle C of Title IV of ERISA; and no reportable event within the meaning of Section 4043 of said Subtitle C of Title IV of ERISA with respect to which the requirement to file a notice with the Pension Benefit Guaranty Corporation has not been waived has occurred with respect to any such CMS Plan, and no liability to the Pension Benefit Guaranty Corporation has been incurred by CMS, any Subsidiary or any ERISA Affiliate of CMS or any Subsidiary. Except as set forth on Schedule 3.11.2 , with respect to all CMS Plans, CMS, the Subsidiaries and CMS' and the Subsidiaries' ERISA Affiliates are in material compliance with all requirements prescribed by all statutes, regulations, orders or rules currently in effect, and have in all material respects performed all obligations required to be performed by them. All returns, reports and disclosure statements required to be made under ERISA and the Code with respect to all CMS Plans have been timely filed or delivered. All fees required to be paid in connection with the administration of any ERISA plan, and all fees required to be paid as a result of the termination of any plan recordkeeping agreements, have been disclosed to Parent and Federal. None of CMS, the Subsidiaries and the ERISA Affiliates of CMS and the Subsidiaries, nor any of their directors, officers, employees or agents, nor any trustee or administrator of any trust created under the CMS Plans, has engaged in or been a party to any "prohibited transaction" as defined in Section 4975 of the Code or Section 406 of ERISA which could subject CMS, any Subsidiary, any Affiliate of CMS or any Subsidiary, any director or employee of any CMS Plan or any trust relating to any CMS Plan, or any party dealing with any CMS Plan or trust relating thereto to any tax or penalty on "prohibited transactions" imposed by Section 4975 of the Code. Except as set forth on Schedule 3.11.2 , neither the CMS Plans nor any of the trusts created thereunder have incurred any "accumulated funding deficiency," as such term is defined in Section 412 of the Code and regulations issued thereunder, whether or not waived. Neither CMS nor any Subsidiary has at any time had an ERISA Affiliate.

3.11.3 **Plan Determinations** . Each CMS Plan intended to qualify under Section 401(a) of the Code has been determined by the Internal Revenue Service to so qualify; copies of all determination letters have been delivered to Parent, and, to the Knowledge of CMS, nothing has occurred since the date of such determination letters which might cause the loss of such qualification or exemption, or result in the imposition of any excise tax or income tax on unrelated business income under the Code or ERISA with respect to any CMS Plan. With respect to each CMS Plan which is a qualified profit sharing plan, all employer contributions accrued for plan years ending prior to the Closing under CMS Plan terms and applicable law have been made.

3.11.4 **Funding** . Except as set forth on Schedule 3.11.4 :

(a) all contributions, premiums or other payments due or required to be made to CMS Plans as of the date hereof have been made as of the date hereof or are properly reflected on the CMS Balance Sheet;

(b) there are no actions, liens, suits or claims (other than routine claims for benefits) pending or, to the Knowledge of CMS, threatened, with respect to any CMS Plan, nor is any CMS Plan the subject of any pending (or to the Knowledge of CMS, any threatened) investigation or audit by the Internal Revenue Service, Department of Labor or the Pension Benefit Guaranty Corporation;

(c) no event has occurred, and, except for actions or matters relating to the CMS Plans contemplated by, or resulting from this Agreement, there exists no condition or set of circumstances, which presents a material risk of a partial termination (within the meaning of Section 411(d)(3) of the Code) of any CMS Plan; and

(d) with respect to any CMS Plan that is qualified under Section 401(k) of the Code, individually and in the aggregate, no event has occurred, and there exists no condition or set of circumstances in connection with which CMS could be subject to any liability (except liability for benefits claims and funding obligations payable in the ordinary course) that is reasonably likely to have an CMS Material Adverse Effect under ERISA, the Code or any other applicable law.

3.11.5 **Certain Other Matters** . Except as reserved for on the Closing Balance Sheet or the Final Closing Balance Sheet, CMS has no liability or potential liability in any form whatsoever, and neither CMS nor any Subsidiary will have liability or potential liability in any form whatsoever, with regard to any CMS Plan, as a result of the any failure to perform non-discrimination testing on an CMS Plan or any failure to amend an CMS Plan pursuant to the legislation commonly known as “GUST” or the legislation commonly known as “EGTRRA.” All employee contributions, including elective deferrals, to CMS’s and the Subsidiaries’ 401(k) plan(s) have been segregated from CMS’s and the Subsidiaries’ general assets and deposited into the trust(s) established pursuant to such 401(k) plan(s) in a timely manner in accordance with the “plan asset” regulations of the Department of Labor.

3.11.6 **Welfare Plans** . With respect to any CMS Plan that is an employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) (a " *Welfare Plan* ") and except as set forth on Schedule 3.11.6 , (a) each Welfare Plan for which contributions are claimed by CMS or any Subsidiary as deductions under any provision of the Code is in material compliance with all applicable requirements pertaining to such deduction, (b) with respect to any welfare benefit fund (within the meaning of Section 419 of the Code) related to a Welfare Plan, there is no disqualified benefit (within the meaning of Section 4976(b) of the Code) that would result in the imposition of a tax under Section 4976(a) of the Code, (c) all CMS Plans that are group health plans (within the meaning of Section 4980B(g)(2) of the Code) comply, and in each and every case have complied, with all of the applicable material requirements of COBRA, the Family Medical Leave Act of 1993, the Health Insurance and Portability and Accountability Act of 1996, the Women's Health and Cancer Rights Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, and all similar provisions of state law or foreign law applicable to employees of CMS, any Subsidiary or any ERISA Affiliate of CMS or any Subsidiary. None of the CMS Plans promises or provides retiree medical or other retiree welfare benefits to any person except as required by applicable law, and none of CMS, the Subsidiaries and the ERISA Affiliates of CMS and the Subsidiaries has represented, promised or contracted (whether in oral or written form) to provide such retiree benefits to any employee, former employee, director, consultant or other person, except to the extent required by statute. No CMS Plan or employment agreement provides health benefits that are not insured through an insurance contract. Each CMS Plan is amendable and terminable unilaterally by CMS or a Subsidiary at any time without liability to CMS or any Subsidiary as a result thereof and no CMS Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits CMS or a Subsidiary from amending or terminating any such CMS Plan.

3.12 **Employment-Related Matters**

3.12.1 **Labor Relations** . Except to the extent set forth on Schedule 3.12.1 hereto: (a) neither CMS nor any Subsidiary is a party to any collective bargaining agreement or other contract or agreement with any labor organization or other representative of employees of CMS or any Subsidiary; (b) there is no labor strike, dispute, slowdown, work stoppage or lockout that is pending or, to the Knowledge of CMS, threatened against or otherwise affecting CMS or any Subsidiary, and neither CMS nor any Subsidiary has experienced the same; (c) other than in the ordinary course of business neither CMS nor any Subsidiary has closed any plant or facility, effectuated any layoffs of employees or implemented any early retirement or separation program at any time, and neither CMS nor any Subsidiary has planned or announced any such action or program for the future with respect to which CMS or any Subsidiary has or may have any material liability; and (d) all salaries, wages, vacation pay, bonuses, commissions and other compensation due from CMS or any Subsidiary before the date hereof have been paid or accrued as of the date hereof.

3.12.2 **Employee List** . CMS has heretofore delivered to Parent a list (the " *Employee List* ") dated as of February 11, 2004 containing the name of each person employed by CMS or any Subsidiary and each such employee's position, starting employment date and annual salary. The Employee List is correct and complete as of the date of the Employee List. No third party has asserted any claim or has any reasonable basis to assert any claim against

CMS or any Subsidiary that either the continued employment by, or association with, CMS or any Subsidiary of any of the present officers or employees of, or consultants to, CMS or any Subsidiary contravenes any agreement or law applicable to unfair competition, trade secrets or proprietary information.

3.12.3 **Conduct of Directors and Officers** . No director or officer of CMS or any Subsidiary has been involved in any of the events described in Item 401(f) of Regulation S-K under the Securities Act.

3.13 **Environmental**

3.13.1 **Environmental Laws** . Except as set forth on Schedule 3.13.1 hereto, (a) CMS and each Subsidiary is and has been in compliance with all applicable Environmental Laws in effect on the date hereof; (b) neither CMS nor any Subsidiary has received any written communication that alleges that it is or was not in compliance with all applicable Environmental Laws in effect on the date hereof; (c) there are no circumstances that may prevent or interfere with compliance in the future with any applicable Environmental Laws; (d) all Permits and other governmental authorizations currently held by CMS or any Subsidiary pursuant to the Environmental Laws are in full force and effect, CMS and each Subsidiary is in compliance with all of the terms of such Permits and authorizations, and no other Permits or authorizations required pursuant to the Environmental Laws are required by CMS or any Subsidiary for the conduct of its respective business on the date hereof; (e) such Permits will not be terminated or impaired or become terminable, in whole or in part, solely as a result of the transactions contemplated hereby; and (f) the management, handling, storage, transportation, treatment, and disposal by CMS and each Subsidiary of all Materials of Environmental Concern is and has been in compliance with all applicable Environmental Laws.

3.13.2 **Environmental Claims** . Except as set forth on Schedule 3.13.2 hereto, there is no Environmental Claim pending or, to the Knowledge of CMS, threatened, against or involving CMS or any Subsidiary or against any Person whose liability for any Environmental Claim CMS or any Subsidiary has or may have retained or assumed either contractually or by operation of law.

3.13.3 **No Basis for Claims** . Except as set forth on Schedule 3.13.3 hereto, there are no past or present actions or activities by CMS or any Subsidiary, or any circumstances, conditions, events or incidents, including the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern, whether or not by CMS or a Subsidiary, that could reasonably form the basis of any Environmental Claim against CMS or any Subsidiary or against any Person whose liability for any Environmental Claim CMS or any Subsidiary may have retained or assumed either contractually or by operation of law, including, without limitation, the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern or any other contamination or other hazardous condition, related to the premises at any time occupied by CMS or any Subsidiary. Without limiting the generality of the foregoing, except as set forth on Schedule 3.13.3 hereto, neither CMS nor any Subsidiary has received any notices, demands, requests for information, investigations pertaining to compliance with or liability under Environmental Law or Materials of Environmental Concern, nor, to the Knowledge of CMS, are any such notices, demands, requests for information or investigations threatened.

3.13.4 **Disclosure of Information** . CMS and each Subsidiary has made, and during the period between the date of this Agreement and the Closing Date will continue to make, available to Parent and Federal all environmental investigations, studies, audits, tests, reviews and other analyses conducted in relation to Environmental Laws or Materials of Environmental Concern that are in the possession, custody, or control of CMS or any Subsidiary and pertain to CMS, any Subsidiary or any property or facility now or previously owned, leased or operated by CMS or any Subsidiary.

3.13.5 **Liens** . No lien imposed relating to or in connection with any Environmental Claim, Environmental Law, or Materials of Environmental concern has been filed or has been attached to any of the property or assets which are owned, leased or operated by CMS or any Subsidiary.

3.14 **No Broker's or Finder's Fees** . Neither CMS nor any Subsidiary has paid or become obligated to pay any fee or commission to any broker, finder, financial advisor or intermediary in connection with the transactions contemplated by this Agreement.

3.15 **Assets Other Than Real Property**

3.15.1 **Title** . CMS or a Subsidiary has good and marketable title to all of the tangible assets shown on the CMS Balance Sheet, and such title is in each case free and clear of any Security Interest, lease or other encumbrance (collectively, " *Encumbrances* "), except for (a) assets disposed of since the date of the CMS Balance Sheet in the ordinary course of business and in a manner consistent with past practices, (b) Liabilities, obligations and Encumbrances reflected in the CMS Balance Sheet or otherwise in the CMS Financial Statements, (c) Permitted Encumbrances, and (d) Liabilities, obligations and Encumbrances set forth on Schedule 3.15.1 hereto. Each tangible assets of CMS or any Subsidiary that has a present value of $1,000 or more or that is otherwise material to CMS's business or the business of any Subsidiary is listed on Schedule 3.15.1 .

3.15.2 **Accounts Receivable** . Except as set forth on Schedule 3.15.2 , all receivables shown on the CMS Balance Sheet and all receivables accrued by CMS or any Subsidiary since the date of the CMS Balance Sheet, have been collected or are collectible in all material respects in the aggregate amount shown, less any allowances for doubtful accounts reflected therein, and, in the case of receivables arising since the date of the CMS Balance Sheet, any additional allowance in respect thereof is consistent with the allowance reflected in the CMS Balance Sheet.

3.15.3 **Condition** . All material facilities, equipment and personal property owned by CMS or any Subsidiary and used in the business or CMS or a Subsidiary are in good operating condition and repair, ordinary wear and tear excepted, and all such wear and tear taken in the aggregate is not material to CMS and does not affect CMS's business or the business of any Subsidiary or affect CMS's obligation to perform under this Agreement.

3.16 **Real Property**

3.16.1 **CMS Real Property** . Neither CMS nor any Subsidiary owns or has owned any real property.

3.16.2 **CMS Leases** . Schedule 3.16.2 hereto lists all CMS Leases. Complete copies of the CMS Leases, and all material amendments thereto (which are identified on Schedule 3.16), have been made available by CMS to Parent. The CMS Leases grant leasehold estates free and clear of all Encumbrances (except Permitted Encumbrances) and no Encumbrances (except Permitted Encumbrances) have been granted by or caused by the actions of CMS or any Subsidiary. The CMS Leases are in full force and effect and are binding and enforceable against each of the parties thereto in accordance with their respective terms subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Except as set forth on Schedule 3.16.2 , neither CMS nor any Subsidiary, nor, to the Knowledge of CMS, any other party to a CMS Lease, has committed a material breach or default under any CMS Lease, nor has there occurred any event that with the passage of time or the giving of notice or both would constitute such a breach or default, nor, to the Knowledge of CMS, are there any facts or circumstances that would reasonably indicate that CMS or any Subsidiary is likely to be in material breach or default under any CMS Lease. Schedule 3.16.2 correctly identifies each CMS Lease the provisions of which would be materially and adversely affected by the transactions contemplated hereby and each CMS Lease that requires the consent of any third party in connection with the transactions contemplated hereby. No material construction, alteration or other leasehold improvement work with respect to the real property covered by any CMS Lease remains to be paid for or to be performed by CMS or any Subsidiary. Except as set forth on Schedule 3.16.2 , no CMS Lease has an unexpired term which, including any renewal or extensions of such term provided for in such CMS Lease, could exceed ten years.

3.16.3 **Condition** . All buildings, structures, leasehold improvements and fixtures, or parts thereof, used by CMS or any Subsidiary in the conduct of its business are in good operating condition and repair, ordinary wear and tear excepted.

3.17 **Agreements, Contracts and Commitments**

3.17.1 **CMS Agreements** . Except as set forth on Schedule 3.17.1 hereto or any other Schedule hereto, neither CMS nor any Subsidiary is a party to:

(a) any bonus, deferred compensation, pension, severance, profit-sharing, stock option, employee stock purchase or retirement plan, contract or arrangement or other employee benefit plan or arrangement;

(b) any employment agreement with any present employee, officer, director or consultant (or former employees, officers, directors and consultants to the extent there remain at the date hereof obligations to be performed by CMS or any Subsidiary);

(c) any agreement for personal services or employment with a term of service or employment specified in the agreement or any agreement for personal services;

(d) any agreement of guarantee or indemnification in an amount that is material to CMS taken as a whole;

(e) any agreement or commitment containing a covenant limiting or purporting to limit the freedom of CMS or any Subsidiary to compete with any Person in any geographic area or to engage in any line of business;

(f) any lease other than the CMS Leases under which CMS or any Subsidiary is lessee;

(g) any joint venture or profit-sharing agreement (other than with employees);

(h) except for trade indebtedness incurred in the ordinary course of business and equipment leases entered into in the ordinary course of business, any loan or credit agreements providing for the extension of credit to CMS or any Subsidiary, or any instrument evidencing or related in any way to indebtedness incurred in the acquisition of companies or other entities or indebtedness for borrowed money by way of direct loan, sale of debt securities, purchase money obligation, conditional sale, guarantee, or otherwise that individually is in the amount of $25,000 or more;

(i) any license agreement, either as licensor or licensee, involving payments (including past payments) of $25,000 in the aggregate or more, or any distributor, dealer, reseller, franchise, manufacturer's representative, or sales agency or any other similar material contract or commitment;

(j) any agreement granting exclusive rights to, or providing for the sale of, all or any portion of the CMS Proprietary Rights (as defined in Section 3.18.1);

(k) any agreement or arrangement providing for the payment of any commission based on sales other than to employees of CMS or a Subsidiary;

(l) any agreement for the sale by CMS or any Subsidiary of materials, products, services or supplies that involves future payments to CMS or any Subsidiary of more than $25,000;

(m) any agreement for the purchase by CMS or any Subsidiary of any materials, equipment, services, or supplies, that either (i) involves a binding commitment by CMS or a Subsidiary to make future payments in excess of $25,000 and cannot be terminated by it without penalty upon less than three months' notice or (ii) was not entered into in the ordinary course of business;

(n) any agreement or arrangement with any third party for such third party to develop any intellectual property or other asset expected to be used or currently used or useful in the business of CMS or any Subsidiary;

(o) any agreement or commitment for the acquisition, construction or sale of fixed assets owned or to be owned by CMS or any Subsidiary that involves future payments by CMS or any Subsidiary of more than $25,000;

(p) any agreement or commitment to which present or former directors, officers or Affiliates of CMS or any Subsidiary, or directors or officers of any Affiliate of any of the foregoing, are also parties;

(q) any agreement not described above (ignoring, solely for this purpose, any dollar amount thresholds in those descriptions) involving the payment or receipt by CMS or any Subsidiary of more than $25,000, other than the CMS Leases;

(r) any agreement not described above that was not made in the ordinary course of business and that is material to the financial condition, business, operations, assets, results of operations or prospects of CMS; or

(s) any agreement that provides for any continuing or future obligation, actual or contingent, of CMS or any Subsidiary, including but not limited to any continuing representation or warranty or any indemnification obligation that arose in connection with the disposition of any business or assets of CMS or any Subsidiary.

3.17.2 **Validity** . Except as set forth on Schedule 3.17.2 , all contracts, leases, instruments, licenses and other agreements required to be set forth on Schedule 3.17.1 are valid and in full force and effect; neither CMS nor any Subsidiary, nor to the Knowledge of CMS, any other party thereto, has breached any provision of, or defaulted under the terms of any such contract, lease, instrument, license or other agreement, except for any breaches or defaults that, in the aggregate, would not be expected to have an CMS Material Adverse Effect or have been cured or waived; and CMS has not received any "notice to cure" or a similar notice from any Governmental Entity requesting performance under any contract, instrument or other agreement between CMS or any Subsidiary and such Governmental Entity.

3.17.3 **Third-Party Consents** . Schedule 3.17.3 identifies each contract and other document set forth on Schedule 3.17.1 that requires the consent of a third party in connection with the transactions contemplated hereby.

3.18 **Intellectual Property**

3.18.1 **No Conflicts** . Except as set forth on Schedule 3.18.1 hereto, CMS and each Subsidiary owns, or has perpetual, fully paid, worldwide rights to use, all patents, trademarks, trade names, service marks, copyrights, and any applications therefor, maskworks, net lists, schematics, technology, know-how, computer software programs or applications (in both source code and object code form), and tangible or intangible proprietary information or material (excluding Commercial Software) that are used in its respective business as currently conducted (the " *CMS Proprietary Rights* "). Except as set forth on Schedule 3.18.1 , CMS or a Subsidiary is the sole and exclusive owner or licensee of, with all right, title and interest in and to (free and clear of any and all claims and Encumbrances), all rights included among the CMS Proprietary Rights, and CMS or a Subsidiary has sole and exclusive rights (and is not contractually obligated to pay any compensation to any third party in respect thereof) to the use

thereof or the material covered thereby in connection with the services or products in respect of which CMS Proprietary Rights are being used or might reasonably be used. No claims with respect to the CMS Proprietary Rights have been asserted or, to the Knowledge of CMS, are threatened by any Person nor are there any valid grounds for any bona fide claims (a) to the effect that the manufacture, sale, licensing or use of any of the products of CMS or any Subsidiary as now manufactured, sold or licensed or used or proposed for manufacture, use, sale or licensing by CMS or any Subsidiary infringes on any copyright, patent, trademark, service mark, trade secret or other proprietary right, (b) against the use by CMS or any Subsidiary of any trademarks, service marks, trade names, trade secrets, copyrights, patents, technology, know-how or computer software programs and applications used in CMS's or any Subsidiary's business as currently conducted or as proposed to be conducted, or (c) challenging the ownership by CMS or any Subsidiary, or the validity or effectiveness, of any of CMS Proprietary Rights. All material registered trademarks, service marks and copyrights held by CMS or any Subsidiary are valid and subsisting in the jurisdictions in which they have been filed. There is no material unauthorized use, infringement or misappropriation of any of CMS Proprietary Rights by any third party, including any employee or former employee of CMS or any Subsidiary. No CMS Proprietary Right or product of CMS or any Subsidiary is subject to any outstanding decree, order, judgment, or stipulation restricting in any manner the use, licensing or transfer thereof by CMS or any Subsidiary. Except as set forth in Schedule 3.18.1 , neither CMS nor any Subsidiary has entered into any agreement under which it is restricted from selling, licensing or otherwise distributing any of its products to any class of customers, in any geographic area, during any period of time or in any segment of the market. CMS's and the Subsidiaries' products, packaging and documentation contain copyright notices sufficient to maintain copyright protection on the copyrighted portions of the CMS Proprietary Rights. Neither CMS nor any Subsidiary is in violation of any license, sublicense or agreement described on Schedule 3.18.2 , except such violations as do not materially impair CMS's or any Subsidiary's rights under such license, sublicense or agreement. Except as disclosed in this Article 3, the execution and delivery of this Agreement by CMS, and the consummation of the transactions contemplated hereby, will neither cause CMS or any Subsidiary to be in violation or default under any such license, sublicense or agreement, nor entitle any other party to any such license, sublicense or agreement to terminate or modify such license, sublicense or agreement. The Commercial Software used in the businesses of CMS and the Subsidiaries in each case has been acquired and used by CMS or a Subsidiary, as the case may be, on the basis of and in accordance with a valid license from the manufacturer or the dealer authorized to distribute such Commercial Software, free and clear of any claims or rights of any third parties. Neither CMS nor any Subsidiary is in breach of any of the terms and conditions of any such license and neither CMS nor any Subsidiary has been infringing upon any rights of any third parties in connection with its acquisition or use of the Commercial Software.

3.18.2 **Proprietary Rights; Licenses** . Set forth on Schedule 3.18.2 is a complete list of all patents, trademarks, registered copyrights, trade names and service marks, and any applications therefor, included in the CMS Proprietary Rights, specifying, where applicable, the jurisdictions in which each such CMS Proprietary Right has been issued or registered or in which an application for such issuance and registration has been filed, including the respective registration or application numbers and the names of all registered owners. Except as set forth on Schedule 3.18.2 , no software product currently marketed by CMS or any Subsidiary has been registered for copyright protection with the United States Copyright Office or any foreign offices

nor has CMS or any Subsidiary been requested to make any such registration. Set forth on Schedule 3.18.2 is a complete list of all domain names, Secure Socket Layer (SSL) certificates and other World Wide Web certificates owned by CMS or any Subsidiary, which list includes all domain names used by CMS or any Subsidiary in its business and respective registrars. Set forth on Schedule 3.18.2 is a complete list of all material licenses, sublicenses and other agreements as to which CMS or any Subsidiary is a party and pursuant to which CMS, any Subsidiary or any other Person is authorized to use any CMS Proprietary Right or trade secrets material to the business of CMS or any Subsidiary; such schedule includes the identity of all parties to such licenses, sublicenses and other agreements, a description of the nature and subject matter thereof, the applicable royalty and the term thereof. Complete lists of the Commercial Software used in the businesses of CMS and each Subsidiary are set forth on Schedule 3.18.2 .

3.18.3 **Employee Agreements** . Except as set forth on Schedule 3.18.3 , each employee, officer and consultant of CMS or any Subsidiary has executed a confidentiality and non-competition agreement in substantially the form attached hereto as Exhibit 3.18.3 . No employee, officer or consultant of CMS or any Subsidiary is in violation of any term of any employment or consulting contract, proprietary information and inventions agreement, non-competition agreement, or any other contract or agreement relating to the relationship of any such employee, officer or consultant with CMS, any Subsidiary or any previous employer.

3.19 **Insurance Contracts** . Schedule 3.19 hereto lists all contracts of insurance and indemnity in force at the date hereof with respect to CMS or any Subsidiary. Such contracts of insurance and indemnity and those shown in other Schedules to this Agreement (collectively, the " *CMS Insurance Contracts* ") insure against such risks, and are in such amounts, as are appropriate and reasonable considering CMS's and the Subsidiaries' property, business and operations. All of the CMS Insurance Contracts are in full force and effect, with no default thereunder by CMS or any Subsidiary which could permit the insurer to deny payment of claims thereunder. All premiums due and payable thereon have been paid and neither CMS nor any Subsidiary has received notice from any of its insurance carriers that any insurance premiums will be materially increased in the future or that any insurance coverage provided under any of the CMS Insurance Contracts will not be available in the future on substantially the same terms as now in effect. Neither CMS nor any Subsidiary has received or given a notice of cancellation with respect to any of the CMS Insurance Contracts.

3.20 **Banking Relationships** . Schedule 3.20 hereto shows the names and locations of all banks and trust companies in which CMS or any Subsidiary has accounts, lines of credit or safety deposit boxes and, with respect to each account, line of credit or safety deposit box, the names of all Persons authorized to draw thereon or to have access thereto, as well as the account and other numbers of designation thereof.

3.21 **No Contingent Liabilities** . Neither CMS nor any Subsidiary has any contingent or conditional Liabilities or obligations of any kind arising from or relating to any acquisition of a Subsidiary or line of business.

3.22 **Absence of Certain Relationships** . Except as set forth on Schedule 3.22 , none of (a) CMS, (b) any Subsidiary, (c) any officer of CMS or any Subsidiary, (d) any Stockholder, or (e) any member of the immediate family of the Persons listed in (a) through (d) of this

sentence, has any financial or employment interest in any subcontractor, supplier, or customer of CMS or any Subsidiary (other than holdings in publicly held companies of less than one percent (1%) of the outstanding capital stock of any such publicly held company).

3.23 **Foreign Corrupt Practices** . None of CMS, the Subsidiaries, the Affiliate of CMS and the Subsidiaries, and other Person associated with or acting for or on behalf of the any of the foregoing, has directly or indirectly taken any action which would cause CMS or any Subsidiary to be in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or any rules and regulations thereunder. None of CMS, the Subsidiaries, the Affiliate of CMS and the Subsidiaries, and other Person associated with or acting for or on behalf of the any of the foregoing, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kick-back, or other payment to any Person, private or public, regardless of form, whether in money, property or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of CMS, any Subsidiary or any Affiliate of CMS or any Subsidiary, or (iv) in violation of any law or regulation, or (b) established or maintained any fund or asset that has not been recorded in the books and records of CMS or a Subsidiary.

Article 4
REPRESENTATIONS AND WARRANTIES OF THE STOCKHOLDERS

Each Stockholder represents and warrants to Parent and Federal as follows:

4.1 **Title; Entirety of Interest** . Such Stockholder is the sole legal owner of the number of shares of CMS Common Stock set forth opposite his, her or its name on Schedule A hereto, and has good and valid title to such shares, and, at Closing, there shall exist no liens, claims, pledges, options, proxies, charges or encumbrances of any kind or nature whatsoever affecting such shares; such shares constitute the entirety of such Stockholder's interest in CMS and such Stockholder claims no other rights; other than this Agreement, such Stockholder has no agreement or arrangement with any Person relating to the issuance, sale, purchase, or transfer of any security of CMS or any Subsidiary.

4.2 **Claims** . Such Stockholder has no claims of any kind against CMS, any Subsidiary, Federal or Parent (other than claims for the payment of wages, salary, bonus or severance and the provision of benefits by CMS pursuant to the terms of any employment by CMS of such Stockholder), or, if such Stockholder has any such claims, then, effective upon consummation of the purchase and sale contemplated by this Agreement, such Stockholder hereby forever waives and releases all such claims.

4.3 **Authority** . Such Stockholder has the full power and legal capacity to execute, deliver and carry out the terms and provisions of this Agreement applicable to him, her or it and to consummate the transactions contemplated hereby;

4.4 **Enforceability** . This Agreement constitutes a legal, valid and binding obligation of such Stockholder enforceable against such Stockholder in accordance with its terms; and

4.5 **No Conflicts** . the execution, delivery and performance of this Agreement by Seller will not result in a breach or violation by Seller of, or constitute a default by Seller under, any statute, ordinance, rule, regulation, franchise, permit, agreement or instrument to which Seller is a party or by which Seller is bound.

Article 5
REPRESENTATIONS AND WARRANTIES OF PARENT AND FEDERAL

Parent and Federal, jointly and severally, represent and warrant to CMS as follows:

5.1 **Corporate Status of Parent and Federal** . Each of Parent and Federal is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted.

5.2 **Authority for Agreement; Noncontravention**

5.2.1 **Authority of Parent** . Each of Parent and Federal has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the boards of directors of Parent and Federal and no other corporate proceedings on the part of Parent or Federal are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement and the other agreements contemplated hereby to be signed by Parent or Federal have been duly executed and delivered by Parent and/or Federal, as the case may be, and constitute valid and binding obligations of Parent and/or Federal, as the case may be, enforceable against Parent and/or Federal in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby are subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

5.2.2 **No Conflict** . Neither the execution and delivery of this Agreement by Parent or Federal, nor the performance by Parent or Federal of its obligations hereunder, nor the consummation by Parent or Federal of the transactions contemplated hereby will (a) conflict with or result in a violation of any provision of the Certificate of Incorporation or by-laws of either Parent or Federal, or (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any lien, charge or encumbrance pursuant to, or right of termination under, any provision of any note, mortgage, indenture, lease, instrument or other agreement, Permit, concession, grant, franchise, license, judgment, order, decree, statute, ordinance, rule or regulation to which Parent, Federal or any of Parent's other Subsidiaries is a party or by which any of them or any of their assets or properties is bound or which is applicable to any of them or any of their assets or properties. No authorization, consent or approval of, or filing with or notice to, any Governmental Entity is necessary for the execution and delivery of

this Agreement by Parent or Federal or the consummation by Parent or Federal of the transactions contemplated hereby, except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would not have a Parent Material Adverse Effect.

5.3 **SEC Statements, Reports and Documents** . Parent has filed all required forms, reports, statements and documents with the SEC since July 1, 2000. The documents so filed by Parent and available in the public records of the SEC include (a) its Annual Reports on Form 10-K for its fiscal years ended June 30, 2001, June 30, 2002 and June 30, 2003, respectively, (b) its Quarterly Report on Forms 10-Q for its fiscal quarter ended September 30, 2003, (c) all other forms, reports, statements and documents filed or required to be filed by it with the SEC since July 1, 2000, and (d) all amendments and supplements to all such reports and registration statements filed by Parent with the SEC. The consolidated balance sheet of Parent and its subsidiaries at September 30, 2003, including the notes thereto, is hereinafter referred to as the " *Parent Balance Sheet* ."

5.4 **Absence of Material Adverse Changes** . Since the date of the Parent Balance Sheet, Parent has not suffered any Parent Material Adverse Effect, nor has there occurred or arisen any event, condition or state of facts of any character that would result in a Parent Material Adverse Effect.

5.5 **Financing Arrangements** . Parent and Federal have funds available to them sufficient to consummate the Transaction in accordance with the terms of this Agreement.

Article 6
C ONDUCT P RIOR T O T HE C LOSING D ATE

6.1 **Conduct of Business of CMS** . Except as set forth on Schedule 6.1 hereto, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, CMS and the Subsidiaries shall each, except to the extent that Parent shall otherwise consent in writing (such consent not to be unreasonably withheld), (a) carry on its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted, pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, except when subject to good faith disputes over such obligations, and use all commercially reasonable efforts consistent with past practices and policies to preserve intact its present business organizations, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers and others having business relationships with it, to the end that CMS's and the Subsidiaries' goodwill and ongoing businesses shall be unimpaired at the Closing Date, and (b) promptly notify Parent of any event or occurrence which will have or could reasonably be expected to have an CMS Material Adverse Effect. In addition, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, neither CMS nor any Subsidiary shall, except as set forth on Schedule 6.1 hereto or to the extent that Parent shall otherwise consent in writing (such consent not to be unreasonably withheld):

(a) amend its charter documents or by-laws;

(b) declare or pay any dividends or distributions on its outstanding shares of capital stock or purchase, redeem or otherwise acquire for consideration any shares of its capital stock or other securities except in accordance with agreements existing as of the date hereof;

(c) issue or sell any shares of its capital stock, effect any stock split or otherwise change its capitalization as it exists on the date hereof, or issue, grant, or sell any options, stock appreciation or purchase rights, warrants, conversion rights or other rights, securities or commitments obligating it to issue or sell any shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock;

(d) borrow or agree to borrow any funds or voluntarily incur, or assume or become subject to, whether directly or by way of guaranty or otherwise, any obligation or Liability, except obligations incurred in the ordinary course of business consistent with past practices;

(e) pay, discharge or satisfy any claim, obligation or Liability in excess of $25,000 (in any one case) or $50,000 (in the aggregate), other than the payment, discharge or satisfaction in the ordinary course of business of obligations reflected on or reserved against in the CMS Balance Sheet, or incurred since the date of the CMS Balance Sheet in the ordinary course of business consistent with past practices;

(f) except as required by applicable law, adopt or amend in any material respect, any agreement or plan (including severance arrangements) for the benefit of its employees;

(g) sell, mortgage, pledge or otherwise encumber or dispose of any of its assets which are material, individually or in the aggregate, to the business of CMS or any Subsidiary;

(h) acquire by merging or consolidating with, or by purchasing any equity or partnership interest in or a material portion of the assets of, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire any assets which are material, individually or in the aggregate, to the business of CMS or any Subsidiary;

(i) increase the following amounts payable or to become payable: (i) the salary of any of its directors or officers, other than increases in the ordinary course of business consistent with past practices and not exceeding, in any case, five percent (5%) of the director’s or officer’s salary on the date hereof, (ii) any other compensation of its directors or officers, including any increase in benefits under any bonus, insurance, pension or other benefit plan made for or with any of those persons, other than increases that are provided in the ordinary course of business consistent with past practices to broad categories of employees and do not discriminate in favor of the aforementioned persons, and (iii) the compensation of any of its other employees, consultants or agents except in the ordinary course of business consistent with past practices;

(j) dispose of, permit to lapse, or otherwise fail to preserve its rights to use the CMS Proprietary Rights or enter into any settlement regarding the breach or infringement of, all or any part of the CMS Proprietary Rights, or modify any existing rights with respect thereto, and other than any such disposal, lapse, failure, settlement or modification that does not have and could not reasonably be expected to have an CMS Material Adverse Effect;

(k) sell, or grant any right to exclusive use of, all or any part of the CMS Proprietary Rights;

(l) enter into any contract or commitment or take any other action that is not in the ordinary course of its business or could reasonably be expected to have an adverse impact on the transactions contemplated hereunder or that would have or could reasonably be expected to have an CMS Material Adverse Effect;

(m) amend in any material respect any agreement to which it is a party, the amendment of which will have or could reasonably be expected to have an CMS Material Adverse Effect;

(n) waive, release, transfer or permit to lapse any claim or right (i) that has a value, or involves payment or receipt by it, of more than $25,000 or (ii) the waiver, release, transfer or lapse of which would have or could reasonably be expected to have an CMS Material Adverse Effect;

(o) take any action that would materially decrease CMS's Net Worth;

(p) make any change in any method of accounting or accounting practice other than changes required to be made in order that CMS's financial statements comply with GAAP; or

(q) agree, whether in writing or otherwise, to take any action described in this Section 6.1.

6.2 **Conduct of Business of Parent** . Between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, Parent and Federal shall not, except to the extent that CMS shall otherwise consent in writing (such consent not to be unreasonably withheld), take any action that would materially impair Federal's ability to pay the aggregate Purchase Price or otherwise to perform its obligations under this Agreement. Further, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, Parent and Federal shall, except to the extent that CMS shall otherwise consent in writing (such consent not to be unreasonably withheld) promptly notify CMS and the Stockholders' Representative of any event or occurrence which will have or could reasonably be expected to have an adverse effect on the ability of Federal and Parent to pay the aggregate Purchase Price and otherwise to perform their respective obligations hereunder.

Article 7
ADDITIONAL AGREEMENTS

7.1 **Exclusivity** . From and after the date of this Agreement until the earlier of the Closing Date or the termination of this Agreement in accordance with Article 10 hereof, but in any event to and including March 1, 2004, neither CMS nor any Stockholder will, directly or indirectly, through their respective affiliates, agents, officers and directors, directly or indirectly, solicit, initiate, or participate in discussions or negotiations or otherwise cooperate in any way with, or provide any information to, any corporation, partnership, person, or other entity or group concerning any tender offer, exchange offer, merger, business combination, sale of substantial assets, sale of shares of capital stock, or similar transaction involving CMS or any Subsidiary (all such transactions being referred to herein as " *Acquisition Proposals* "). Notwithstanding the foregoing, in the event that CMS at any time after the date of the Letter of Intent and before the earlier of the Closing Date or the termination of this Agreement in accordance with Article 10 hereof, accepts an Acquisition Proposal from any person or entity other than Parent, Parent shall be entitled, providing that neither Parent nor Federal is in a material breach of any of its obligations hereunder, upon demand submitted in a form of a notice to CMS (the " *Parent Demand Notice* ") to the payment of the sum of $250,000. CMS shall make such payment within ten (10) days of its receipt of such Parent Demand Notice.

7.2 **Expenses**

7.2.1 **General** . Except as provided in this Section 7.2, each party hereto shall be responsible for its own costs and expenses in connection with the Transaction, including fees and disbursements of consultants, brokers, finders, investment bankers and other financial advisors, counsel and accountants (" *Expenses* ").

7.2.2 **Attorney Fees** . At the Closing, Federal shall pay to CMS's Counsel for fees relating to the Transaction, which amount shall be deducted from the Direct Payment due the Stockholders at the Closing.

7.2.3 **Accountant Fees** . At the Closing, Federal shall pay to CMS's Accountant for fees relating to the Transaction, which amount shall be deducted from the Direct Payment due the Stockholders at the Closing.

7.2.4 **Uncovered Expenses** . Except with respect to those expenses described in Sections 7.2.2 and 7.2.3, CMS and the Stockholders shall ensure that either: (a) any Expenses incurred by CMS or the Stockholders are paid at or before the Closing from the aggregate Purchase Price so that such Expenses do not continue to be or do not become the liability of CMS after the Closing or (b) provision is made for any such Expenses on CMS's books for payment after the Closing (it being understood that in such event the Net Worth on the Closing Balance Sheet shall be reduced by any such Expenses).

7.3 **Insurance Tail Policies** . Parent, Federal and CMS shall cooperate to secure a three-year "tail" to CMS's directors and officers, insurance policies and Federal shall pay the premiums for such policies (collectively, the " *Insurance Tail Premiums* ").

7.4 **Indemnification** . Subject to the terms of this Section 7.4, from and after the Closing Date, Parent, Federal, CMS, each of their respective subsidiaries and Affiliates and their respective directors, officers, employees, Affiliates, representatives, successor and assigns (collectively " *Stockholder Indemnified Parties* ") shall be entitled to payment and reimbursement from the Indemnifying Stockholders and their respective successors (the " *Parent Indemnifying Parties* "), jointly and severally, of the amount of any Loss suffered, incurred or paid by any Stockholder Indemnified Party (subject to subsection 7.4.3), by reason of, in whole or in part, any misrepresentation or inaccuracy in, or breach of, any representation or warranty made by CMS or any Stockholder in this Agreement or any Exhibits or Schedules hereto or the certificates delivered pursuant to this Agreement (where, for the purpose of determining such Loss, each such representation or warranty would read as if all qualifications as to materiality and knowledge were deleted therefrom and each such representation or warranty would read as if made by the Stockholders). Subject to the terms of this Section 7.4, from and after the Closing Date, the Stockholders and each of their respective successors (collectively the " *Parent Indemnified Parties* ") shall be entitled to payment and reimbursement from Parent, Federal and CMS (the " *Stockholder Indemnifying Parties* ") of the amount of Loss suffered incurred or paid by any Parent Indemnified Party by reason of any breach of any representation or warranty made by Parent or Federal in this Agreement, the breach or nonperformance of any covenant or obligation to be performed by Parent or Federal hereunder (or CMS hereunder after the Closing Date) or under any agreement executed in connection herewith, or any matter arising out of the business of CMS after the Closing.

7.4.1 **Claims for Indemnification** . Upon obtaining knowledge of any facts, claim or demand which has given rise to, or could reasonably give rise to, a claim for indemnification hereunder (referred to herein as an " *Indemnification Claim* "), the party seeking indemnification hereunder, the Stockholder Indemnified Party or the Parent Indemnified Party, as the case may be (the " *Indemnified Party* "), shall promptly give written notice of such facts, claim or demand (a " *Notice of Claim* ") to the party from whom indemnification is sought, the Parent Indemnifying Party or the Stockholder Indemnifying Party, as the case may be (the " *Indemnifying Party* "). No failure or delay by the Indemnified Party in the giving of a Notice of Claim shall reduce or otherwise affect the Indemnified Party's right to indemnification except to the extent that the Indemnifying Party has been prejudiced thereby.

7.4.2 **Defense by Indemnifying Party** . In the event of a claim or demand asserted by a third party (a " *Third Party Claim* "), the Indemnifying Party shall have the right, but not the obligation, exercisable by written notice to the Indemnified Party within 10 days of the date of the Notice of Claim concerning the commencement or assertion of any Third Party Claim, to participate in the defense of such Third Party Claim. If the Indemnifying Party gives such notice of intent to defend, the Indemnifying Party shall assume the defense thereof as follows: (a) the Indemnifying Party will defend the Indemnified Party against the matter with counsel compensated by and chosen by the Indemnifying Party, which choice of counsel shall be subject to the reasonable satisfaction of the Indemnified Party; (b) the Indemnified Party may retain separate co-counsel at the sole cost and expense of Indemnified Party; (c) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the written consent of the Indemnifying Party; and (d) the Indemnifying Party will not consent to the entry of any judgment with respect to the matter, or enter into any settlement that does not include a provision whereby the plaintiff or claimant in the matter

releases the Indemnified Party from all liability with respect thereto, without the written consent of the Indemnified Party. If, however, (y) no Indemnifying Party notifies the Indemnified Party within 10 days after the Indemnified Party has given notice of the matter, that the Indemnifying Party is assuming the defense thereof, or (z), the maximum liability under such Third Party Claim is greater than the available indemnification amount for the Indemnifying Party (after taking into account the amount of all other claims for which the Indemnifying Party may be or may be claimed to be liable and any limitations contained in Section 7.4.3 hereof), then the Indemnified Party may defend against, or enter into any settlement with respect to, the matter. The Indemnified Party shall not settle such Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

7.4.3 **Limitation on Liability for Indemnity.**

(a) The Parent Indemnified Parties shall not be entitled to indemnification pursuant to this Section 7.4 until the aggregate amount of all Losses suffered by the Parent Indemnified Parties exceed $100,000 (One Hundred Thousand Dollars) (the " *Parent Indemnity Basket* ") whereupon the Parent Indemnified Parties shall be entitled to indemnification hereunder for the aggregate amount of all of such Losses in excess of $100,000. The Parent Indemnity Basket shall be determined without regard to any materiality qualification contained in any representation or warranty.

(b) The Stockholder Indemnified Parties shall not be entitled to indemnification pursuant to this Section 7.4 until the aggregate amount of all Losses, suffered by the Stockholder Indemnified Parties exceeds $100,000 (One Hundred Thousand Dollars) (the " *Stockholder Indemnity Basket* ") whereupon the Stockholder Indemnified Parties shall be entitled to indemnification hereunder for the aggregate amount of all of such Losses in excess of $100,000. Notwithstanding the foregoing, the Stockholder Indemnified Parties shall be entitled to indemnification, on a dollar-for-dollar basis, without reference to the Stockholder Indemnity Basket for (i) all of their costs incurred in connection with the termination of the ESOP and the distribution of its assets, (ii) all Losses suffered, incurred or paid in connection with claims or demands made by or on behalf of Mary Livingston, a former employee of CMS (excluding costs of defense allocable to the efforts of employees of Parent or Federal) and (iii) subject to the limitations set forth Section 9.1 all Losses suffered, incurred or paid that relate to CMS's reimbursement practices to the United States Government. The Stockholder Indemnity Basket shall be determined without regard to any materiality qualification contained in any representation or warranty.

(c) The aggregate liability of the Parent Indemnifying Parties for indemnification under this Section 7.4 shall not exceed $4,000,000 (Four Million Dollars). The aggregate liability of the Stockholder Indemnifying Parties for indemnification under this Section 7.4 shall not exceed $4,000,000 (Four Million Dollars). The joint and several liability of the Indemnifying Stockholders under this Section 7.4 shall be in proportion to, and shall not exceed, such Indemnifying Stockholder's *pro rata* interest in the Escrow. Provided that Parent and Federal are not otherwise in default of their obligations under Section 2.2 above, then to the extent that the amount then held in the Escrow is sufficient, the amount that a Stockholder

Indemnified Party is entitled to receive in indemnification hereunder, or such lesser amount as is then held in the Escrow, shall be released from the Escrow and paid to such Stockholder Indemnified Party in partial (if the amount then held in the Escrow is less than the amount such Stockholder Indemnified Party is entitled receive in indemnification hereunder) or full satisfaction of the Parent Indemnifying Parties' obligation hereunder, as the case may be.

(d) The Stockholders, other than the Indemnifying Stockholders, shall not be subject to the indemnification obligations of this Section 7.4.

7.5 **Access and Information** . CMS shall afford to Parent, Federal, and to a reasonable number of their respective officers, employees, accountants, counsel and other authorized representatives full and complete access, upon reasonable advance telephone notice, during regular business hours, throughout the period prior to the earlier of the Closing Date or the termination of this Agreement pursuant to its terms, to CMS's and the Subsidiaries' executives, offices, properties, books and records, and CMS shall use reasonable efforts to cause its representatives and independent public accountants to furnish to Parent such additional financial and operating data and other information as to its business, customers, vendors and properties as Parent may from time to time reasonably request. Notwithstanding the foregoing, all visits to any office of CMS or any Subsidiary will be coordinated and conducted so as to not be disruptive to the operations of CMS or the Subsidiaries and with the intention to preserve the confidentiality of the transactions contemplated hereby. In connection with their due diligence investigations, Parent and Federal may employ the services of a third party to provide document management and database services. As one of the last matters of their due diligence investigations, Parent and Federal shall be permitted to meet with CMS's and the Subsidiaries' significant customers.

7.6 **Public Disclosure** . Except as otherwise required by law, any press release or other public disclosure of information regarding the proposed transaction (including the negotiations with respect to the Transaction and the terms and existence of this Agreement) shall be developed by Parent, subject to CMS's review. CMS and Parent agree that the non-disclosure obligations contained in Section 11 of the Letter of Intent shall remain in full force and effect in accordance with the terms thereof and hereof.

7.7 **Further Assurances**

7.7.1 **Generally** . Subject to terms and conditions herein provided and to the fiduciary duties of the board of directors and officers or representatives of any party, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective this Agreement and the transactions contemplated hereby. In case at any time any further action, including, without limitation, the obtaining of waivers and consents under any agreements, material contracts or leases and the execution and delivery of any licenses or sublicenses for any software, is necessary, proper or advisable to carry out the purposes of this Agreement, the proper officers and directors or representatives of each party to this Agreement are hereby directed and authorized to use commercially reasonable efforts to effectuate all required action.

7.7.2 **Novation of Contracts** . Each party agrees to use commercially reasonable efforts to effect the novation of each contract with a Governmental Entity that may require novation under its terms or under applicable laws or regulations, and further agrees to provide all documentation necessary to effect each such novation, including, without limitation, all instruments, certifications, requests, legal opinions, audited financial statements, and other documents required by Part 42 of the Federal Acquisition Regulation to effect a novation of any contract with the Government of the United States. In particular and without limiting the generality of the foregoing, CMS and the Subsidiaries shall each continue to communicate with responsible officers of the Government of the United States from time to time as may be appropriate and permissible, to request speedy action on any and all requests for consent to novation.

7.7.3 **Benefit Plan Disclosures** . CMS and the Stockholders shall furnish all resources necessary to complete the returns, reports or disclosures relating to, but not yet required to be filed for, any and all CMS Plans, with respect to current or prior plan years. CMS and the Stockholders will ensure accurate and timely completion of such returns, reports and disclosures.

7.8 **Certain Tax Matters**

7.8.1 **338(h)(10) Election** . CMS and the Stockholders will join with Federal in making an election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign tax law) with respect to the purchase and sale of the Shares hereunder (a " *Section 338(h)(10) Election* "). Each Stockholder will include any income, gain, loss, deduction, or other tax item resulting from the Section 338(h)(10) Election on his or her Tax Returns to the extent required by applicable law. The Stockholders will also pay any Tax imposed on CMS or the Subsidiaries attributable to the making of the Section 338(h)(10) Election, including (a) any Tax imposed under Code §1374, (b) any tax imposed under Treas. Reg. section 1.338(h)(10)-1(e) example 5, or (c) any state, local or foreign Tax imposed on CMS's or the Subsidiaries' gain, and the Stockholders shall indemnify Federal, CMS and the Subsidiaries against any adverse consequences arising out of any failure to pay any such Taxes.

7.8.2 **Allocation of Purchase Price** . Federal, the Stockholders and CMS agree that the Purchase Price and the liabilities of CMS and the Subsidiaries (plus other relevant items) will be allocated to the assets of CMS and its the Subsidiaries for all purposes (including Tax and financial accounting purposes) in a manner consistent with an allocation schedule to be prepared by Parent after the Closing. Federal shall prepare such allocation schedule in accordance with Code sections 338 and 1060 and the Treasury regulations thereunder, and shall permit the Stockholders' Representative an opportunity to review such allocation schedule. Federal, CMS, the Subsidiaries and the Stockholders will file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with such allocation schedule.

7.8.3 **S Corporation Status** . CMS and the Stockholders will not revoke CMS's election to be taxed as an S corporation within the meaning of Code sections 1361 and 1362. CMS and the Stockholders will not take or allow any action other than the sale of CMS's stock pursuant to this Agreement that would result in the termination of CMS's status as a validly electing S corporation within the meaning of Code sections 1361 and 1362.

7.8.4 **Tax Periods Ending on or before the Closing Date** . Federal shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for CMS and the Subsidiaries for all periods ending on or prior to the Closing Date which are filed after the Closing Date. Federal shall permit the Stockholders' Representative to review and comment on each such Tax Return described in the preceding sentence prior to filing. To the extent permitted by applicable law, each Stockholder shall include any income, gain, loss, deduction or other tax items for such periods on the Stockholder's Tax Return in a manner consistent with the Schedule K-1s furnished by or on behalf of CMS to the Stockholder for such periods. The Stockholders shall pay Federal for all Taxes of CMS and the Subsidiaries with respect to such periods within fifteen (15) days after payment by Federal or CMS of such Taxes.

7.8.5 **Cooperation on Tax Matters**

(a) Federal, CMS, the Subsidiaries and the Stockholders shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. CMS, the Subsidiaries, and the Stockholders agree (i) to retain all books and records with respect to Tax matters pertinent to CMS and the Subsidiaries relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Federal or the Stockholders' Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (ii) to give the other reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other so requests, CMS or the Stockholders, as the case may be, shall allow the other to take possession of such books and records.

(b) Federal and the Stockholders further agree, upon request, to use their best efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(c) Federal and the Stockholders further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to section 6043 of the Code and all Treasury regulations promulgated thereunder.

7.8.6 **Tax Sharing Agreements** . All Tax sharing agreements or similar agreements with respect to or involving CMS or any Subsidiary shall be terminated as of the Closing Date and, after the Closing Date, CMS and the Subsidiaries shall not be bound thereby or have any liability thereunder.

7.8.7 **Certain Taxes** . All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement, shall be paid by the Stockholders when due, and each Stockholder will, at his or her own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable law, Federal will, and will cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

7.9 **Notification** . From the date hereof until the Closing Date, CMS shall promptly disclose to Parent and Federal in writing any material variances from the representations and warranties contained in Article 3 promptly upon discovery thereof, in the form of "Updated Schedules" delivered to Parent and Federal. From the date hereof until the Closing Date, Parent and Federal shall promptly disclose to CMS in writing any material variances from Parent and Federal representations and warranties contained in Article 5.

7.10 **Termination of the ESOP** . The parties shall cooperate to terminate the ESOP effective as soon as possible following the Closing and to secure a determination from the Internal Revenue Service that the ESOP forms a part of a qualified plan as of its termination. All costs incurred by Parent, Federal and CMS in connection with the termination of the ESOP and the distribution of its assets shall be borne by the Stockholders and paid out of the Escrow on a dollar-for-dollar basis, irrespective of the limitation set forth in Section 7.4.3(b) hereof.

7.11 **Termination of Existing Shareholder Agreements** . Effective upon Closing, each Stockholder agrees to terminate, and hereby terminates, of existing shareholder agreements or similar agreements governing or restricting the sale, transfer or other disposition of the Shares. The foregoing termination shall include, but not be limited to, the termination off all such restrictions contained in CMS's by-laws.

Article 8
C ONDITIONS P RECEDENT

8.1 **Conditions Precedent to the Obligations of Each Party** . The obligations of the parties hereto to effect the Transaction shall be subject to the fulfillment at or prior to the Closing of the following conditions, any of which conditions may be waived in writing prior to Closing by the party for whose benefit such condition is imposed:

8.1.1 **No Illegality** . There shall not have been any action taken, and no statute, rule or regulation shall have been enacted, by any state, federal or other (including foreign) government agency since the date of this Agreement that would prohibit or materially restrict the Transaction or any other material transaction contemplated hereby.

8.1.2 **Government Consents** . All filings with and notifications to, and all approvals and authorizations of, third parties (including, without limitation, Governmental Entities) required for the consummation of the Transaction and the other material transactions contemplated hereby shall have been made or obtained and all such approvals and authorizations obtained shall be effective and shall not have been suspended, revoked or stayed by action of any Governmental Entity.

8.1.3 **No Injunction** . No injunction or restraining or other order issued by a court of competent jurisdiction that prohibits or materially restricts the consummation of the Transaction contemplated hereby shall be in effect (each party agreeing to use all reasonable efforts to have any injunction or other order immediately lifted), and no action or proceeding shall have been commenced or threatened in writing seeking any injunction or restraining or other order that seeks to prohibit, restrain, invalidate or set aside consummation of the transactions contemplated hereby.

8.1.4 **Escrow Agreement** . Each of the parties hereto, together with the Escrow Agent, shall have entered into the Escrow Agreement.

8.1.5 **Paying Agent Agreement** . Each of the parties thereto shall have entered into the Paying Agent Agreement.

8.2 **Conditions Precedent to Obligation of Parent and Federal to Consummate the Transaction** . The obligation of Parent and Federal to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which conditions may be waived in writing by Parent or Federal prior to Closing:

8.2.1 **Representations and Warranties** . The representations and warranties of CMS and the Stockholders contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, except for changes contemplated by this Agreement and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date), with the same force and effect as if made on and as of the Closing Date, except, in all such cases, for such breaches, inaccuracies or omissions of such representations and warranties which have neither had, nor reasonably would be expected to have, an CMS Material Adverse Effect (it being understood that, for purposes of determining the accuracy of such representations and warranties, any update of or modification to the Schedules made or purported to have been made after execution of this Agreement, including the Updated Schedules, shall be disregarded); and CMS and the Stockholders shall have delivered to Parent a certificate to that effect, dated the Closing Date and signed on behalf of CMS by the President and Chief Financial Officer of CMS as well as by the Stockholders in their respective individual capacities.

8.2.2 **Agreements and Covenants** . CMS shall have performed in all material respects all of its agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date; and CMS and the Stockholders shall have delivered to Parent a certificate to that effect, dated as of the Closing Date and signed on behalf of CMS by the President and Chief Financial Officer of CMS as well as by Stockholders in their respective individual capacities.

8.2.3 **Legal Opinion** . Parent and Federal shall have received an opinion from John Woloszyn in substantially the form attached hereto as Exhibit B .

8.2.4 **Closing Documents** . CMS and the Stockholders shall have delivered to Parent the closing certificate described hereafter in this paragraph and such other closing documents as Parent shall reasonably request (other than additional opinions of counsel). The

closing certificate, dated as of the Closing Date, duly executed by CMS's secretary, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of CMS in connection herewith, (b) the resolutions adopted by the board of directors of CMS authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the charter documents and by-laws of CMS.

8.2.5 **Third Party Consents** . All third party consents or approvals listed in Schedule 3.17.3 hereto shall have been obtained by CMS and shall be effective and shall not have been suspended, revoked, or stayed by action of any such third party.

8.2.6 **Diligence Review** . Parent and its accountants and attorneys shall have conducted a diligence investigation of all maters related to the business of CMS deemed relevant by Parent or its accountants and attorneys to such diligence investigation, and the results of such diligence investigation shall have been satisfactory to Parent in its sole discretion.

8.2.7 **Authority of the Trustee of the CMS Corporation Employee Stock Ownership Plan** . CMS shall have furnished to Parent and Federal evidence satisfactory Parent and Federal in their discretion as to of the authority of the Trustee of the ESOP to dispose of the Shares held by the ESOP pursuant to the terms of the Transaction.

8.2.8 **Non-Compete, Non-Solicitation and Non-Disturbance Agreements** . CMS shall have entered into a five-year non-competition, non-solicitation and non-disturbance agreement with each of Douglas K. Turner and William H. Wilken, and a three year non-competition, non-solicitation and non-disturbance agreement with Robert B. Turner, each substantially in the form of Exhibit C .

8.2.9 **Employment Agreements** . Each of Charles McQuillan, James Roy, Michael Perro, Robin Vallingdam and Michelle Walter, as well as at least 95% of CMS's and the Subsidiaries' full-time, billable employees (as of November 19, 2003) and at least 80% of CMS's and the Subsidiaries' part-time, billable employees (as of November 19, 2003), shall have agreed to remain employees of CMS or the Subsidiaries following the Closing Date and executed all of Parent's standard employment documents, including the CACI Code of Ethics and Business Conduct Standards and the CACI Employment Agreement. Copies of the employment documents referenced in the previous sentence are attached hereto as Exhibit D .

8.2.10 **Updated Employee List** . CMS shall have delivered to Federal a list dated as of the Closing Date containing the name of each person then employed by CMS and each such employee's position and annual salary.

8.2.11 **Material Adverse Effect** . Since the date of this Agreement, CMS shall not have suffered an CMS Material Adverse Effect, it being understood for the purpose of this Section 8.2.11 that conditions that generally affect the industries in which CMS participates or the economy of the United States as a whole (including without limitation a general loss of consumer confidence) shall neither constitute nor be taken into account in determining whether

there has occurred an CMS Material Adverse Effect; *provided, however* , that an adverse change in the financial or legal condition, business or prospects of CMS that is specific to CMS (including without limitation the actual or threatened cancellation or reduction of a program) may be taken into account in determining whether there has occurred an CMS Material Adverse Effect.

8.2.12 **No Outstanding Options, Warrants, etc.** . There shall be no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating CMS or any Subsidiary to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock.

8.2.13 **Resignations** . CMS shall have delivered to Parent and Federal resignations of all members of the boards of directors of CMS and the Subsidiaries effective as of the Closing.

8.2.14 **Termination of Employment Agreement with David C. Lucien** . The Employment Agreement by and between CMS and David C. Lucien dated as of February 19, 2003 shall have been terminated and all obligations to Mr. Lucien pursuant thereto shall have been fully satisfied.

8.2.15 **Termination of Loans to Employees** . All amounts owed to CMS by current or former directors, officers and employees of CMS shall have been paid in full.

8.2.16 **Termination of Consulting Agreement with Douglas Turner .** The consulting agreement by and between CMS and Douglas Turner shall have been terminated and all obligations to Mr. Turner pursuant thereto shall have been satisfied.

8.2.17 **Phase 2E .** The Company shall obtain a full release of the non-competition provisions of the agreement dated April 18, 2002, as amended between Phase 2E and the Company.

8.2.18 **Maryland Qualification .** The Company shall have reinstated its qualification to do business in Maryland.

8.2.19 **Paying Agent Agreement.** The parties shall have agreed upon the form of a paying agent agreement.

8.2.20 **Audited Financials.** Prior to Closing, the Company shall provide to Parent and Federal audited Financial Statements for the year ending December 31, 2003.

8.3 **Conditions to Obligations of CMS and the Stockholders to Consummate the Transaction** . The obligation of CMS and the Stockholders to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which may be waived in writing by CMS or the Stockholders' Representative prior to Closing:

8.3.1 **Representations and Warranties** . The representations and warranties of Parent and Federal contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, except for changes contemplated by this Agreement and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date), with the same force and effect as if made on and as of the Closing Date, except in all such cases, for such breaches, inaccuracies or omissions of such representations and warranties which have neither had nor reasonably would be expected to have a Parent Material Adverse Effect; and Parent shall have delivered to CMS a certificate to that effect, dated the date of the Closing and signed on behalf of Parent by the Chief Executive Officer and Chief Financial Officer of Parent.

8.3.2 **Agreements and Covenants** . Parent and Federal shall have performed in all material respects all of their agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date; and Parent shall have delivered to CMS a certificate to that effect, dated as of the Closing Date and signed on behalf of Parent by the Chief Executive Officer and Chief Financial Officer of Parent.

8.3.3 **Legal Opinion** . CMS shall have received a legal opinion from Parent in substantially the form attached hereto as Exhibit F .

8.3.4 **Closing Documents** . Parent and Federal shall have delivered to CMS closing certificates of Parent and Federal and such other closing documents as CMS shall reasonably request (other than additional opinions of counsel). Each of the closing certificates of Parent and Federal, dated as of the Closing Date, duly executed by the secretary of Parent and Federal, respectively, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of Parent and Federal in connection herewith, (b) the resolutions adopted by the board of directors of Parent and Federal authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the Certificate of Incorporation and By-Laws of Parent and the Certificate of Incorporation and By-Laws of Federal.

8.3.5 **Payment of Purchase Price** . Parent shall have tendered the aggregate Direct Payment to the Stockholders pursuant to the provisions of Section 2.2.2 hereof and shall have delivered the Escrow Payment to the Escrow Agent pursuant to the provisions of Section 2.2.3 hereof.

Article 9
S URVIVAL OF R EPRESENTATIONS

9.1 **CMS's and the Stockholders' Representations** . All representations and warranties made by CMS and the Stockholders in this Agreement, or any certificate or other writing delivered by CMS or any of its Affiliates pursuant hereto or in connection herewith shall survive the Closing and any investigation at any time made by or on behalf of Parent and shall

terminate on the date which is Twenty-Four (24) months after the Closing Date (except that Indemnified Party claims pending on such date continue until resolved). It is nevertheless understood by the parties that Parent and Federal within 10 years from Closing may make claims and demands, up to $250,000 against the Indemnifying Stockholders regarding CMS's reimbursement practices to the United States Government. The covenants made by CMS or the Stockholders in this Agreement or any certificate or other writing delivered by CMS or any of its Affiliates pursuant hereto or in connection herewith shall survive the Closing and any investigation at any time made by or on behalf of Parent.

9.2 **Parent's and Federal's Representations** . All representations and warranties made by Parent and Federal in this Agreement or any certificate or other writing delivered by Parent, Federal or any of their respective Affiliates pursuant hereto or in connection herewith shall terminate at the Closing.

Article 10
O THER P ROVISIONS

10.1 **Termination Events** . This Agreement may be terminated and the Transaction abandoned at any time prior to the Closing Date; *provided* , *however* , that upon any such termination the surviving obligations of the parties under the Letter of Intent, including the obligations of confidentiality and non-solicitation, shall continue in full force and effect in accordance with the terms of the Letter of Intent:

(a) by mutual written consent of Parent and CMS;

(b) by Parent, if there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of CMS or any Stockholder and such breach has not been cured within ten business days after written notice to CMS (provided, that neither Parent nor Federal is in material breach of the terms of this Agreement, and provided further, that no cure period shall be required for a breach which by its nature cannot be cured) such that the conditions set forth in Section 8.2.1 or Section 8.2.2 hereof, as the case may be, will not be satisfied;

(c) by Parent, if CMS, its board of directors or any Stockholder shall have (i) withdrawn, modified or amended in any material respect the approval of this Agreement or the transactions contemplated herein, or (ii) taken any public position inconsistent with its approval or recommendation, including, without limitation, having failed (without the consent of Parent) after a reasonable period of time to reject or disapprove any Acquisition Proposal (or after a reasonable period of time to recommend to its shareholders such rejection or disapproval), and in that event CMS shall pay to Parent the amount specified in Section 7.1;

(d) by CMS, if there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Parent or Federal and such breach has not been cured within ten business days after written notice to Parent (provided, that CMS is not in material breach of the terms of this Agreement, and provided further, that no cure period shall be required for a breach which by its nature cannot be cured) such that the conditions set forth in Section 8.3.1 or Section 8.3.2 hereof, as the case may be, will not be satisfied;

(e) by CMS, if Parent or Federal or their respective boards of directors shall have withdrawn, modified or amended in any material respect the approval of this Agreement or the transactions contemplated herein (*provided* , that neither CMS nor any Stockholder is in material breach of the terms of this Agreement) and in that event Parent shall pay to CMS the amount specified in Section 7.1;

(f) by any party hereto if: (i) there shall be a final, non-appealable order of a federal or state court in effect preventing consummation of the Transaction; (ii) there shall be any final action taken, or any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Transaction by any Governmental Entity which would make consummation of the Transaction illegal or which would prohibit Parent's or Federal's ownership or operation of all or a material portion of the stock or assets of CMS, or compel Parent or Federal to dispose of or hold separate all or a material portion of the business or assets of CMS or Parent or Federal as a result of the Transaction; or

(g) by any party hereto if the Transaction shall not have been consummated by [March 1], 2004 , provided that the right to terminate this Agreement under this Section 10.1(g) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date.

Any termination of this Agreement duly effected by any party pursuant to this Section 10.1 shall constitute a termination of this Agreement as to all parties.

10.2 **Notices** . All notices and other communications hereunder to any party shall be contained in a written instrument addressed to such party at the address set forth below or such other address as may hereafter be designated in writing by the addressee to the addressor listing all parties and shall be deemed given (a) when delivered in person or duly sent by facsimile or electronic mail to a facsimile number or electronic mail address furnished by the addressee for the purpose of receiving notices and other communications, (b) three days after being duly sent by first class mail, postage prepaid, or (c) two days after being duly sent by Federal Express or other recognized express courier service:

To Parent and Federal:

CACI International Inc
1100 North Glebe Road
Arlington, VA 22201
Attention: Dr. J. P. London, Chairman

with copies to:

Jeffrey P. Elefante
Executive Vice President, General Counsel and Secretary
CACI International Inc
1100 North Glebe Road
Arlington, VA 22201

and

Dean F. Hanley
Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210

To CMS:

David C. Lucien
Chief Executive Officer
CMS Information Services, Inc.
301 Maple Avenue West
Vienna, VA 22180

with a copy to:

John Woloszyn
Warehouse at Camden Yards
323 West Camden Street
Suite 675
Baltimore, MD 21201

To any Stockholder or the Stockholders' Representative : at the addresses set forth on Schedule A .

After the Closing, all notices that would have been deliverable to CMS prior to the Closing Date shall be directed to CMS care of Federal at the address specified above.

10.3 **Transfer of Obligations** . Upon the Closing, all obligations of CMS hereunder shall become joint and several obligations of the Stockholders and shall cease to be obligations of CMS.

10.4 **Entire Agreement** . Unless otherwise herein specifically provided (including as specified in Sections 7.6 and 10.1 with respect to the Letter of Intent), this Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including the Letter of Intent. Each party hereto acknowledges that, in entering this Agreement and completing the transactions contemplated hereby, such party is not relying on any representation, warranty, covenant or agreement not expressly stated in this Agreement or in the agreements among the parties contemplated by or referred to herein.

10.5 **Assignability** . This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder, except as otherwise expressly provided herein. Neither this Agreement nor any of the rights and obligations of the parties hereunder shall be assigned or delegated, whether by operation of law or otherwise, without the written consent of all parties hereto.

10.6 **Accession** . The ESOP shall immediately become a party to this Agreement by executing and delivering to Parent a counterpart signature page in the form of Exhibit I hereto (the " Accession "). From and after the time of its execution and delivery of the Accession, the ESOP shall be deemed to be a Stockholder, and the Stockholders shall be deemed to include the ESOP, for all purposes hereunder.

10.7 **Validity** . The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect.

10.8 **Specific Performance** . The parties hereto acknowledge that damages alone may not adequately compensate a party for violation by another party of this Agreement. Accordingly, in addition to all other remedies that may be available hereunder or under applicable law, any party shall have the right to any equitable relief that may be appropriate to remedy a breach or threatened breach by any other party hereunder, including the right to enforce specifically the terms of this Agreement by obtaining injunctive relief in respect of any violation or non-performance hereof.

10.9 **Governing Law** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the Commonwealth of Virginia, without regard to its principles of conflicts of laws.

10.10 **Counterparts** . This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.

* * * * *

IN WITNESS WHEREOF, the parties have duly executed this Stock Purchase Agreement under seal as of the date first above written.

CACI International Inc

By: _____

Stephen L. Waechter
Executive Vice President,
Chief Financial Officer, Treasurer
and Director of Business Services

CACI, INC. - FEDERAL

By: _____

Stephen L. Waechter
Executive Vice President,
Chief Financial Officer, Treasurer
and Director of Business Services

CMS Information Services, Inc.

By: _____

David C. Lucien
Chairman & CEO

_____

David C. Lucien, *as the Stockholders' Representative*

_____

David C. Lucien, *individually*

Douglas K. Turner

Robert B. Turner

WILLIAM H. WILKEN TRUST

By: _____, Trustee

(signature)

Name: _____

(printed)

Virgil McCaleb

Mireille McCaleb

Lynne Giordano

Paul Palmer

[Signature Page to Stock Purchase Agreement]

Ruth Buys

Christopher Carspecken

Thomas Anderson

Charles McQuillan

Lanphuong Troung

John Giordano

List of Exhibits and Schedules

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B	Form of Opinion of [Counsel]
C	Form of Non-Compete, Non-Solicitation and Non-Disturbance Agreement
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EXHIBIT I

ACCESSION

This Accession is executed by the undersigned pursuant to Section 10.6 of that certain Stock Purchase Agreement dated as of February ___, 2004 by and among CACI International Inc, CACI, INC.—FEDERAL, CMS Information Services, Inc. and the stockholders of CMS listed on Schedule A thereto (the " *Agreement* "). Capitalized terms used but not defined herein shall have the respective meanings ascribed to such terms in the Agreement. By the execution of this Accession, the undersigned agrees as follows:

1. Acknowledgment . The undersigned acknowledges that the undersigned is selling its shares of CMS Common Stock subject to the terms and conditions of the Agreement.

2. Agreement . The undersigned hereby adopts the Agreement with the same force and effect as if the undersigned were originally a party thereto.

3. Notice . Any notice required or permitted by the Agreement shall be given to the undersigned at the address listed beneath the undersigned's signature below.

EXECUTED AND DATED this _____day of February, 2004.

CMS Information Services, Inc.
Employee Stock Ownership Plan

By: _____

Ruth Buys, Trustee

Address: _____

_____

Facsimile: _____

Exhibit 10.19

CACI I NTERNATIONAL I NC
CACI, INC. - FEDERAL
C-CUBED C ORPORATION

STOCK PURCHASE AGREEMENT

CACI INTERNATIONAL INC
CACI, INC. - FEDERAL
C-CUBED CORPORATION

STOCK PURCHASE AGREEMENT

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STOCK PURCHASE AGREEMENT

S TOCK P URCHASE A GREEMENT , dated as of September 22, 2003 (the " *Agreement* "), by and among **CACI International Inc** , a Delaware corporation (" *Parent* "), **CACI, INC. - FEDERAL** , a Delaware corporation and wholly-owned subsidiary of Parent (" *Federal* "), **C-CUBED Corporation** , a Virginia corporation (" *C-CUBED* "), and the stockholders of C-CUBED listed on Schedule A attached hereto that are signatories to this Agreement (each individually a " *Stockholder* " and collectively, the " *Stockholders* ").

W I T N E S S E T H

WHEREAS, as of the date hereof, each Stockholder owns the number of issued and outstanding shares of common stock, $0.10 (Ten Cents) par value per share, of C-CUBED (" *C-CUBED Common Stock* ") set forth opposite such Stockholder's name on Schedule A ;

WHEREAS, the Stockholders own 223,428 (Two Hundred Twenty Three Thousand Four Hundred and Twenty-eight) of the issued and outstanding shares of C-CUBED Common Stock;

WHEREAS, the Stockholders, and the other owners who own C-CUBED Common Stock or will own C-CUBED Common Stock at Closing pursuant to the exercise of their options and who are listed on Schedule A , but are not signatories to this Agreement, wish to sell all of their shares of C-CUBED Common Stock (the " *Shares* ") and Federal wishes to purchase all (but not less than all) of the Shares (the " *Transaction* "); and

WHEREAS, Parent, Federal, the Stockholders and C-CUBED wish to make certain representations and warranties and other agreements in connection with the Transaction;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

Article 1
D EFINITIONS

1.1 **Certain Matters of Construction** . A reference to an article, section, exhibit or schedule shall mean an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement, which shall be considered as a whole. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument, law or regulation defined or referred to herein or in any agreement or instrument that

is referred to herein means such agreement, instrument or law or regulation as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of laws and regulations) by succession of comparable successor laws or regulations and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns.

1.2 **Cross References** . The following terms defined elsewhere in this Agreement in the Sections set forth below shall have the respective meanings therein defined:

Term	***Definition***
AAA	Section 9.7
Acquisition Proposals	Section 6.1
Agreement	Preamble
Auditor	Section 2.5.2
Broker	Section 2.2.2
C-CUBED Balance Sheet	Section 3.5
C-CUBED Common Stock	Recitals
C-CUBED Financial Statements	Section 3.5
C-CUBED Insurance Contracts	Section 3.19
C-CUBED Plans	Section 3.11.1
C-CUBED Proprietary Rights	Section 3.18.1
C-CUBED	Preamble
C-CUBED’s Accountant	Section 2.2.2
C-CUBED’s Counsel	Section 2.2.2
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ESOP Earn-Out Escrow	Section 2.2.4
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Expenses	Section 6.2.1
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GAAP	Section 2.5.1
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Non-ESOP Adjustments and Claims Escrow Agreement	Section 2.2.3
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Parent Indemnifying Parties	Section 6.3
Parent Indemnity Deductible	Section 6.3.3
Parent Reports	Section 4.3
Parent	Preamble
Permits	Section 3.8
Purchase Price	Section 2.2.1
Section 338(h)(10) Election	Section 6.7.1
Shares	Recitals
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Stockholders	Recitals
Stockholders' Representatives	Section 2.4.2
Third Party Claim	Section 6.3.2
Transaction	Recitals
Welfare Plan	Section 3.11.6

1.3 **Certain Definitions** . As used herein, the following terms shall have the following meanings:

Affiliate : with respect to any Person, any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person.

Affiliated Group : any affiliated group within the meaning of Code section 1504(a).

Bednar : Edmund J. Bednar, President and Chief Executive Officer of C-CUBED.

C-CUBED Leases : each lease, sublease, license or other agreement under which C-CUBED uses, occupies or has the right to occupy any real property or interest therein.

C-CUBED Material Adverse Effect : any materially adverse change in or effect on C-CUBED's financial condition, business, operations, assets, properties, or results of operations.

COBRA : the provisions of Section 4980B of the Code and Part 6 of Title I of ERISA.

Code : the United States Internal Revenue Code of 1986, as amended from time to time.

Commercial Software : packaged commercial software programs generally available to

the public through retail dealers in computer software or directly from the manufacturer which have been licensed to C-CUBED and which are used in C-CUBED's business but are in no way a component of or incorporated in or specifically required to develop any of C-CUBED's products and related trademarks and technology.

Control : (including with correlative meaning, controlled by and under common control with) as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Environmental Claim : any actual notice alleging potential liability (including, without limitation, potential liability for investigatory costs, cleanup costs, response or remediation costs, natural resources damages, property damages, personal injuries, fines or penalties) arising out of, based on or resulting from (a) the presence, or release of any Material of Environmental Concern at any location, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

Environmental Laws : any and all Federal, state, local or foreign statutes, regulations and ordinances relating to the protection of public health, safety or the environment.

ERISA Affiliate : with respect to a party, any member (other than that party) of a controlled group of corporations, group of trades or businesses under common control or affiliated service group that includes that party (as defined for purposes of Section 414(b), (c) and (m) of the Code).

ERISA : the Employee Retirement Income Security Act of 1974, as amended.

Escrow Agreements : The ESOP Adjustments and Claims Escrow, the Non-ESOP Adjustments and Claims Escrow, the ESOP Earn-Out Escrow and the Non-ESOP Earn-Out Escrow.

ESOP : the C-CUBED Corporation Employee Stock Ownership Plan.

ESOP Percentage : the percentage of the Shares owned by the ESOP Stockholder.

ESOP Stockholder: the C-CUBED Corporation Employee Stock Ownership Trust.

Exchange Act : the Securities Exchange Act of 1934, as amended.

Hogan : E. Jackson Hogan, Vice President of Business Development of C-CUBED.

Knowledge of C-CUBED : shall mean the actual, current knowledge of Bednar, Hogan, Lugar, Mead, Teague and Moe.

Letter of Intent : the letter dated July 23, 2003 from Stephen L. Waechter, Executive Vice President and Chief Financial Officer of Parent, to Bednar, expressing the companies' intention to effect the stock purchase and related transactions, subject to execution of this Agreement and other matters.

Liability : any liability or obligation, known or unknown, asserted or unasserted, accrued or unaccrued, absolute or contingent, liquidated or unliquidated, or otherwise, and whether due or to become due, including any liability for Taxes.

Losses : the amount of any actual damages, liabilities, obligations, deficiencies, losses (including without limitation any actual diminution in value), expenditures, costs or expenses (including without limitation reasonable attorneys' fees and disbursements). For purposes of determining the amount of any Loss, the amount of any Loss shall be reduced by any insurance proceeds received or receivable in respect thereof (in each case net of costs of recovery). For purposes of determining the amount of any Loss incurred by reason of any breach of any representation or warranty made by C-CUBED under this Agreement, each such representation or warranty would read as if all qualifications as to materiality and knowledge were deleted therefrom. It is nevertheless understood that all such qualifications as to materiality and knowledge shall be considered in determining whether a representation or warranty has been breached.

Lugar : Rhonda L. Lugar, Vice President and Chief Financial Officer of C-CUBED.

M Street Lease Adjustment: the Net Worth shall be reduced by the amount of any settlement that is reached with Aera and/or EDO (as appropriate), which obtains termination of the lease space obligation at 140 M Street (the "M Street lease) no later than the date of Federal's delivery of the Final Closing Balance Sheet under Section 2.5.2(a). Any negotiation with Aera and/or EDO, and any such proposed settlement negotiated, shall require Federal's involvement and prior written approval, respectively. In the event that no settlement is obtained as of the date of Federal's delivery of the Final Closing Balance Sheet under Section 2.5.2(a), the Net Worth shall be reduced by $125,000.

Materials of Environmental Concern : petroleum and its by-products and any and all other substances or constituents to the extent that they are regulated by, or form the basis of liability under, any Environmental Law.

Mead : Michael E. Mead, Vice President of Operations of C-CUBED.

Moe : Eric Moe, General Counsel of C-CUBED.

Net Worth : C-CUBED's total assets less total liabilities as of the Closing Date, determined in accordance with GAAP and prepared in accordance with presently disclosed C-CUBED accounting methodology provided it is consistent with GAAP. Any cash receipts from the exercise of stock options after execution of the Letter of Intent and any related tax benefits to C-CUBED shall be excluded from assets in determining the Net Worth. All notes receivable from stockholders which exist at the date of signing of this Agreement shall be includable in Net Worth to the extent they are paid off at Closing. Any built-in gain or liability incurred or any Tax arising from any built-in gain shall be excluded from liabilities in determining Net Worth.

Non-ESOP Percentage : the percentage of the Shares owned by the Non-ESOP Stockholders.

Non-ESOP Stockholders : the stockholders listed on Schedule A exclusive of the ESOP Stockholder.

Parent Material Adverse Effect : any change in or effect on the financial condition, business, operations, assets, properties, results of operations of Parent and Federal considered on a consolidated basis that might reasonably be expected to impair the ability of Parent to provide funds for payment of the entire Purchase Price in accordance with the terms of this Agreement.

Paying Agent Agreement : the Non-ESOP Paying Agent Agreement, substantially in the form attached hereto as Exhibit I .

Permitted Encumbrances : (a) liens for current taxes and other statutory liens and trusts not yet due and payable or that are being contested in good faith, (b) liens incurred in the ordinary course of business, such as carriers', warehousemen's, landlords' and mechanics' liens and other similar liens arising in the ordinary course of business, (c)liens on personal property leased under operating leases, (d) liens, pledges or deposits incurred or made in connection with workmen's compensation, unemployment insurance and other social security benefits, or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, progress payments, surety and appeal bonds and other obligations of like nature, in each case incurred in the ordinary course of business, (e) pledges of or liens on manufactured products as security for any drafts or bills of exchange drawn in connection with the importation of such manufactured products in the ordinary course of business, (f) liens under Article 2 of the Uniform Commercial Code that are special property interests in goods identified as goods to which a contract refers, (g) liens under Article 9 of the Uniform Commercial Code that are purchase money security interests, (h) those liens disclosed on Exhibit J hereto, (i) such imperfections or minor defects of title, easements, rights-of-way and other similar restrictions (if any) as are insubstantial in character, amount or extent, do not materially detract from the value or interfere with the present or proposed use of the properties or assets of the party subject thereto or affected thereby, and do not otherwise adversely affect or impair the business or operations of such party, and (j) accounts payable incurred in the normal course of business.

Person : an individual, a corporation, an association, a partnership, an estate, a trust or any other entity or organization.

SEC : the United States Securities and Exchange Commission, or any Governmental Entity succeeding to its functions.

Securities Act : the Securities Act of 1933, as amended.

Security Interest : any mortgage, pledge, lien, encumbrance, charge, or other security interest, other than (a) mechanic's, materialman's, and similar liens, (b) liens for Taxes not yet due and payable, (c) purchase money liens and liens securing rental payments

under capital lease arrangements, and (d) other liens arising in the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency) and not incurred in connection with the borrowing of money.

Subsidiary : any corporation, association, or other business entity a majority (by number of votes on the election of directors or persons holding positions with similar responsibilities) of the shares of capital stock (or other voting interests) of which is owned directly or indirectly by C-CUBED.

Tax : any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

Tax Return : any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Teague : S. Wesley Teague, Executive Vice President of C-CUBED.

Treasury Regulation : a regulation promulgated by the United States Treasury Department under one or more provisions of the Code.

Article 2
THE PURCHASE AND SALE OF SHARES

2.1 **Purchase of the Shares from the Stockholders.**

Subject to and upon the terms and conditions of this Agreement, and on the basis of the representations, warranties, covenants, and agreements herein contained, at the closing of the transactions contemplated by this Agreement (the " *Closing* "), the Stockholders shall sell, transfer, convey or assign and deliver to Federal, and Federal shall purchase, acquire and accept from the Stockholders, the Shares, free and clear of any and all liens, claims, encumbrances or rights of any third party. At the Closing, the Stockholders shall deliver to Federal certificates evidencing the Shares duly endorsed in blank or with stock powers or other appropriate instruments of transfer duly executed, with signatures guaranteed. The Closing shall take place at the offices of Parent in Arlington, Virginia, commencing at 10 a.m. local time on October 15, 2003 or on such other date as the parties may agree after the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (the " *Closing Date* "). The Agreement shall be effective at 12:01 a.m. local time on October 16, 2003 (the "Effective Date").

2.2 **Purchase Price.**

2.2.1 **The Aggregate Purchase Price** . The aggregate purchase price (the " *Purchase Price* ") to be paid by Federal for the Shares shall be $35,000,000 (Thirty-Five Million Dollars), assuming the satisfaction of the conditions set forth in Section 7.2 and subject to adjustment as provided below in Section 2.5. All payments of the Purchase Price under this Section 2.2 shall be made in immediately available funds wired to one or more accounts designated by the Stockholders' Representative, by a certified check or by such other method as may be agreed by the Stockholders' Representative and Federal.

2.2.2 **The Purchase Price Paid at the Closing** . $29,500,000 (Twenty-Nine Million Five Hundred Thousand Dollars) of the total Purchase Price decreased by $2,000,000 (Two Million Dollars) to secure the Stockholders' obligation pursuant to Section 2.5.3 and increased or decreased by the amount of any adjustment to the Purchase Price at Closing pursuant to Section 2.5.1(c) (the " *Direct Payment* "), less

(a) the amount of the fees owed by C-CUBED or the Stockholders (or any of them) to Windsor Group, LLC and Windsor Advisory Services, LLC (collectively, " *Broker* ") which will be paid by Federal directly to Broker pursuant to Section 6.2.2,

(b) the amount of the fees owed by C-CUBED or the Stockholders (or any of them) to Jaeger & Associates P.C. (" *C-CUBED's Counsel* ") which will be paid by Federal directly to C-CUBED's Counsel pursuant to Section 6.2.3,

(c) the amount of the fees owed by C-CUBED or the Stockholders (or either of them) to Alcorn & Cureton (" *C-CUBED's Accountant* ") which will be paid by Federal directly to C-CUBED's Accountant pursuant to Section 6.2.4,

and shall be paid to the Stockholders' Representatives by Federal on the Closing Date on the basis of the allocations set forth on Schedule A hereto.

2.2.3 **The Purchase Price Adjustments and Claims Escrows.**

(a) For the purpose of securing the obligations of the ESOP Stockholder hereunder, a portion of the total Purchase Price equal to the product of the sum of $3,500,000 plus $2,000,000 pursuant to 2.5.3 (that is, Three Million Five Hundred Thousand Dollars Plus Two Million Dollars pursuant to 2.5.3) and the ESOP Percentage (the " *ESOP Adjustments and Claims Escrow Payment* ") shall be delivered to an account (the " *ESOP Adjustments and Claims Escrow* ") to be administered by SunTrust Bank (the " *Escrow Agent* ") pursuant to an escrow agreement substantially in the form of Exhibit A-1 (the " *ESOP Adjustments and Claims Escrow Agreement* "). The portion of the ESOP Adjustments and Claims Escrow Payment equal to the product of $3,500,000 (Three Million Five Hundred Thousand Dollars) and the ESOP Percentage has been allocated for the sole purpose of securing the ESOP Stockholder's obligation under Section 6.3 of this Agreement. Any and all claims made to the ESOP Stockholder's Representative pursuant to Section 6.3 shall not exceed the product of $3,500,000 (Three Million

Five Hundred Thousand Dollars) and the ESOP Percentage. A second portion of the ESOP Adjustments and Claims Escrow Payment equal to the product of $2,000,000 (Two Million Dollars) and the ESOP Percentage has been allocated for the sole purpose of securing the ESOP Stockholder's obligations pursuant to Section 2.5.3. All earnings and other proceeds on the ESOP Adjustments and Claims Escrow shall be the property of the ESOP Stockholders.

(b) For the purpose of securing the obligations of the Non-ESOP Stockholders hereunder, a portion of the total Purchase Price equal to the product of the sum of $3,500,000 plus $2,000,000 pursuant to 2.5.3 (that is, Three Million Five Hundred Thousand Dollars Plus Two Million Dollars pursuant to 2.5.3) and the Non-ESOP Percentage (the " *Non-ESOP Adjustments and Claims Escrow Payment* ") shall be delivered to an account (the " *Non-ESOP Adjustments and Claims Escrow* ") on behalf of the Non-ESOP Stockholders represented by the Non-ESOP Stockholders' Representative, as hereinafter defined, and administered by the Escrow Agent pursuant to an escrow agreement substantially in the form of Exhibit A-2 (the " *Non-ESOP Adjustments and Claims Escrow Agreement* "). The portion of the Non-ESOP Adjustments and Claims Escrow Payment equal to the product of $3,500,000 (Three Million Five Hundred Thousand Dollars) and the Non-ESOP Percentage has been allocated for the sole purpose of securing the Non-ESOP Stockholders' obligation under Section 6.3 of this Agreement. Any and all claims made to the Non-ESOP Stockholders' Representative pursuant to Section 6.3 shall not exceed the product of $3,500,000 (Three Million Five Hundred Thousand Dollars) and the Non-ESOP Percentage. A second portion of the Non-ESOP Adjustments and Claims Escrow Payment equal to the product of $2,000,000 (Two Million Dollars) and the Non-ESOP Percentage has been allocated for the sole purpose of securing the Non-ESOP Stockholder's obligations pursuant to Section 2.5.3. All earnings and other proceeds on the Non-ESOP Adjustments and Claims Escrow shall be the property of the Non-ESOP Stockholders.

2.2.4 **The Earn-Out** . On the six-, twelve-, and eighteen-month anniversaries of the Closing Date, disbursements will be made to the ESOP Stockholder and the Non-ESOP Stockholders' Representative, as paying agent, from escrow accounts established for such purpose (the " *ESOP Earn-Out Escrow* " and the " *Non-ESOP Earn-Out Escrow* ," respectively) pursuant to the terms set forth on Exhibit B hereto. The ESOP Earn-Out Escrow shall be managed by the Escrow Agent pursuant to an escrow agreement substantially in the form of Exhibit A-3 (the " *ESOP Earn-Out Escrow Agreement* "), which agreement shall provide for the payment by Federal of all fees and expenses of the Escrow Agent relating to the ESOP Earn-Out Escrow. The Non-ESOP Earn-Out Escrow shall be managed by the Escrow Agent pursuant to an escrow agreement substantially in the form of Exhibit A-4 (the " *Non-ESOP Earn-Out Escrow Agreement* "), which agreement shall provide for the payment by Federal of all fees and expenses of the Escrow Agent relating to the Non-ESOP Earn-Out Escrow. On the Closing Date, Federal shall pay an amount equal to the product of $2,000,000 (Two Million Dollars) and the ESOP Percentage shall be delivered to the ESOP Earn-Out Escrow and an amount equal to the product of $2,000,000 (Two Million Dollars) and the Non-ESOP Percentage shall be delivered to the Non-ESOP Earn-Out Escrow. All earnings and other proceeds on the ESOP Earn-Out Escrow and the Non-ESOP Earn-Out Escrow shall be the property of Federal and shall be paid to Federal on a quarterly basis.

2.2.4(a) **Windsor Fees** . Following the final determination and payment of any earn-out to the Stockholders Representatives, the ESOP Stockholder's Representative and

the Non-ESOP Stockholders' Representative shall pay pursuant to the pro rata stock ownership of the ESOP Stockholder and the Non-ESOP Stockholders, a fee equal to 3.5% (Three and One-Half Percent) of the total earn-out to Windsor Group, LLC.

2.3 **Additional Actions** . If, at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement or to vest, perfect or confirm in Federal title to or ownership or possession of the Shares acquired pursuant to this Agreement, the Stockholders, as well as the officers and directors of C-CUBED and Federal, are fully authorized in their name and in the name of their respective corporations or otherwise to take, and will take, all such lawful and necessary action to so vest, perfect or confirm in Federal title to or ownership of the Shares, so long as such action is consistent with this Agreement.

2.4 **Stockholders' Representatives** .

2.4.1 **Non-ESOP Stockholders' Representative** . The Non-ESOP Stockholders hereby appoint Lugar as the true and lawful agent and attorney-in-fact (the " *Non-ESOP Stockholders' Representative* ") of the Non-ESOP Stockholders with full power of substitution to act in the name, place and stead of the Non-ESOP Stockholders with respect to the surrender of the stock certificates owned by the Non-ESOP Stockholders to Federal in accordance with the terms and provisions of this Agreement, and to act on behalf of the Non-ESOP Stockholders in any litigation or arbitration involving this Agreement, act as the paying agent on behalf of the Non-ESOP Stockholders, do or refrain from doing all such further acts and things, and execute all such documents as the Non-ESOP Stockholders' Representative shall deem necessary or appropriate in connection with the transactions contemplated by this Agreement, including, without limitation, the power:

(a) to act for the Non-ESOP Stockholders with regard to matters pertaining to indemnification, earn-outs and Purchase Price adjustments referred to in this Agreement, including the power to compromise any claims or disputes related thereto on behalf of the Non-ESOP Stockholders and to transact matters of litigation;

(b) to execute and deliver all ancillary agreements, certificates and documents that the Non-ESOP Stockholders' Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

(c) to act as the paying agent and to receive funds and give receipts for funds, including in respect of any adjustments to the Purchase Price, and to do or refrain from doing the actions further described in the Paying Agent Agreement;

(d) to do or refrain from doing any further act or deed on behalf of the Non-ESOP Stockholders that the Non-ESOP Stockholders' Representative deems necessary or appropriate in her sole discretion relating to the subject matter of this Agreement and the Paying Agent Agreement as fully and completely as the Non-ESOP Stockholders could do if personally present; and

(e) to receive service of process in connection with any claims under this Agreement.

The appointment of the Non-ESOP Stockholders' Representative shall be deemed coupled with an interest and shall be irrevocable, and Parent, Federal and C-CUBED may conclusively and absolutely rely, without inquiry, upon any action of the Non-ESOP Stockholders' Representative in all matters referred to herein.

If Lugar resigns, dies or is otherwise unable to serve as the Non-ESOP Stockholders' Representative, the successor Non-ESOP Stockholders' Representative shall be designated in writing by the Non-ESOP Stockholders who held a majority of the Common Stock held by Non-ESOP Stockholders immediately prior to the Closing.

If any individual Non-ESOP Stockholder should die or become incapacitated, if any trust or estate should terminate or if any other such event should occur, any action taken by the Non-ESOP Stockholders' Representative pursuant to this Section 2.4.1 shall be as valid as if such death or incapacity, termination or other event had not occurred, regardless of whether or not the Non-ESOP Stockholders' Representative, Parent, Federal or C-CUBED shall have received notice of such death, incapacity, termination or other event.

All notices and other deliveries required to be made or delivered by Parent, Federal or C-CUBED to the Non-ESOP Stockholders shall be made to the Non-ESOP Stockholders' Representative for the benefit of the Non-ESOP Stockholders and shall discharge in full all notice requirements of Parent, Federal or C-CUBED to the Non-ESOP Stockholders with respect thereto. The Non-ESOP Stockholders hereby confirm all that the Non-ESOP Stockholders' Representative shall do or cause to be done by virtue of her appointment hereunder.

The Non-ESOP Stockholders' Representative shall act for the Non-ESOP Stockholders on all of the matters set forth in this Agreement in the manner the Non-ESOP Stockholders' Representative believes to be in the best interest of the Non-ESOP Stockholders and consistent with the obligations under this Agreement, but the Non-ESOP Stockholders' Representative shall not be responsible to the Non-ESOP Stockholders for any loss or damages the Non-ESOP Stockholders may suffer by the performance by the Non-ESOP Stockholders' Representative of her duties under this Agreement, other than loss or damage arising from willful violation of the law by the Non-ESOP Stockholders' Representative of her duties under this Agreement. The Non-ESOP Stockholders' Representative and her heirs and personal or legal representatives shall be held harmless by the Non-ESOP Stockholders from, and indemnified against any loss or damages arising out of or in connection with the performance of her obligations in accordance with the provisions of this Agreement, except for any of the foregoing arising out of the willful violation of the law by the Non-ESOP Stockholders' Representative of her duties hereunder. The foregoing indemnity shall survive the resignation or substitution of the Non-ESOP Stockholders' Representative.

Notwithstanding anything to the contrary herein, the Non-ESOP Stockholders' Representative shall have no liability or obligation to any Parent Indemnified Party otherwise than, and only to the extent of, her individual liability as a Stockholder as set forth in Section 6.3.

The Non-ESOP Stockholders' Representative shall be entitled to expense reimbursement for services rendered under this Agreement. Out-of-pocket expenses including but not limited to legal fees, mailing costs and accountant fees shall be documented and shall be paid on a monthly basis after payment of fees and expenses to the Escrow Agent out of the earnings in the Non-ESOP Adjustments and Claims Escrow.

2.4.2 **ESOP Stockholder's Representative** . The ESOP Stockholder hereby appoints Kentucky Trust Bank as its true and lawful agent and attorney-in-fact (the " *ESOP Stockholder's Representative,* " and, together with the Non-ESOP Stockholders' Representative, the " *Stockholders' Representatives* ") with full power of substitution to act in the name, place and stead of the ESOP Stockholder with respect to the surrender of the stock certificates owned by the ESOP Stockholder to Federal in accordance with the terms and provisions of this Agreement, and to act on behalf of the ESOP Stockholder in any litigation or arbitration involving this Agreement, do or refrain from doing all such further acts and things, and execute all such documents as the ESOP Stockholder's Representative shall deem necessary or appropriate in connection with the transactions contemplated by this Agreement, including, without limitation, the power:

(a) to act for the ESOP Stockholder with regard to matters pertaining to indemnification, earn-outs and Purchase Price adjustments referred to in this Agreement, including the power to compromise any claims or disputes related thereto on behalf of the ESOP Stockholder and to transact matters of litigation;

(b) to execute and deliver all ancillary agreements, certificates and documents that the ESOP Stockholder's Representative deems necessary or appropriate in connection with the consummation of the transactions contemplated by this Agreement;

(c) to do or refrain from doing any further act or deed on behalf of the ESOP Stockholder that the ESOP Stockholder's Representative deems necessary or appropriate in his sole discretion relating to the subject matter of this Agreement and the Paying Agent Agreement as fully and completely as the ESOP Stockholder could do if personally present; and

(d) to receive service of process in connection with any claims under this Agreement.

The appointment of the ESOP Stockholder's Representative shall be deemed coupled with an interest and shall be irrevocable, and Parent, Federal and C-CUBED may conclusively and absolutely rely, without inquiry, upon any action of the ESOP Stockholder's Representative in all matters referred to herein.

All notices and other deliveries required to be made or delivered by Parent, Federal or C-CUBED to the ESOP Stockholder shall be made to the ESOP Stockholder's Representative for the benefit of the ESOP Stockholder and shall discharge in full all notice requirements of Parent, Federal or C-CUBED to the ESOP Stockholder with respect thereto. The ESOP Stockholder hereby confirms all that the ESOP Stockholder's Representative shall do or cause to be done by virtue of its appointment hereunder.

The ESOP Stockholder's Representative shall act for the ESOP Stockholder on all of the matters set forth in this Agreement in the manner the ESOP Stockholder's Representative believes to be in the best interest of the ESOP Stockholder and consistent with the obligations under this Agreement, but the ESOP Stockholder's Representative shall not be responsible to the

ESOP Stockholder for any loss or damages the ESOP Stockholder may suffer by the performance by the ESOP Stockholder's Representative of its duties under this Agreement, other than loss or damage arising from willful violation of the law by the ESOP Stockholder's Representative of its duties under this Agreement. The ESOP Stockholder's Representative shall be held harmless by the ESOP Stockholder from, and indemnified against any loss or damages arising out of or in connection with the performance of its obligations in accordance with the provisions of this Agreement, except for any of the foregoing arising out of the willful violation of the law by the ESOP Stockholder's Representative of its duties hereunder. The foregoing indemnity shall survive the resignation or substitution of the ESOP Stockholder's Representative.

2.5 **Adjustment to Purchase Price** .

2.5.1 **Estimated Closing Balance Sheet** .

(a) Preparation of the Estimated Closing Balance Sheet. As soon as reasonably practicable before the Closing Date, but in no event fewer than 4 (Four) days prior to Closing, C-CUBED shall prepare or cause to be prepared and shall deliver to Parent and Federal an Estimated Closing Balance Sheet for C-CUBED estimated as of the close of business on the Closing Date (the " *Estimated Closing Balance Sheet* "). The Estimated Closing Balance Sheet shall be prepared in accordance with United States generally accepted accounting principles (" *GAAP* ") and prepared in accordance with presently disclosed C-CUBED accounting methodology provided it is consistent with GAAP.

(b) Review of Estimated Closing Balance Sheet. Parent and Federal, upon receipt of the Estimated Closing Balance Sheet, shall (a) review the Estimated Closing Balance Sheet and (b) to the extent deemed necessary, make a reasonable inquiry of C-CUBED and its accountants (if any are used), relating to the preparation of the Estimated Closing Balance Sheet. Parent, Federal and C- CUBED shall agree on the Estimated Closing Balance Sheet. Parent and Federal shall not unreasonably withhold their approval of the Estimated Closing Balance Sheet.

(c) Adjustments to the Purchase Price. At Closing, (a) the initial Direct Payment in the amount of $29,500,000 (Twenty Nine Million Five Hundred Thousand Dollars) shall be reduced by the amount, if any, by which the Net Worth in the Estimated Closing Balance Sheet is less than $11,500,000 (Eleven Million Five Hundred Thousand Dollars), which shall constitute an immediate adjustment of the Purchase Price in such amount or (b) the initial Direct Payment in the amount of $29,500,000 (Twenty Nine Million Five Hundred Thousand Dollars) shall be increased by the amount, if any, by which the Net Worth in the Estimated Closing Balance Sheet is greater than $11,500,000 (Eleven Million Five Hundred Thousand Dollars), which shall constitute an immediate adjustment of the Purchase Price in such amount.

2.5.2 **Closing Balance Sheet** .

(a) Preparation of Closing Balance Sheet. As soon as reasonably possible after the Closing Date (but not later than 60 days thereafter), Federal shall prepare or cause to be prepared and shall deliver to the Stockholders' Representatives a Closing Balance Sheet for C-CUBED as of the close of business on the Closing Date (the " *Closing Balance Sheet* "). The

Closing Balance Sheet shall be prepared in accordance with United States generally accepted accounting principles (" *GAAP* ") and prepared in accordance with presently disclosed C-CUBED accounting methodology provided it is consistent with GAAP.

(b) Review of Closing Balance Sheet. The Stockholders' Representatives, upon receipt of the Closing Balance Sheet, shall (a) review the Closing Balance Sheet and (b) to the extent he may deem necessary, make reasonable inquiry of C-CUBED, Federal and its accountants (if any are used), relating to the preparation of the Closing Balance Sheet. The Stockholders' Representatives and their employees and advisors shall have full access upon prior written notice and during normal business hours to the books, papers and records of C-CUBED and its accountants (if any are used), relating to the preparation of the Closing Balance Sheet in connection with such inquiry and the preparation of the Objection thereto. The Closing Balance Sheet shall be binding and conclusive upon, and deemed accepted by, the Stockholders' Representatives on behalf of the Stockholders unless the Stockholders' Representatives shall have notified Federal in writing of any objections thereto (the " *Objection* ") within 30 days after receipt of the Closing Balance Sheet.

(c) Disputes. In the event of the Objection, Federal shall have 20 days to review and respond to the Objection, and Federal and the Stockholders' Representatives shall attempt to resolve the differences underlying the Objection within 20 days following completion of Federal's review of the Objection. Disputes between Federal and the Stockholders' Representatives which cannot be resolved by them within such 20-day period shall be referred no later than such 20th day for decision to a nationally-recognized independent public accounting firm mutually selected by the Stockholders' Representatives and Federal (the " *Auditor* ") (which firm shall not be either of (a) the independent public accountants of Federal or (b) the independent public accountants used by C-CUBED prior to the Closing Date) who shall act as arbitrator and determine, based solely on presentations by the Stockholders' Representatives and Federal and only with respect to the remaining differences so submitted, whether and to what extent, if any, the Closing Balance Sheet requires adjustment. The Auditor shall deliver its written determination to Federal and the Stockholders' Representatives no later than the 30th day after the remaining differences underlying the Objection are referred to the Auditor, or such longer period of time as the Auditor determines is necessary. The Auditor's determination shall be conclusive and binding upon the parties. The fees and disbursements of the Auditor shall be allocated equally between Federal and the Stockholders. Federal and the Stockholders shall make readily available to the Auditor all relevant information, books and records and any work papers relating to the Closing Balance Sheet and all other items reasonably requested by the Auditor. In no event may the Auditor's resolution of any difference be for an amount which is outside the range of Federal's and the Stockholders' Representatives' disagreement.

(d) Final Closing Balance Sheet. The Closing Balance Sheet shall become final and binding upon the parties upon the earlier of (a) the Stockholders' Representatives' failure to object thereto within the period permitted under Section 2.5.2(c), (b) the agreement between Federal and the Stockholders' Representative with respect thereto and (c) the decision by the Auditor with respect to any disputes under Section 2.5.2(c). The Closing Balance Sheet, as adjusted pursuant to the agreement of the parties or decision of the Auditor, when final and binding is referred to herein as the " *Final Closing Balance Sheet* ."

2.5.3 **Adjustments to the Purchase Price** . As soon as practicable (but not more than five business days) after the date on which the Final Closing Balance Sheet shall have been determined in accordance with this Section 2.5.3:

(a) the Escrow Agent shall:

(i) release from the ESOP Adjustments and Claims Escrow and pay to Federal an amount in immediately available funds equal to the product of (1) the amount, if any, by which the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Final Closing Balance Sheet is less than the amount of Net Worth (after the *M Street Lease Adjustment)* as set forth in the Estimated Closing Balance Sheet and (2) the ESOP Percentage. The difference between any payment to Federal pursuant to this Section 2.5.3(a)(i) and the product of $2,000,000 (Two Million Dollars) and the ESOP Percentage, shall be released to the ESOP Stockholders' Representative; and

(ii) release from the Non-ESOP Adjustments and Claims Escrow and pay to Federal an amount in immediately available funds equal to the product of (1) the amount, if any, by which the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Final Closing Balance Sheet is less than the amount of Net Worth (after the *M Street Lease Adjustment)* as set forth in the Estimated Closing Balance Sheet and (2) the Non-ESOP Percentage. The difference between any payment to Federal pursuant to this Section 2.5.3(a)(ii) and the product of $2,000,000 (Two Million Dollars) and the Non-ESOP Percentage shall be released to the Non-ESOP Stockholders' Representative as Paying Agent; and

(b) Federal shall pay to:

(i) the ESOP Stockholder an amount in immediately available funds equal to the product of (1) the amount, if any, by which the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Final Closing Balance Sheet is greater than the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Estimated Closing Balance Sheet and (2) the ESOP Percentage; and

(ii) the Non-ESOP Stockholders' Representative, as Paying Agent, an amount in immediately available funds equal to the product of (1) the amount, if any, by which the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Final Closing Balance Sheet is greater than the Net Worth (after the *M Street Lease Adjustment)* as set forth in the Estimated Closing Balance Sheet and (2) the Non-ESOP Percentage; and

(c) Pursuant to Section 2.5.3(b) following payment by Federal to the ESOP Shareholder's Representative and the Non-ESOP Stockholder's Representative, respectively, of any amount by which the Net Worth as set forth in the Final Closing Balance Sheet is greater than the Net Worth as set forth in the Estimated Closing Balance Sheet, the Escrow Agent shall:

(i) release from the ESOP Adjustments and Claims Escrow and pay to the ESOP Stockholder's Representative an amount in immediately available funds equal to the product of (1) $2,000,000 (Two Million Dollars) and (2) the ESOP Percentage; and

(ii) release from the Non-ESOP Adjustments and Claims Escrow and pay to the Non-ESOP Stockholders' Representative as paying agent an amount in immediately available funds equal to the product of (1) $2,000,000 (Two Million Dollars) and (2) the Non-ESOP Percentage.

All payments made pursuant to this Section 2.5.3 shall constitute immediate adjustments of the Purchase Price in such amounts.

Article 3
REPRESENTATIONS AND WARRANTIES OF C-CUBED AND THE STOCKHOLDERS

C-CUBED and each of the Stockholders jointly and severally represent and warrant to Parent and Federal as follows. Except where the context requires otherwise, all references to the "C-CUBED" in this Article 3 refer to both the C-CUBED and each of its Subsidiaries.

3.1 **Corporate Status of C-CUBED** . Except as set forth on Schedule 3.1 hereto, C-CUBED is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Virginia, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted. Except as set forth on Schedule 3.1 hereto, C-CUBED is duly qualified or licensed to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where failure to be so qualified would not have an C-CUBED Material Adverse Effect. All jurisdictions in which C-CUBED is qualified to do business are set forth on Schedule 3.1 hereto.

3.2 **Capital Stock** .

3.2.1 **Authorized Stock of C-CUBED** . The authorized capital stock of C-CUBED consists of 500,000 shares of C-CUBED Common Stock, of which 232,278 shares are issued and outstanding or subject to options (excluding 0 shares held in Treasury). All of the outstanding shares of C-CUBED Common Stock have been duly authorized and validly issued, were not issued in violation of any Person's preemptive rights, and are fully paid and nonassessable. The Stockholders, and the other owners who own C-CUBED Common Stock or will own C-CUBED Common Stock at Closing pursuant to the exercise of their options and who are listed on Schedule A, own together, and will own together at Closing, all the outstanding shares of C-CUBED Common Stock.

3.2.2 **Options and Convertible Securities of C-CUBED** . Except as set forth on Schedule 3.2.2 , there are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating C-CUBED to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock. Except as set forth on Schedule 3.2.2 , there are no voting trusts or other agreements or understandings to which C-CUBED or any Stockholder is a party with respect to the voting of the shares of C-CUBED Common Stock and C-CUBED is neither a party to, nor bound by, any outstanding restrictions, options or other obligations, agreements or commitments to sell, repurchase, redeem or acquire any outstanding shares of C-CUBED Common Stock or any other securities of C-CUBED.

3.3 **Subsidiaries** . C-CUBED owns all of the capital stock of each of the corporations named on Schedule 3.3 , and the jurisdiction and date of organization of each such corporation, as well as the date on which C-CUBED acquired or organized each such corporation is listed opposite the name of such corporation on such schedule. C-CUBED has no Subsidiaries other than those named on Schedule 3.3. Except as set forth on Schedule 3.3 , C-CUBED has not acquired, sold, divested or liquidated any corporate entity or line of business. Except as set forth on Schedule 3.3 , CAC conducts no business and has no liabilities or employees. On the date of this signing or Closing, the assets of CAC, if any, that were CAC assets at the time CAC became a qualified subchapter S subsidiary, have a gross value of zero.

3.4 **Authority for Agreement; Noncontravention** .

3.4.1 **Authority** . C-CUBED has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby to the extent of its obligations hereunder. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, to the extent of C-CUBED's obligations hereunder, have been duly and validly authorized by the board of directors of C-CUBED and no other corporate proceedings on the part of C-CUBED are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby, to the extent of C-CUBED's obligations hereunder. This Agreement and the other agreements contemplated hereby to be signed by C-CUBED have been duly executed and delivered by C-CUBED and constitute valid and binding obligations of C-CUBED, enforceable against C-CUBED in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby is subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

3.4.2 **No Conflict** . Except as set forth on Schedule 3.4.2 hereto, none of the execution, delivery or performance of this Agreement and the agreements referenced herein, nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with or result in a violation of any provision of C-CUBED's charter documents or by-laws, (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any lien, charge or encumbrance pursuant to, or right of termination under, any provision of any note, mortgage, indenture, lease, instrument or other agreement, permit, concession, grant, franchise, license, judgment, order, decree, statute, ordinance, rule or regulation to which C-CUBED is a party or by which C-CUBED or any of its assets or properties are bound or which is applicable to C-CUBED or any of its assets or properties. Except to the extent that novation is required as further described in Section 6.6.2 below, no authorization, consent or approval of, or filing with or notice to, any United States or foreign governmental or public body or authority (each a " *Governmental Entity* ") is necessary for the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby, except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would not have an C-CUBED Material Adverse Effect.

3.5 **Financial Statements** . A copy of C-CUBED's balance sheet as of June 30, 2003 and C-CUBED's statements of operations, cash flows and changes in stockholders' equity for the year then ended is attached hereto as Schedule 3.5A and a copy of C-CUBED's balance sheet as of July 31, 2003, prepared in the ordinary course of business without footnotes, is attached hereto as Schedule 3.5B . Such balance sheets and statements of operations, cash flows and changes in stockholder's equity are fairly presented and complete. The annual financial statements will be audited by McGladrey Pullen LLP, certified public accountants. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the " *C-CUBED Financial Statements* " and C-CUBED's balance sheet as of July 31, 2003 is referred to herein as the " *C-CUBED Balance Sheet.*" Each of the balance sheets included in the C-CUBED Financial Statements (including any related notes) fairly presents in all material respects C-CUBED's financial position as of their respective dates, and the other statements included in the C-CUBED Financial Statements (including any related notes) fairly present in all material respects C-CUBED's results of operations, cash flows and stockholders' equity, as the case may be, for the periods therein set forth, in each case in accordance with GAAP and prepared in accordance with C-CUBED accounting methodology provided it is consistent with GAAP, subject, in the case of the one month period ended July 31, 2003, to normal year-end adjustments (all except as otherwise stated therein).

3.6 **Absence of Material Adverse Changes** . Except as set forth on Schedule 3.6 hereto, since the date of the Letter of Intent, C-CUBED has not suffered any C-CUBED Material Adverse Effect, and there has not occurred or arisen any event, condition or state of facts of any character that could reasonably be expected to result in an C-CUBED Material Adverse Effect.

3.7 **Absence of Undisclosed Liabilities** . Except as set forth on Schedule 3.7 , C-CUBED has no Liabilities that are not fully reflected or provided for on, or disclosed in the notes to, the balance sheets included in the C-CUBED Financial Statements, except (a) Liabilities incurred in the ordinary course of business since the date of the C-CUBED Balance Sheet, none of which individually or in the aggregate has had or could reasonably be expected to have an C-CUBED Material Adverse Effect, (b) Liabilities permitted or contemplated by this Agreement, and (c) Liabilities expressly disclosed on the Schedules delivered hereunder.

3.8 **Compliance with Applicable Law, Charter and By-Laws** . C-CUBED has all requisite licenses, permits and certificates from all Governmental Entities necessary to conduct its business as currently conducted, and to own, lease and operate its properties in the manner currently held and operated (collectively, " *Permits* "), except as set forth on Schedule 3.8 hereto and except for any Permits the absence of which, in the aggregate, do not and could not reasonably be expected to have an C-CUBED Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated hereby. All of such Permits are in full force and effect. C-CUBED is in compliance in all material respects with all the terms and conditions related to such Permits. There are no proceedings in progress, pending or, to the Knowledge of C-CUBED, threatened, which may result in revocation, cancellation, suspension, or any materially adverse modification of any of such Permits. To the Knowledge of C-CUBED, the business of C-CUBED is not being, and has not been, conducted in violation of any

applicable law, statute, ordinance, regulation, rule, judgment, decree, order, Permit, concession, grant or other authorization of any Governmental Entity. C-CUBED is not in default or violation of any provision of its charter documents or its by-laws.

Set forth on Schedule 3.8 is a list of the jurisdictions in which C-CUBED is not authorized to do business, but where C-CUBED nevertheless does business or has a physical presence, or in which any of C-CUBED's employees work.

3.9 **Litigation and Audits** . Except for any claim, action, suit or proceeding set forth on Schedule 3.9 or Schedule 3.10.3 hereto, (a) no Governmental Entity has indicated to C-CUBED an intention to conduct an investigation, (b) to the Knowledge of C-CUBED there is no investigation by any Governmental Entity with respect to C-CUBED pending or threatened, (c) there is no claim, action, suit, arbitration or proceeding pending or, to the Knowledge of C-CUBED, threatened against or involving C-CUBED or any of its assets or properties, at law or in equity, or before any arbitrator or Governmental Entity, that, if adversely determined, either singly or in the aggregate, would have an C-CUBED Material Adverse Effect or prevent or materially delay the consummation of the transactions contemplated hereby; and (d) there are no judgments, decrees, injunctions or orders of any Governmental Entity or arbitrator outstanding against C-CUBED.

3.10 **Tax Matters** .

3.10.1 **Filing of Returns** . Each of C-CUBED and its Subsidiaries has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all respects. All Taxes owed by any of C-CUBED and its Subsidiaries (whether or not shown on any Tax Return) have been paid. None of C-CUBED or its Subsidiaries is currently the beneficiary of any extension of time within which to file any Tax Return. No claim has ever been made by an authority in a jurisdiction where C-CUBED or any of its Subsidiaries does not file Tax Returns that it is or may be subject to taxation by that jurisdiction. There are no Security Interests on any of the assets of C-CUBED or its Subsidiaries that arose in connection with any failure (or alleged failure) to pay any Tax.

3.10.2 **Payment of Taxes** . Each of C-CUBED and its Subsidiaries 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, stockholder or other third party.

3.10.3 **Assessments or Disputes** . None of Bednar, Teague, Lugar and Moe, nor any director or officer (or employee responsible for Tax matters) of C-CUBED or its Subsidiaries, expects any authority to assess any additional Taxes for any period for which Tax Returns have been filed. There is no dispute or claim concerning any Tax Liability of C-CUBED or its Subsidiaries either (a) claimed or raised by any authority or (b) as to which Bednar, Teague, Lugar, Moe or any of the directors and officers (and employees responsible for Tax matters) of C-CUBED or its Subsidiaries has knowledge based upon personal contact with any agent of such authority. Schedule 3.10.3 lists all federal, state, local, and foreign income Tax Returns filed with respect to C-CUBED and its Subsidiaries for taxable periods ended on or after December 31, 1997, indicates those Tax Returns that have been audited and indicates those Tax Returns that currently are the subject of audit. C-CUBED and its Subsidiaries has delivered to Federal correct and complete copies of all income Tax Returns, examination reports, and statements of deficiencies assessed against or agreed to by C-CUBED or its Subsidiaries.

3.10.4 **Waiver of Statute of Limitations** . None of C-CUBED and its Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

3.10.5 **Collapsible Corporations, Golden Parachutes, Real Property Holding Corporations** . None of C-CUBED and its Subsidiaries has filed a consent under Code section 341(f) concerning collapsible corporations. None of C-CUBED and its Subsidiaries has made any payments, is obligated to make any payments or is a party to any agreement that under certain circumstances could obligate it to make any payments, that will not be deductible under Code section 280G. None of C-CUBED and its Subsidiaries has been a United States real property holding corporation within the meaning of Code section 897(c)(2) during the applicable period specified in Code section 897(c)(1)(A)(ii). None of C-CUBED and its Subsidiaries is a party to any Tax allocation or sharing agreement. None of C-CUBED and its Subsidiaries (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was C-CUBED) or (B) has any Liability for the Taxes of any Person (other than C-CUBED and its Subsidiaries) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract, or otherwise.

3.10.6 **Tax Basis** . Schedule 3.10.6 sets forth (a) the basis of C-CUBED in each of the assets of C-CUBED and its qualified subchapter Subsidiaries, to the Knowledge of C-CUBED the Fair Market Value of the total assets of C-CUBED on the day C-CUBED became an S Corporation, to the Knowledge Of C-CUBED the Fair Market Value of each of C-CUBED's qualified subchapter S subsidiaries on the day each such qualified subsidiary became a qualified subchapter S subsidiary (b) the adjusted tax basis of each of the assets of C-CUBED on the day C-CUBED became an S corporation and (c) the adjusted tax basis of each of the assets of each of C-CUBED's qualified subchapter S subsidiaries on the day each such qualified subchapter S subsidiary became a qualified subchapter S subsidiary.

3.10.7 **Unpaid Taxes** . The unpaid Taxes of C-CUBED and its Subsidiaries (a) did not, as of the date of the C-CUBED Balance Sheet, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the C-CUBED Balance Sheet (rather than in any notes thereto) and (b) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of C-CUBED in filing its Tax Returns.

3.10.8 **Unclaimed Property** . None of C-CUBED and its Subsidiaries has any assets that may constitute unclaimed property under applicable law. C-CUBED and its Subsidiaries have complied in all material respects with all applicable unclaimed property laws. Without limiting the generality of the foregoing, C-CUBED and its Subsidiaries have established and followed procedures to identify any unclaimed property and, to the extent required by applicable law, remit such unclaimed property to the applicable governmental authority. The records of C-CUBED and its Subsidiaries are adequate to permit a governmental agency or authority or other outside auditor to confirm the foregoing representations.

3.10.9 **No Changes in Accounting, Closing Agreement, Installment Sale** . Except as set forth on Schedule 3.10.9 , none of C-CUBED and its Subsidiaries will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any (a) change in method of accounting for a taxable period ending on or prior to the Closing Date under Code section 481(c) (or any corresponding or similar provision of state, local or foreign income Tax law); (b) ”closing agreement” as described in Code section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (c) deferred intercompany gain or any excess loss account described in Treasury Regulations under Code section 1502 (or any corresponding or similar provision of state, local or foreign income Tax law); (d) installment sale or open transaction disposition made on or prior to the Closing Date; or (e) prepaid amount received on or prior to the Closing Date.

3.10.10 **S Corporation** . C-CUBED (and any predecessor of C-CUBED) has been a validly electing S corporation within the meaning of Code sections 1361 and 1362 at all times since July 1, 1998, and C-CUBED will be an S corporation up to and including the Closing Date. S chedule 3.10.10 identifies each C-CUBED Subsidiary, indicates each C-CUBED Subsidiary that is a “qualified subchapter S subsidiary” within the meaning of Code section 1361(b)(3)(B), and the date each such C-CUBED Subsidiary became a qualified subchapter S subsidiary. Each Subsidiary so identified has been a qualified subchapter S subsidiary at all times since the date shown on such schedule up to and including the Closing Date. None of the assets of SIR has any unrecognized built-in gain.

3.10.11 **Election** . Except as set forth on Schedule 3.10.11 , neither C-CUBED nor any of its Subsidiaries has, in the past 10 years, (a) acquired assets from another corporation in a transaction in which C-CUBED’s Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor or (b) acquired the stock of any corporation which is a qualified subchapter S subsidiary.

3.11 **Employee Benefit Plans.**

3.11.1 **List of Plans** . Schedule 3.11.1 hereto contains a correct and complete list of all pension, profit sharing, retirement, deferred compensation, welfare, legal services, medical, dental or other employee benefit or health insurance plans, life insurance or other death benefit plans, disability, stock option, stock purchase, stock compensation, bonus, vacation pay, severance pay and other similar plans, programs or agreements, and every material written personnel policy, relating to any persons employed by C-CUBED or in which any person employed by C-CUBED is eligible to participate and which is currently maintained by C-CUBED or any ERISA Affiliate of C-CUBED (collectively, the “ *C-CUBED Plans* ”). C-CUBED has delivered to Parent (a) accurate and complete copies of all C-CUBED Plan documents and all other material documents relating thereto, including (if applicable) all documents establishing or constituting any related trust, annuity contract, insurance contract or other funding instruments, and summary plan descriptions relating to said C-CUBED Plans, (b)

accurate and complete copies of the most recent financial statements and actuarial reports with respect to all C-CUBED Plans for which financial statements or actuarial reports are required or have been prepared, and (c) accurate and complete copies of all annual reports and summary annual reports for all C-CUBED Plans (for which annual reports are required or have been prepared). C-CUBED has also delivered to Parent complete copies of other current plan summaries, employee booklets, personnel manuals and other material documents or written materials concerning the C-CUBED Plans that are in possession of C-CUBED as of the date hereof. C-CUBED has no "defined benefit plans" as defined in Section 3(35) of ERISA. C-CUBED has no current or contingent obligation to contribute to any multiemployer plan (as defined in Section 3(37) of ERISA).

3.11.2 **ERISA** . Except as set forth on Schedule 3.11.2 , neither C-CUBED nor any ERISA Affiliate of C-CUBED has incurred any "withdrawal liability" calculated under Section 4211 of ERISA and there has been no event or circumstance which would cause any of them to incur any such liability. No plan previously maintained by C-CUBED or any ERISA Affiliate of C-CUBED which was subject to ERISA has been terminated; no proceedings to terminate any such plan have been instituted within the meaning of Subtitle C of Title IV of ERISA; and no reportable event within the meaning of Section 4043 of said Subtitle C of Title IV of ERISA with respect to which the requirement to file a notice with the Pension Benefit Guaranty Corporation has not been waived has occurred with respect to any such C-CUBED Plan, and no liability to the Pension Benefit Guaranty Corporation has been incurred by C-CUBED or any ERISA Affiliate of C-CUBED. Except as set forth on Schedule 3.11.2 , with respect to all C-CUBED Plans, C-CUBED and C-CUBED's ERISA Affiliates are in material compliance with all requirements prescribed by all statutes, regulations, orders or rules currently in effect, and have in all material respects performed all obligations required to be performed by them. All returns, reports and disclosure statements required to be made under ERISA and the Code with respect to all C-CUBED Plans have been timely filed or delivered. For any returns, reports or disclosures attributable to, but not yet required to be filed for, the current or prior plan years, C-CUBED will ensure that all resources necessary to complete the outstanding returns, reports or disclosures are provided to Parent and will ensure accurate and timely completion of said returns, reports or disclosures. All fees required to be paid in connection with the administration of any ERISA plan have been disclosed. All fees required to be paid as a result of the termination of any plan recordkeeping agreements have been disclosed. To the Knowledge of C-CUBED, neither C-CUBED nor any ERISA Affiliate of C-CUBED, nor any of their directors, officers, employees or agents, nor any trustee or administrator of any trust created under the C-CUBED Plans, has engaged in or been a party to any "prohibited transaction" as defined in Section 4975 of the Code or Section 406 of ERISA which could subject C-CUBED or any Affiliate of C-CUBED, or any director or employee of any C-CUBED Plan or any trust relating to any C-CUBED Plan, or any party dealing with any C-CUBED Plan or trust relating thereto to any tax or penalty on "prohibited transactions" imposed by Section 4975 of the Code. Except as set forth on Schedule 3.11.2 , neither the C-CUBED Plans nor any of the trusts created thereunder have incurred any "accumulated funding deficiency," as such term is defined in Section 412 of the Code and regulations issued thereunder, whether or not waived.

3.11.3 **Plan Determinations** . Each C-CUBED Plan intended to qualify under Section 401(a) of the Code has been determined by the Internal Revenue Service to so qualify, and the trusts created thereunder have been determined to be exempt from tax under

Section 501(a) of the Code; copies of all determination letters have been delivered to Parent, and, to the Knowledge of C-CUBED, nothing has occurred since the date of such determination letters which might cause the loss of such qualification or exemption, or result in the imposition of any excise tax or income tax on unrelated business income under the Code or ERISA with respect to any C-CUBED Plan. With respect to each C-CUBED Plan which is a qualified profit sharing plan, all employer contributions accrued for plan years ending prior to the Closing under C-CUBED Plan terms and applicable law have been made.

3.11.4 **Funding** . Except as set forth on Schedule 3.11.4 :

(a) all contributions, premiums or other payments due or required to be made to C-CUBED Plans as of the date hereof have been made as of the date hereof or are properly reflected on C-CUBED Balance Sheet;

(b) there are no actions, liens, suits or claims (other than routine claims for benefits) pending or, to the Knowledge of C-CUBED, threatened, with respect to any C-CUBED Plan, nor is any C-CUBED Plan the subject of any pending (or to the Knowledge of C-CUBED, any threatened) investigation or audit by the Internal Revenue Service, Department of Labor or the Pension Benefit Guaranty Corporation;

(c) no event has occurred, and there exists no condition or set of circumstances, which presents a material risk of a partial termination (within the meaning of Section 411(d)(3) of the Code) of any C-CUBED Plan; and

(d) with respect to any C-CUBED Plan that is qualified under Section 401(k) of the Code, individually and in the aggregate, no event has occurred, and there exists no condition or set of circumstances in connection with which C-CUBED could be subject to any liability (except liability for benefits claims and funding obligations payable in the ordinary course) that is reasonably likely to have an C-CUBED Material Adverse Effect under ERISA, the Code or any other applicable law.

3.11.5 **Certain Other Matters** . Except as reserved for on the Estimated Closing Balance Sheet or the Final Closing Balance Sheet, C-CUBED has no liability or potential liability in any form whatsoever, and C-CUBED will not have liability or potential liability in any form whatsoever, with regard to any C-CUBED Plan, as a result of the any failure to perform non-discrimination testing on an C-CUBED Plan or any failure to amend an C-CUBED Plan pursuant to the legislation commonly known as “GUST” or the legislation commonly known as “EGTRRA.” All employee contributions, including elective deferrals, to C-CUBED’s 401(k) plan(s) have been segregated from C-CUBED’s general assets and deposited into the trust(s) established pursuant to such 401(k) plan(s) in a timely manner in accordance with the “plan asset” regulations of the Department of Labor.

3.11.6 **Welfare Plans** . With respect to any C-CUBED Plan that is an employee welfare benefit plan (within the meaning of Section 3(1) of ERISA) (a “ *Welfare Plan* ”) and except as set forth on Schedule 3.11.6 , (a) each Welfare Plan for which contributions are claimed by C-CUBED as deductions under any provision of the Code is in material compliance with all applicable requirements pertaining to such deduction, (b) with respect to any

welfare benefit fund (within the meaning of Section 419 of the Code) related to a Welfare Plan, there is no disqualified benefit (within the meaning of Section 4976(b) of the Code) that would result in the imposition of a tax under Section 4976(a) of the Code, (c) all C-CUBED Plans that are group health plans (within the meaning of Section 4980B(g)(2) of the Code) comply, and in each and every case have complied, with all of the applicable material requirements of COBRA, the Family Medical Leave Act of 1993, the Health Insurance and Portability and Accountability Act of 1996, the Women's Health and Cancer Rights Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, and all similar provisions of state law or foreign law applicable to employees of C-CUBED or any ERISA Affiliate of C-CUBED. None of the C-CUBED Plans promises or provides retiree medical or other retiree welfare benefits to any person except as required by applicable law, and neither C-CUBED nor any ERISA Affiliate of C-CUBED has represented, promised or contracted (whether in oral or written form) to provide such retiree benefits to any employee, former employee, director, consultant or other person, except to the extent required by statute. No C-CUBED Plan or employment agreement provides health benefits that are not insured through an insurance contract. Each C-CUBED Plan is amendable and terminable unilaterally by C-CUBED at any time without liability to C-CUBED as a result thereof and no C-CUBED Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to employees by its terms prohibits C-CUBED from amending or terminating any such C-CUBED Plan, provided that no amendment or termination adversely effects or extinguishes any accrued benefits under a C-CUBED Plan prior to such amendment or termination.

3.12 **Employment-Related Matters** .

3.12.1 **Labor Relations** . Except to the extent set forth on Schedule 3.12.1 hereto: (a) C-CUBED is not a party to any collective bargaining agreement or other contract or agreement with any labor organization or other representative of employees of C-CUBED; (b) there is no labor strike, dispute, slowdown, work stoppage or lockout that is pending or, to the Knowledge of C-CUBED, threatened against or otherwise affecting C-CUBED, and C-CUBED has not experienced the same; (c) C-CUBED has not closed any plant or facility, effectuated any layoffs of employees or implemented any early retirement or separation program at any time, nor has C-CUBED planned or announced any such action or program for the future with respect to which C-CUBED has any material liability; and (d) all salaries, wages, vacation pay, bonuses, commissions and other compensation due from C-CUBED before the date hereof have been paid or accrued as of the date hereof.

3.12.2 **Employee List** . C-CUBED has heretofore delivered to Parent a list (the " *Employee List* ") dated as of September 17, 2003 containing the name of each person employed by C-CUBED and each such employee's position, starting employment date and annual salary. The Employee List is correct and complete as of the date of the Employee List. No third party has asserted any claim or, to the Knowledge of C-CUBED, has any reasonable basis to assert any claim against C-CUBED that either the continued employment by, or association with, C-CUBED of any of the present officers or employees of, or consultants to, C-CUBED contravenes any agreement or law applicable to unfair competition, trade secrets or proprietary information.

3.13 **Environmental** .

3.13.1 **Environmental Laws** . Except as set forth on Schedule 3.13.1 hereto, (a) C-CUBED is and has been in compliance with all applicable Environmental Laws in effect on the date hereof; (b) C-CUBED has not received any written communication that alleges that it is or was not in compliance with all applicable Environmental Laws in effect on the date hereof; (c) there are no circumstances that may prevent or interfere with compliance in the future with any applicable Environmental Laws; (d) all Permits and other governmental authorizations currently held by C-CUBED pursuant to the Environmental Laws are in full force and effect, C-CUBED is in compliance with all of the terms of such Permits and authorizations, and no other Permits or authorizations are required by C-CUBED for the conduct of its business on the date hereof; (e) such Permits will not be terminated or impaired or become terminable, in whole or in part, solely as a result of the transactions contemplated hereby; and (f) the management, handling, storage, transportation, treatment, and disposal by C-CUBED of all Materials of Environmental Concern is and has been in compliance with all applicable Environmental Laws.

3.13.2 **Environmental Claims** . Except as set forth on Schedule 3.13.2 hereto, there is no Environmental Claim pending or, to the Knowledge of C-CUBED, threatened, against or involving C-CUBED or against any Person whose liability for any Environmental Claim C-CUBED has or may have retained or assumed either contractually or by operation of law.

3.13.3 **No Basis for Claims** . Except as set forth on Schedule 3.13.3 hereto, there are no past or present actions or activities by C-CUBED, or any circumstances, conditions, events or incidents, including the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern, whether or not by C-CUBED, that could reasonably form the basis of any Environmental Claim against C-CUBED or against any Person whose liability for any Environmental Claim C-CUBED may have retained or assumed either contractually or by operation of law, including, without limitation, the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern or any other contamination or other hazardous condition, related to the premises at any time occupied by C-CUBED. Without limiting the generality of the foregoing, except as set forth on Schedule 3.13.3 hereto, C-CUBED has not received any notices, demands, requests for information, investigations pertaining to compliance with or liability under Environmental Law or Materials of Environmental Concern, nor, to the Knowledge of C-CUBED, are any such notices, demands, requests for information or investigations threatened.

3.13.4 **Disclosure of Information** . C-CUBED has made, and during the period between the date of this Agreement and the Closing Date will continue to make, available to Parent and Federal all environmental investigations, studies, audits, tests, reviews and other analyses conducted in relation to Environmental Laws or Materials of Environmental Concern that are in the possession, custody, or control of C-CUBED and pertain to C-CUBED or any property or facility now or previously owned, leased or operated by C-CUBED.

3.13.5 **Liens** . No lien imposed relating to or in connection with any Environmental Claim, Environmental Law, or Materials of Environmental concern has been filed or has been attached to any of the property or assets which are owned, leased or operated by C-CUBED.

3.14 **No Broker's or Finder's Fees** . Except as provided for in Section 2.2.2, C-CUBED has neither paid nor become obligated to pay any fee or commission to any broker, finder, financial advisor or intermediary in connection with the transactions contemplated by this Agreement.

3.15 **Assets Other Than Real Property** .

3.15.1 **Title** . C-CUBED has good and marketable title to all of the tangible assets shown on the C-CUBED Balance Sheet, and such title is in each case free and clear of any mortgage, pledge, lien, security interest, lease or other encumbrance (collectively, " *Encumbrances* "), except for (a) assets disposed of since the date of the C-CUBED Balance Sheet in the ordinary course of business and in a manner consistent with past practices, (b) liabilities, obligations and Encumbrances reflected in the C-CUBED Balance Sheet or otherwise in the C-CUBED Financial Statements, (c) Permitted Encumbrances, and (d) liabilities, obligations and Encumbrances set forth on Schedule 3.15.1 hereto. Each of C-CUBED's tangible assets that has a present value of $5,000 or more or that is otherwise material to C-CUBED's business is listed on Schedule 3.15.1 .

3.15.2 **Accounts Receivable** . Except as set forth on Schedule 3.15.2 , all receivables shown on the Final Closing Balance Sheet are good, valid and existing accounts and all represent an undisputed, *bona fide* sale and delivery of goods or services. The C-CUBED receivables have been collected or are collectible in all material respects in the aggregate amount shown.

3.15.3 **Condition** . All material facilities, equipment and personal property owned by C-CUBED and used in its business are in good operating condition and repair, ordinary wear and tear excepted, and all such wear and tear taken in the aggregate is not material to C-CUBED and does not affect C-CUBED's business or its obligations to perform under this Agreement.

3.16 **Real Property** .

3.16.1 **C-CUBED Real Property** . C-CUBED neither owns nor has owned any real property.

3.16.2 **C-CUBED Leases.** Schedule 3.16.2 hereto lists all C-CUBED Leases. Complete copies of the C-CUBED Leases, and all material amendments thereto (which are identified on Schedule 3.16.2), have been made available by C-CUBED to Parent. The C-CUBED Leases grant leasehold estates free and clear of all Encumbrances (except Permitted Encumbrances) and no Encumbrances (except permitted Encumbrances) have been granted by or caused by the actions of C-CUBED. The C-CUBED Leases are in full force and effect and are binding and enforceable against each of the parties thereto in accordance with their respective terms subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Except as set forth on Schedule 3.16.2 , neither C-CUBED nor, to the Knowledge of C-CUBED, any other party to an C-CUBED Lease, has committed a material

breach or default under any C-CUBED Lease, nor has there occurred any event that with the passage of time or the giving of notice or both would constitute such a breach or default, nor, to the Knowledge of C-CUBED, are there any facts or circumstances that would reasonably indicate that C-CUBED is likely to be in material breach or default under any C-CUBED Lease. Schedule 3.16.2 correctly identifies each C-CUBED Lease the provisions of which would be materially and adversely affected by the transactions contemplated hereby and each C-CUBED Lease that requires the consent of any third party in connection with the transactions contemplated hereby. No material construction, alteration or other leasehold improvement work with respect to the real property covered by any C-CUBED Lease remains to be paid for or to be performed by C-CUBED. Except as set forth on Schedule 3.16.2 , no C-CUBED Lease has an unexpired term which including any renewal or extensions of such term provided for in such C-CUBED Lease could exceed ten years.

3.16.3 Condition. All buildings, structures, leasehold improvements and fixtures, or parts thereof, used by C-CUBED in the conduct of its business are in good operating condition and repair, ordinary wear and tear excepted.

3.17 **Agreements, Contracts and Commitments** .

3.17.1 **C-CUBED Agreements** . Except as set forth on Schedule 3.17.1 hereto or any other Schedule hereto, C-CUBED is not a party to:

(a) any bonus, deferred compensation, pension, severance, profit-sharing, stock option, employee stock purchase or retirement plan, contract or arrangement or other employee benefit plan or arrangement;

(b) any employment agreement with any present employee, officer, director or consultant (or former employees, officers, directors and consultants to the extent there remain at the date hereof obligations to be performed by C-CUBED);

(c) any agreement for personal services or employment with a term of service or employment specified in the agreement or any agreement for personal services;

(d) any agreement of guarantee or indemnification in an amount that is material to C-CUBED taken as a whole;

(e) any agreement or commitment containing a covenant limiting or purporting to limit the freedom of C-CUBED to compete with any Person in any geographic area or to engage in any line of business;

(f) any lease other than the C-CUBED Leases under which C-CUBED is lessee;

(g) any joint venture or profit-sharing agreement (other than with employees);

(h) except for trade indebtedness incurred in the ordinary course of business and equipment leases entered into in the ordinary course of business, any loan or credit agreements providing for the extension of credit to C-CUBED or any instrument evidencing or

related in any way to indebtedness incurred in the acquisition of companies or other entities or indebtedness for borrowed money by way of direct loan, sale of debt securities, purchase money obligation, conditional sale, guarantee, or otherwise that individually is in the amount of $25,000 or more;

(i) any license agreement, either as licensor or licensee, involving payments (including past payments) of $25,000 in the aggregate or more, or any distributor, dealer, reseller, franchise, manufacturer's representative, or sales agency or any other similar material contract or commitment;

(j) any agreement granting exclusive rights to, or providing for the sale of, all or any portion of the C-CUBED Proprietary Rights;

(k) any agreement or arrangement providing for the payment of any commission based on sales other than to employees of C-CUBED;

(l) any agreement for the sale by C-CUBED of materials, products, services or supplies that involves future payments to C-CUBED of more than $25,000;

(m) any agreement for the purchase by C-CUBED of any materials, equipment, services, or supplies, that either (i) involves a binding commitment by C-CUBED to make future payments in excess of $25,000 and cannot be terminated by it without penalty upon less than three months' notice or (ii) was not entered into in the ordinary course of business;

(n) any agreement or arrangement with any third party for such third party to develop any intellectual property or other asset expected to be used or currently used or useful in the business of C-CUBED;

(o) any agreement or commitment for the acquisition, construction or sale of fixed assets owned or to be owned by C-CUBED that involves future payments by C-CUBED of more than $25,000;

(p) any agreement or commitment to which present or former directors, officers or Affiliates of C-CUBED, or directors or officers of any Affiliate of any of the foregoing, are also parties;

(q) any agreement not described above (ignoring, solely for this purpose, any dollar amount thresholds in those descriptions) involving the payment or receipt by C-CUBED of more than $25,000, other than the C-CUBED Leases;

(r) any agreement not described above that was not made in the ordinary course of business and that is material to the financial condition, business, operations, assets, results of operations or prospects of C-CUBED; or

(s) any agreement that provides for any continuing or future obligation of C-CUBED, actual or contingent, including but not limited to any continuing representation or warranty or any indemnification obligation, that arose in connection with the disposition of any business or assets of C-CUBED.

3.17.2 **Validity** . Except as set forth on Schedule 3.17.2 , all contracts, leases, instruments, licenses and other agreements required to be set forth on Schedule 3.17.1 are valid and in full force and effect; neither C-CUBED nor, to the Knowledge of C-CUBED, any other party thereto, has breached any provision of, or defaulted under the terms of any such contract, lease, instrument, license or other agreement, except for any breaches or defaults that, in the aggregate, would not be expected to have an C-CUBED Material Adverse Effect or have been cured or waived; and C-CUBED has not received any "notice to cure" or a similar notice from any Governmental Entity requesting performance under any contract, instrument or other agreement between C-CUBED and such Governmental Entity.

3.17.3 **Third-Party Consents** . Schedule 3.17.3 identifies each contract and other document set forth on Schedule 3.17.1 that requires the consent of a third party in connection with the transactions contemplated hereby.

3.18 **Intellectual Property** .

3.18.1 **No Conflicts.** Except as set forth on Schedule 3.18.1 hereto, C-CUBED owns, or has perpetual, fully paid, worldwide rights to use, all patents, trademarks, trade names, service marks, copyrights, and any applications therefor, maskworks, net lists, schematics, technology, know-how, computer software programs or applications (in both source code and object code form), and tangible or intangible proprietary information or material (excluding Commercial Software) that are used in the business of C-CUBED as currently conducted (the " *C-CUBED Proprietary Rights* "). Except as set forth on Schedule 3.18.1 , C-CUBED is the sole and exclusive owner or licensee of, with all right, title and interest in and to (free and clear of any and all liens, claims and encumbrances), all rights included among the C-CUBED Proprietary Rights, and C-CUBED has sole and exclusive rights (and is not contractually obligated to pay any compensation to any third party in respect thereof) to the use thereof or the material covered thereby in connection with the services or products in respect of which C-CUBED Proprietary Rights are being used or might reasonably be used. No claims with respect to C-CUBED Proprietary Rights have been asserted or, to the Knowledge of C-CUBED, are threatened by any Person nor are there any valid grounds for any bona fide claims (a) to the effect that the manufacture, sale, licensing or use of any of the products of C-CUBED as now manufactured, sold or licensed or used or proposed for manufacture, use, sale or licensing by C-CUBED infringes on any copyright, patent, trademark, service mark, trade secret or other proprietary right, (b) against the use by C-CUBED of any trademarks, service marks, trade names, trade secrets, copyrights, patents, technology, know-how or computer software programs and applications used in C-CUBED's business as currently conducted or as proposed to be conducted, or (c) challenging the ownership by C-CUBED, or the validity or effectiveness, of any of C-CUBED Proprietary Rights. All material registered trademarks, service marks and copyrights held by C-CUBED are valid and subsisting in the jurisdictions in which they have been filed. There is no material unauthorized use, infringement or misappropriation of any of C-CUBED Proprietary Rights by any third party, including any employee or former employee of C-CUBED. No C-CUBED Proprietary Right or product of C-CUBED is subject to any outstanding decree, order, judgment, or stipulation restricting in any manner the use, licensing or transfer thereof by C-CUBED. Except as set forth in Schedule 3.18.1 , C-CUBED has not entered into any agreement under which C-CUBED is restricted from selling, licensing or otherwise distributing any of its products to any class of customers, in any

geographic area, during any period of time or in any segment of the market. C-CUBED's products, packaging and documentation contain copyright notices sufficient to maintain copyright protection on the copyrighted portions of the C-CUBED Proprietary Rights. C-CUBED is not in violation of any license, sublicense or agreement described on Schedule 3.18.2 , except such violations as do not materially impair C-CUBED's rights under such license, sublicense or agreement. Except as disclosed in this Article 3, the execution and delivery of this Agreement by C-CUBED, and the consummation of the transactions contemplated hereby, will neither cause C-CUBED to be in violation or default under any such license, sublicense or agreement, nor entitle any other party to any such license, sublicense or agreement to terminate or modify such license, sublicense or agreement. The Commercial Software used in the business of C-CUBED in each case has been acquired and used by C-CUBED on the basis of and in accordance with a valid license from the manufacturer or the dealer authorized to distribute such Commercial Software, free and clear of any claims or rights of any third parties. C-CUBED is not in breach of any of the terms and conditions of any such license and C-CUBED has not been infringing upon any rights of any third parties in connection with its acquisition or use of the Commercial Software.

3.18.2 **Proprietary Rights; Licenses** . Set forth on Schedule 3.18.2 is a complete list of all patents, trademarks, registered copyrights, trade names and service marks, and any applications therefor, included in C-CUBED Proprietary Rights, specifying, where applicable, the jurisdictions in which each such C-CUBED Proprietary Right has been issued or registered or in which an application for such issuance and registration has been filed, including the respective registration or application numbers and the names of all registered owners. Except as set forth on Schedule 3.18.2 , no software product currently marketed by C-CUBED has been registered for copyright protection with the United States Copyright Office or any foreign offices nor has C-CUBED been requested to make any such registration. Set forth on Schedule 3.18.2 is a complete list of all domain names, Secure Socket Layer (SSL) certificates and other World Wide Web certificates owned by C-CUBED, which list includes all domain names used by C-CUBED in its business and respective registrars. Set forth on Schedule 3.18.2 is a complete list of all material licenses, sublicenses and other agreements as to which C-CUBED is a party and pursuant to which C-CUBED or any other Person is authorized to use any C-CUBED Proprietary Right or trade secrets material to the business of C-CUBED; such schedule includes the identity of all parties to such licenses, sublicenses and other agreements, a description of the nature and subject matter thereof, the applicable royalty and the term thereof. A complete list of the Commercial Software used in the business of C-CUBED is set forth on Schedule 3.18.2 .

3.18.3 **Employee Agreements** . Except as set forth on Schedule 3.18.3 , no employee, officer and consultant of C-CUBED has executed a C-CUBED Corporation Acknowledgment of Duties and Responsibilities Relating to Ideas and Inventions and a C-CUBED Corporation Confidentiality Agreement in substantially the form attached hereto as Exhibit 3.18.3 . To the Knowledge of C-CUBED no employee, officer or consultant of C-CUBED is in violation of any term of any employment or consulting contract, proprietary information and inventions agreement, non-competition agreement, or any other contract or agreement relating to the relationship of any such employee, officer or consultant with C-CUBED or any previous employer.

3.19 **Insurance Contracts** . Schedule 3.19 hereto lists all contracts of insurance and indemnity in force at the date hereof with respect to C-CUBED. Such contracts of insurance and indemnity and those shown in other Schedules to this Agreement (collectively, the " *C-CUBED Insurance Contracts* ") insure against such risks, and are in such amounts, as are appropriate and reasonable considering C-CUBED's property, business and operations. All of the C-CUBED Insurance Contracts are in full force and effect, with no default thereunder by C-CUBED which could permit the insurer to deny payment of claims thereunder. All premiums due and payable thereon have been paid and C-CUBED has not received notice from any of its insurance carriers that any insurance premiums will be materially increased in the future or that any insurance coverage provided under any of the C-CUBED Insurance Contracts will not be available in the future on substantially the same terms as now in effect. C-CUBED has not received or given a notice of cancellation with respect to any of the C-CUBED Insurance Contracts.

3.20 **Banking Relationships** . Schedule 3.20 hereto shows the names and locations of all banks and trust companies in which C-CUBED has accounts, lines of credit or safety deposit boxes and, with respect to each account, line of credit or safety deposit box, the names of all Persons authorized to draw thereon or to have access thereto, as well as the account or other numbers of designation thereof.

3.21 **No Contingent Liabilities** . Except as set forth on Schedule 3.21 , C-CUBED has no contingent or conditional liabilities or obligations of any kind arising from or relating to any acquisition of a Subsidiary or line of business.

3.22 **Absence of Certain Relationships** . Except as set forth on Schedule 3.22 , none of (a) C-CUBED, (b) any executive officer of C-CUBED, (c) any Stockholder, or (d) any member of the immediate family of the Persons listed in (a) through (c) of this sentence, has any financial or employment interest in any subcontractor, supplier, or customer of C-CUBED (other than holdings in publicly held companies of less than one percent (1%) of the outstanding capital stock of any such publicly held company). C-CUBED has described in Schedule 3.17.1 each and every agreement currently in effect between: (a) C-CUBED and/or its Subsidiaries and (b) Del Rey Systems & Technology Inc.

3.23 **Foreign Corrupt Practices** . Neither C-CUBED, nor any Affiliate of C-CUBED, nor any other Person associated with or acting for or on behalf of the any of the foregoing, has directly or indirectly taken any action which would cause C-CUBED to be in violation of the United States Foreign Corrupt Practices Act of 1977, as amended, or any rules and regulations thereunder. To the Knowledge of C-CUBED neither C-CUBED, nor any Affiliate of C-CUBED, nor any other Person associated with or acting for or on behalf of any of the foregoing, has directly or indirectly (a) made any contribution, gift, bribe, rebate, payoff, influence payment, kick-back, or other payment to any Person, private or public, regardless of form, whether in money, property or services (i) to obtain favorable treatment in securing business, (ii) to pay for favorable treatment for business secured, (iii) to obtain special concessions or for special concessions already obtained, for or in respect of C-CUBED or any Affiliate of C-CUBED, or (iv) in violation of any law or regulation, or (b) established or maintained any fund or asset that has not been recorded in the books and records of C-CUBED.

Article 4
REPRESENTATIONS AND WARRANTIES OF PARENT AND FEDERAL

Parent and Federal, jointly and severally, represent and warrant to C-CUBED as follows:

4.1 **Corporate Status of Parent and Federal** . Each of Parent and Federal is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted.

4.2 **Authority for Agreement; Noncontravention** .

4.2.1 **Authority of Parent** . Each of Parent and Federal has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the boards of directors of Parent and Federal and no other corporate proceedings on the part of Parent or Federal are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement and the other agreements contemplated hereby to be signed by Parent or Federal have been duly executed and delivered by Parent and/or Federal, as the case may be, and constitute valid and binding obligations of Parent and/or Federal, as the case may be, enforceable against Parent and/or Federal in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby are subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law).

4.2.2 **No Conflict** . Neither the execution and delivery of this Agreement by Parent or Federal, nor the performance by Parent or Federal of its obligations hereunder, nor the consummation by Parent or Federal of the transactions contemplated hereby will (a) conflict with or result in a violation of any provision of the Certificate of Incorporation or by-laws of either Parent or Federal, or (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any lien, charge or encumbrance pursuant to, or right of termination under, any provision of any note, mortgage, indenture, lease, instrument or other agreement, Permit, concession, grant, franchise, license, judgment, order, decree, statute, ordinance, rule or regulation to which Parent, Federal or any of Parent's other Subsidiaries is a party or by which any of them or any of their assets or properties is bound or which is applicable to any of them or any of their assets or properties. No authorization, consent or approval of, or filing with or notice to, any Governmental Entity is necessary for the execution and delivery of this Agreement by Parent or Federal or the consummation by Parent or Federal of the transactions contemplated hereby, except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would not have a Parent Material Adverse Effect.

4.3 **SEC Statements, Reports and Documents** . Parent has filed all required forms, reports, statements and documents with the SEC since July 1, 2000. The documents so filed by

Parent and available in the public records of the SEC include (a) its Annual Reports on Form 10-K for its fiscal years ended June 30, 2001 and June 30, 2002, respectively, (b) its Quarterly Reports on Forms 10-Q for its fiscal quarters ended September 30, 2002, December 31, 2002 and March 31, 2003, (c) all other forms, reports, statements and documents filed or required to be filed by it with the SEC since July 1, 2000, and (d) all amendments and supplements to all such reports and registration statements filed by Parent with the SEC (the documents referred to in clauses (a), (b), (c) and (d) being hereinafter referred to as the " *Parent Reports* "). The consolidated balance sheet of Parent and its subsidiaries at March 31, 2003, including the notes thereto, is hereinafter referred to as the " *Parent Balance Sheet* ." Parent shall continue to cause all required forms, reports, statements and documents to be filed with the SEC and to cause such filings to be true and complete in all material respects, to and through the Closing.

4.4 **Absence of Material Adverse Changes** . Since the date of the Parent Balance Sheet, Parent has not suffered any Parent Material Adverse Effect, nor has there occurred or arisen any event, condition or state of facts of any character that would result in a Parent Material Adverse Effect.

4.5 **Litigation** . There are no lawsuits, actions, claims or administrative proceedings pending or, to the knowledge of Parent or Federal, threatened, against Parent or Federal or its subsidiaries that would have a Parent Material Adverse Effect.

4.6 **No Misrepresentations** . The representations, warranties and statements made by Parent or Federal in or pursuant to this Agreement are true, complete and correct in all material respects. None of such representations, warranties or statements contains any untrue statement of a material fact or omits to state any material fact necessary to make any such representation, warranty or statement, under the circumstances in which it is made, not misleading.

4.7 **Investment Representations** . Federal, who will acquire the Shares, (a) is an "accredited investor" as defined under the Securities Act, (b) is acquiring the Shares for its account without a view to any distribution thereof in violation of the Securities Act or any applicable state securities law, (c) is experienced in evaluating and making investments of this type, and has had access to, and has received, all the information that it reasonably has required to evaluate this investment, including, but not limited to, all C-CUBED corporate and financial records, and access to the management of C-CUBED and the opportunity to ask questions and to receive answers to such questions, and (d) is financially able to bear the risks associated with the investment in the Shares being acquired hereby.

4.8 **Financing Arrangements** . Parent and Federal have funds available to it sufficient to consummate the Transaction in accordance with the terms of this Agreement.

Article 5
C ONDUCT P RIOR T O T HE C LOSING D ATE

5.1 **Conduct of Business of C-CUBED** . Except as set forth on Schedule 5.1 hereto, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, C-CUBED shall, except to the extent that

Parent shall otherwise consent in writing (such consent not to be unreasonably withheld), (a) carry on its business in the usual, regular and ordinary course in substantially the same manner as heretofore conducted, pay its debts and taxes when due subject to good faith disputes over such debts or taxes, pay or perform other material obligations when due, except when subject to good faith disputes over such obligations, and use all commercially reasonable efforts consistent with past practices and policies to preserve intact its present business organizations, keep available the services of its present officers and employees and preserve its relationships with customers, suppliers and others having business relationships with it, to the end that C-CUBED's goodwill and ongoing business shall be unimpaired at the Closing Date, and (b) promptly notify Parent of any event or occurrence which will have or could reasonably be expected to have an C-CUBED Material Adverse Effect. In addition, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, C-CUBED and its Subsidiaries shall not, except as set forth on Schedule 5.1 hereto or to the extent that Parent shall otherwise consent in writing (such consent not to be unreasonably withheld):

(a) amend its charter documents or by-laws;

(b) declare or pay any dividends or distributions on its outstanding shares of capital stock or purchase, redeem or otherwise acquire for consideration any shares of its capital stock or other securities except in accordance with agreements existing as of the date hereof;

(c) issue or sell any shares of its capital stock, effect any stock split or otherwise change its capitalization as it exists on the date hereof, or issue, grant, or sell any options, stock appreciation or purchase rights, warrants, conversion rights or other rights, securities or commitments obligating it to issue or sell any shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock;

(d) borrow or agree to borrow any funds or voluntarily incur, or assume or become subject to, whether directly or by way of guaranty or otherwise, any obligation or Liability, except obligations incurred in the ordinary course of business consistent with past practices;

(e) pay, discharge or satisfy any claim, obligation or Liability in excess of $25,000 (in any one case) or $50,000 (in the aggregate), other than the payment, discharge or satisfaction in the ordinary course of business of obligations reflected on or reserved against in the C-CUBED Balance Sheet, or incurred since the date of the C-CUBED Balance Sheet in the ordinary course of business consistent with past practices;

(f) except as required by applicable law, adopt or amend in any material respect, any agreement or plan (including severance arrangements) for the benefit of its employees;

(g) sell, mortgage, pledge or otherwise encumber or dispose of any of its assets which are material, individually or in the aggregate, to the business of C-CUBED, except in the ordinary course of business consistent with past practices;

(h) acquire by merging or consolidating with, or by purchasing any equity or partnership interest in or a material portion of the assets of, any business or any corporation, partnership, association or other business organization or division thereof, or otherwise acquire any assets which are material, individually or in the aggregate, to the business of C-CUBED, except in the ordinary course of business consistent with past practices;

(i) increase the following amounts payable or to become payable: (i) the salary of any of its directors or officers, other than increases in the ordinary course of business consistent with past practices and not exceeding, in any case, five percent (5%) of the director's or officer's salary on the date hereof, (ii) any other compensation of its directors or officers, including any increase in benefits under any bonus, insurance, pension or other benefit plan made for or with any of those persons, other than increases that are provided in the ordinary course of business consistent with past practices to broad categories of employees and do not discriminate in favor of the aforementioned persons, and (iii) the compensation of any of its other employees, consultants or agents except in the ordinary course of business consistent with past practices;

(j) dispose of, permit to lapse, or otherwise fail to preserve its rights to use the C-CUBED Proprietary Rights or enter into any settlement regarding the breach or infringement of, all or any part of the C-CUBED Proprietary Rights, or modify any existing rights with respect thereto, other than in the ordinary course of business consistent with past practices, and other than any such disposal, lapse, failure, settlement or modification that does not have and could not reasonably be expected to have an C-CUBED Material Adverse Effect;

(k) sell, or grant any right to exclusive use of, all or any part of the C-CUBED Proprietary Rights;

(l) enter into any contract or commitment or take any other action that is not in the ordinary course of its business or could reasonably be expected to have an adverse impact on the transactions contemplated hereunder or that would have or could reasonably be expected to have an C-CUBED Material Adverse Effect;

(m) amend in any material respect any agreement to which it is a party, the amendment of which will have or could reasonably be expected to have an C-CUBED Material Adverse Effect;

(n) waive, release, transfer or permit to lapse any claim or right (i) that has a value, or involves payment or receipt by it, of more than $25,000 or (ii) the waiver, release, transfer or lapse of which would have or could reasonably be expected to have an C-CUBED Material Adverse Effect;

(o) take any action that would materially decrease C-CUBED's Net Worth;

(p) make any change in any method of accounting or accounting practice other than changes required to be made in order that C-CUBED's financial statements comply with GAAP; or

(q) agree, whether in writing or otherwise, to take any action described in this Section 5.1.

5.2 **Conduct of Business of Parent** . Between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, Parent and Federal shall not, except to the extent that C-CUBED shall otherwise consent in writing (such consent not to be unreasonably withheld), contact any C-CUBED employees or customers or take any action that would materially impair Federal's ability to pay the aggregate Purchase Price or otherwise to perform its obligations under this Agreement. Further, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, Parent and Federal shall, except to the extent that C-CUBED shall otherwise consent in writing (such consent not to be unreasonably withheld) promptly notify C-CUBED and the Stockholders' Representative of any event or occurrence which will have or could reasonably be expected to have an adverse effect on the ability of Federal and Parent to pay the aggregate Purchase Price and otherwise to perform their respective obligations hereunder.

Article 6
A DDITIONAL A GREEMENTS

6.1 **Exclusivity** . From and after the date of this Agreement until the earliest of (a) the Closing Date, (b) Parent's notification of C-CUBED of Parent's decision not to complete the Transaction or (c) the termination of this Agreement in accordance with Article 9 hereof, but in any event during the ninety (90) days following the date of the Letter of Intent, neither C-CUBED nor any Stockholder will, directly or indirectly, through their respective affiliates, agents, officers and directors, directly or indirectly, solicit, initiate, or participate in discussions or negotiations or otherwise cooperate in any way with, or provide any information to, any corporation, partnership, person, or other entity or group concerning any tender offer, exchange offer, merger, business combination, sale of substantial assets, sale of shares of capital stock, or similar transaction involving C-CUBED (all such transactions being referred therein as " *Acquisition Proposals* ").

6.2 **Expenses** .

6.2.1 **General** . Except as provided in this Section 6.2, each party hereto shall be responsible for its own costs and expenses in connection with the Transaction, including fees and disbursements of consultants, brokers, finders, investment bankers and other financial advisors, counsel and accountants (" *Expenses* ").

6.2.2 **Broker Fees** . At the Closing, Federal shall pay approximately $900,000 (Nine Hundred Thousand Dollars) plus outstanding expenses to Broker, which amount shall be deducted from the Direct Payment due to the Stockholders at the Closing. An additional payment will be made pursuant to Section 2.2.4(a).

6.2.3 **Attorney Fees** . At the Closing, Federal shall pay to C-CUBED's Counsel an amount to be confirmed by C-CUBED at Closing, which amount shall be deducted from the Direct Payment due the Stockholders at the Closing.

6.2.4 **Accountant Fees** . At the Closing, Federal shall pay $11,050 (Eleven Thousand Fifty Dollars) to C-CUBED's Accountant, which amount shall be deducted from the Direct Payment due the Stockholders at the Closing.

6.2.5 **Uncovered Expenses** . Except with respect to those expenses described in 6.2.2 to 6.2.3, C-CUBED and the Stockholders shall ensure that either: (a) any Expenses incurred by C-CUBED or the Stockholders are paid at or before the Closing from the aggregate Purchase Price so that such Expenses do not continue to be or do not become the liability of C-CUBED after the Closing or (b) provision is made for any such Expenses on C-CUBED's books for payment after the Closing (it being understood that in such event the Net Worth on the Closing Balance Sheet shall be reduced by any such Expenses).

6.3 **Indemnification** . Subject to the terms of this Section 6.3, from and after the Closing Date, Parent, Federal, C-CUBED, each of their respective Subsidiaries and Affiliates and their respective directors, officers, employees, Affiliates, representatives, successor and assigns (collectively " *Parent Indemnified Parties* ") shall be entitled to payment and reimbursement from the Stockholders and their respective successors (the " *Parent Indemnifying Parties* "), jointly and severally, of the amount of any Loss suffered, incurred or paid by any Parent Indemnified Party (subject to subsection 6.3.3), by reason of, in whole or in part, any misrepresentation or inaccuracy in, or breach of, any representation or warranty made by C-CUBED or any Stockholder in this Agreement or any Exhibits or Schedules hereto or the certificates delivered pursuant to this Agreement. Subject to the terms of this Section 6.3, from and after the Closing Date, the Stockholders and each of their respective successors (collectively the " *Stockholder Indemnified Parties* ") shall be entitled to payment and reimbursement from Parent, Federal and C-CUBED (the " *Stockholder Indemnifying Parties* ") of the amount of Loss suffered, incurred or paid by any Stockholder Indemnified Party by reason of any breach of any representation or warranty made by Parent or Federal in this Agreement, the breach or nonperformance of any covenant or obligation to be performed by Parent or Federal hereunder (or C-CUBED hereunder after the Closing Date) or under any agreement executed in connection herewith, or any matter arising out of the business of C-CUBED after the Closing. For the purpose of determining the magnitude of a Loss suffered, incurred or paid, each representation and warranty herein shall read as if all qualifications as to materiality and knowledge have been deleted therefrom, it being understood, however, that such qualifications are to be considered in determining whether a representation or warranty has been breached.

6.3.1 **Claims for Indemnification** . Upon obtaining knowledge of any facts, claim or demand which has given rise to, or could reasonably give rise to, a claim for indemnification hereunder (referred to herein as an " *Indemnification Claim* "), the party seeking indemnification hereunder, the Parent Indemnified Party or the Stockholder Indemnified Party, as the case may be (the " *Indemnified Party* "), shall promptly give written notice of such facts, claim or demand (" *Notice of Claim* ") to the party from whom indemnification is sought, the Parent Indemnifying Party or the Stockholder Indemnifying Party, as the case may be (the " *Indemnifying Party* "). So long as the Notice of Claim is given by the Indemnified Party in the

Claims Period specified in Section 6.3.4, no failure or delay by the Indemnified Party in the giving of a Notice of Claim shall reduce or otherwise affect the Indemnified Party's right to indemnification except to the extent that the Indemnifying Party has been prejudiced thereby.

6.3.2 **Defense by Indemnifying Party** . In the event of a claim or demand asserted by a third party (a " *Third Party Claim* "), the Indemnifying Party shall have the right, but not the obligation, exercisable by written notice to the Indemnified Party within 10 days of the date of the Notice of Claim concerning the commencement or assertion of any Third Party Claim, to participate in the defense of such Third Party Claim. If the Indemnifying Party gives such notice of intent to defend, the Indemnifying Party shall assume the defense thereof as follows: (a) the Indemnifying Party will defend the Indemnified Party against the matter with counsel compensated by and chosen by the Indemnifying Party, which choice of counsel shall be subject to the reasonable satisfaction of the Indemnified Party; (b) the Indemnified Party may retain separate co-counsel at the sole cost and expense of Indemnified Party; (c) the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the written consent of the Indemnifying Party; and (d) the Indemnifying Party will not consent to the entry of any judgment with respect to the matter, or enter into any settlement that does not include a provision whereby the plaintiff or claimant in the matter releases the Indemnified Party from all liability with respect thereto, without the written consent of the Indemnified Party. If, however, (y) no Indemnifying Party notifies the Indemnified Party within 10 days after the Indemnified Party has given notice of the matter, that the Indemnifying Party is assuming the defense thereof, or (z) the maximum liability under such Third Party Claim is greater than the available indemnification amount for the Indemnifying Party (after taking into account the amount of all other claims for which the Indemnifying Party may be or may be claimed to be liable and any limitations contained in Section 6.3.3 hereof), then the Indemnified Party shall defend against, or enter into any settlement with respect to the matter. The Indemnified Party shall not settle such Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld or delayed.

6.3.3 **Limitation on Liability for Indemnity** .

(a) The Parent Indemnified Parties shall not be entitled to indemnification pursuant to this Section 6.3 until the aggregate amount of all Losses suffered by the Parent Indemnified Parties exceed $100,000 (One Hundred Thousand Dollars) (the " *Parent Indemnity Deductible* ") whereupon the Parent Indemnified Parties shall be entitled to indemnification hereunder for the aggregate amount of all of such Losses in excess of the Parent Indemnity Deductible. The Parent Indemnity Deductible shall be determined without regard to any materiality qualification contained in any representation or warranty.

(b) The Stockholder Indemnified Parties shall not be entitled to indemnification pursuant to this Section 6.3 until the aggregate amount of all Losses, suffered by the Stockholder Indemnified Parties exceeds $100,000 (One Hundred Thousand Dollars) (the " *Stockholder Indemnity Deductible* ") whereupon the Stockholder Indemnified Parties shall be entitled to indemnification hereunder for the aggregate amount of all of such Losses in excess of the Stockholder Indemnity Deductible. The Stockholder Indemnity Deductible shall be determined without regard to any materiality qualification contained in any representation or warranty.

(c) For each indemnification claim made by the Parent Indemnified Parties against the Stockholder Indemnifying Parties under this Section 6.3, the amount of the indemnification claim made against the ESOP Adjustments and Claims Escrow shall be the amount of the indemnification claim multiplied by the ESOP Percentage, and the amount of the indemnification claim made against the Non-ESOP Adjustments and Claims Escrow shall be the amount of the indemnification claim multiplied by the Non-ESOP Percentage. The aggregate liability of the Stockholder Indemnifying Parties for indemnification under this Section 6.3 shall not exceed $3,500,000 (Three Million Five Hundred Thousand Dollars). The aggregate liability of the Parent Indemnifying Parties for indemnification under this Section 6.3 shall not exceed $3,500,000 (Three Million Five Hundred Thousand Dollars). On the eighteen-month anniversary of the Closing Date (or, if such day is not a business day, on the next business day), the Escrow Agent shall disburse to ESOP Stockholders' Representative and the Non-ESOP Stockholder's Representative, as paying agent, any amounts remaining in the ESOP Adjustments and Claims Escrow Fund and Non-ESOP Adjustments and Claims Escrow Fund, respectively, after any disbursements made to CACI. However, unless Federal shall have notified the Escrow Agent that the SIR Contract (as defined in Section 6.3.4 below) has been closed out by the eighteen-month anniversary then the product of $500,000 and the ESOP Percentage will remain in the ESOP Adjustments and Claims Escrow and the product of $500,000 and the Non-ESOP Percentage will remain in the Non-ESOP Adjustments and Claims Escrow for a period of time set forth in Section 6.3.4. Following the expiration of the Claims Period specified in Section 6.3.4., subject to any disbursement in relation to the NCIS investigation, the remainder of the money in the ESOP Adjustments and Claims Escrow and the Non- ESOP Adjustments and Claims Escrow shall be released by the Escrow Agent to the ESOP Stockholder's Representative and the Non-ESOP Stockholders' Representative as paying agent pursuant to their pro rata stock ownership interest. The sole recourse and exclusive remedy of the Parent Indemnified Parties against the Stockholder Indemnifying Parties after the Closing arising out of this Agreement or any certificate delivered in connection herewith or otherwise arising from the Transaction, shall be for Parent Indemnified Parties to assert a claim for indemnification against the Stockholder Indemnifying Parties under the indemnification provisions of this Agreement. The sole and exclusive source of repayment for an indemnification claim by the Parent Indemnified Parties against the Stockholder Indemnifying Parties under this Agreement shall be from the ESOP Adjustments and Claims Escrow and the Non-ESOP Adjustments and Claims Escrow, respectively.

6.3.4 **Claims Period** . Any claim for indemnification under this Section 6.3, for all matters unrelated to the NCIS investigation in connection with the Systems Integration & Research Inc., contract no. N66604-95-D-A500 (the "SIR Contract"), must be asserted by written notice on or before the date that is 18 months after the Closing Date. In the event that the SIR Contract has not been fully closed-out as of the date that is 18 months after the Closing Date, any claim for indemnification under this Section 6.3 for all matters related to the NCIS investigation in connection with the SIR Contract after Closing must be asserted by written notice on or before the earlier of: (a) the date that is 54 months after the Closing Date, and (b) the date that the SIR Contract has been fully closed-out.

6.4 **Access and Information** . C-CUBED shall afford to Parent, Federal, and to a reasonable number of their respective officers, employees, accountants, counsel and other authorized representatives full and complete access, upon reasonable advance telephone notice,

during regular business hours, throughout the period prior to the earlier of the Closing Date or the termination of this Agreement pursuant to its terms, to C-CUBED's executives, offices, properties, books and records, and C-CUBED shall use reasonable efforts to cause its representatives and independent public accountants to furnish to Parent such additional financial and operating data and other information as to its business, customers, vendors and properties as Parent may from time to time reasonably request. Notwithstanding the foregoing, all visits to any office of C-CUBED will be coordinated and conducted so as to not be disruptive to the operations of C-CUBED and to preserve the confidentiality of the transactions contemplated hereby. In connection with their due diligence investigations, Parent and Federal may employ the services of a third party to provide document management and database services. As one of the last matters of their due diligence investigations, immediately prior to Closing, Parent and Federal shall be permitted to meet with C-CUBED's significant customers

6.5 **Public Disclosure** . Except as otherwise required by law, any press release or other public disclosure of information regarding the proposed transaction (including the negotiations with respect to the Transaction and the terms and existence of this Agreement) shall be developed by Parent, subject to C-CUBED's review. C-CUBED and Parent agree that the non-disclosure obligations contained in Section 11 of the Letter of Intent shall remain in full force and effect in accordance with the terms thereof and hereof.

6.6 **Further Assurances** .

6.6.1 **Generally** . Subject to terms and conditions herein provided and to the fiduciary duties of the board of directors and officers or representatives of any party, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective this Agreement and the transactions contemplated hereby. In case at any time any further action, including, without limitation, the obtaining of waivers and consents under any agreements, material contracts or leases and the execution and delivery of any licenses or sublicenses for any software, is necessary, proper or advisable to carry out the purposes of this Agreement, the proper officers and directors or representatives of each party to this Agreement are hereby directed and authorized to use commercially reasonable efforts to effectuate all required action.

6.6.2 **Novation of Contracts** . Each party agrees to use commercially reasonable efforts to effect the novation of each contract with a Governmental Entity that may require novation under its terms or under applicable laws or regulations, and further agrees to provide all documentation necessary to effect each such novation, including, without limitation, all instruments, certifications, requests, legal opinions, audited financial statements, and other documents required by Part 42 of the Federal Acquisition Regulation to effect a novation of any contract with the Government of the United States. In particular and without limiting the generality of the foregoing, C-CUBED shall continue to communicate with responsible officers of the Government of the United States from time to time as may be appropriate and permissible, to request speedy action on any and all requests for consent to novation.

6.7 **Certain Tax Matters** .

6.7.1 **338(h)(10) Election** . C-CUBED and the Stockholders will join with Federal in making an election under Section 338(h)(10) of the Code (and any corresponding election under state, local, and foreign tax law) with respect to the purchase and sale of the Shares hereunder (a " *Section 338(h)(10) Election* "). Each Stockholder will include any income, gain, loss, deduction, or other tax item resulting from the Section 338(h)(10) Election, excluding the built-in gains tax, on his or her Tax Returns to the extent required by applicable law.

6.7.2 **Allocation of Purchase Price** . Federal, the Stockholders and C-CUBED agree that the Purchase Price and the liabilities of C-CUBED and its qualified subchapter S subsidiaries (plus other relevant items) will be allocated to the assets of C-CUBED and its qualified subchapter S subsidiaries for all purposes (including Tax and financial accounting purposes) in a manner consistent with an allocation schedule to be prepared by Parent after the Closing. Federal shall prepare such allocation schedule in accordance with Code section 1060 and the Treasury regulations thereunder, and shall permit the Stockholders' Representative an opportunity to review such allocation schedule. Federal, C-CUBED, C-CUBED Subsidiaries and the Stockholders will file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with such allocation schedule.

6.7.3 **S Corporation Status** . C-CUBED and the Stockholders will not revoke C-CUBED's election to be taxed as an S corporation within the meaning of Code sections 1361 and 1362. C-CUBED and the Stockholders will not take or allow any action other than the sale of C-CUBED's stock pursuant to this Agreement that would result in the termination of C-CUBED's status as a validly electing S corporation within the meaning of Code sections 1361 and 1362.

The parties expect that consummation of the sale of C-CUBED's stock pursuant to this Agreement will result in termination of C-CUBED's election to be taxed as an S corporation, and none of C-CUBED and the Stockholders makes any representation as to C-CUBED's tax status after the Closing. Federal will indemnify and hold the Stockholders harmless from any built-in gain tax incurred as a result of the Section 338(h)(10) Election.

6.7.4 **Tax Periods Ending on or before the Closing Date** . Federal shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for C-CUBED and its Subsidiaries for all periods ending on or prior to the Closing Date which are filed after the Closing Date. Federal shall permit the Stockholders' Representative to review and comment on each such Tax Return described in the preceding sentence prior to filing. To the extent permitted by applicable law, each Stockholder shall include any income, gain, loss, deduction or other tax items for such periods on the Stockholder's Tax Return in a manner consistent with the Schedule K-1s furnished by C-CUBED to the Stockholder for such periods and pay any resulting Tax.

6.7.5 **Cooperation on Tax Matters** .

(a) Federal, C-CUBED, C-CUBED's Subsidiaries and the Stockholders shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the

filing of Tax Returns pursuant to this Section and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. C-CUBED, its Subsidiaries, and the Stockholders agree (i) to retain all books and records with respect to Tax matters pertinent to C-CUBED and its Subsidiaries relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (and, to the extent notified by Federal or the Stockholders' Representative, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (ii) to give the other reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other so requests, C-CUBED or the Stockholders, as the case may be, shall allow the other to take possession of such books and records.

(b) Federal and the Stockholders further agree, upon request, to use their best efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(c) Federal and the Stockholders further agree, upon request, to provide the other party with all information that either party may be required to report pursuant to section 6043 of the Code and all Treasury regulations promulgated thereunder.

6.7.6 **Tax Sharing Agreements** . All tax sharing agreements or similar agreements with respect to or involving C-CUBED or any of its Subsidiaries shall be terminated as of the Closing Date and, after the Closing Date, C-CUBED and its Subsidiaries shall not be bound thereby or have any liability thereunder.

6.7.7 **Certain Taxes** . All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement, shall be paid by the Stockholders when due, and each Stockholder will, at his or her own expense, file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable law, Federal will, and will cause its affiliates to, join in the execution of any such Tax Returns and other documentation.

6.8 **Notification** . From the date hereof until the Closing Date, C-CUBED shall promptly disclose to Parent and Federal in writing any material variances from the representations and warranties contained in Article 3 promptly upon discovery thereof, in the form of "Updated Schedules" delivered to Parent and Federal. From the date hereof until the Closing Date, Parent and Federal shall promptly disclose to C-CUBED in writing any material variances from Parent and Federal representations and warranties contained in Article 4.

6.9 **Future of the ESOP** . C-CUBED's Board of Directors will, by resolution, terminate the ESOP effective as of the Closing Date. Approximately 90% of the liquid assets of the ESOP will be distributed by the ESOP to its participants promptly after the Closing Date.

The remaining liquid assets of the ESOP will be distributed promptly after receipt of a letter of determination from the Internal Revenue Service that the ESOP forms a part of a qualified plan as of its termination. Any payments that the ESOP receives from any escrow arrangement provided under this Agreement will be distributed by the ESOP to its participants promptly following the later of the receipt of such letter of determination or the receipt of such payment. The request for such letter of determination from the Internal Revenue Service shall be submitted by an attorney jointly selected by Lugar and the trustee of the ESOP no later than 30 days after the Closing. Parent, Federal and C-CUBED will take whatever actions are necessary to amend the ESOP in the manner required by the Internal Revenue Service in order to secure such a favorable letter of determination.

Article 7
C ONDITIONS P RECEDENT

7.1 **Conditions Precedent to the Obligations of Each Party** . The obligations of the parties hereto to effect the Transaction shall be subject to the fulfillment at or prior to the Closing of the following conditions, any of which conditions may be waived in writing prior to Closing by the party for whose benefit such condition is imposed:

7.1.1 **No Illegality** . There shall not have been any action taken, and no statute, rule or regulation shall have been enacted, by any state, federal or other (including foreign) government agency since the date of this Agreement that would prohibit or materially restrict the Transaction or any other material transaction contemplated hereby.

7.1.2 **Government Consents** . All filings with and notifications to, and all approvals and authorizations of, third parties (including, without limitation, Governmental Entities) required for the consummation of the Transaction and the other material transactions contemplated hereby shall have been made or obtained and all such approvals and authorizations obtained shall be effective and shall not have been suspended, revoked or stayed by action of any Governmental Entity.

7.1.3 **No Injunction** . No injunction or restraining or other order issued by a court of competent jurisdiction that prohibits or materially restricts the consummation of the Transaction contemplated hereby shall be in effect (each party agreeing to use all reasonable efforts to have any injunction or other order immediately lifted), and no action or proceeding shall have been commenced or threatened in writing seeking any injunction or restraining or other order that seeks to prohibit, restrain, invalidate or set aside consummation of the transactions contemplated hereby.

7.1.4 **Escrow Agreements** . Each of the parties thereto, together with the Escrow Agent, shall have entered into the Escrow Agreements.

7.1.5 **Paying Agent Agreement** . Each of the parties thereto shall have entered into the Non-ESOP Paying Agent Agreement.

7.2 **Conditions Precedent to Obligation of Parent and Federal to Consummate the Transaction** . The obligation of Parent and Federal to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which conditions may be waived in writing by Parent or Federal prior to Closing:

7.2.1 **Representations and Warranties** . The representations and warranties of C-CUBED contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, except for changes contemplated by this Agreement and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date), with the same force and effect as if made on and as of the Closing Date, except, in all such cases, for such breaches, inaccuracies or omissions of such representations and warranties which have neither had, nor reasonably would be expected to have, an C-CUBED Material Adverse Effect (it being understood that, for purposes of determining the accuracy of such representations and warranties, any update of or modification to the Schedules made or purported to have been made after execution of this Agreement, including the Updated Schedules, shall be disregarded); and C-CUBED and the Stockholders shall have delivered to Parent a certificate to that effect, dated the Closing Date and signed on behalf of C-CUBED by the President and Chief Financial Officer of C-CUBED as well as by the Stockholders in their respective individual capacities.

7.2.2 **Agreements and Covenants** . C-CUBED shall have performed in all material respects all of its agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date; and C-CUBED and the Stockholders shall have delivered to Parent a certificate to that effect, dated as of the Closing Date and signed on behalf of C-CUBED by the President and Chief Financial Officer of C-CUBED as well as by Stockholders in their respective individual capacities.

7.2.3 **Legal Opinion** . Parent and Federal shall have received an opinion from Jaeger & Associates, P.C., counsel to C-CUBED, in substantially the form attached hereto as Exhibit B-1 . Parent and Federal shall have received an opinion from McDermott, Will & Emery, counsel to the ESOP Stockholder, in substantially the form attached hereto as Exhibit B-2 . Parent and Federal shall have received an opinion from Eric Moe, counsel to C-CUBED, in substantially the form attached hereto as Exhibit B-3 .

7.2.4 **Closing Documents** . C-CUBED and the Stockholders shall have delivered to Parent the closing certificate described hereafter in this paragraph and such other closing documents as the Parent shall reasonably request (other than additional opinions of counsel). The closing certificate, dated as of the Closing Date, duly executed by C-CUBED's secretary, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of C-CUBED in connection herewith, (b) the resolutions adopted by the board of directors of C-CUBED authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the charter documents and by-laws of C-CUBED.

7.2.5 **Third Party Consents** . All third party consents or approvals listed in Schedule 7.2.5 hereto shall have been obtained by C-CUBED and shall be effective and shall not have been suspended, revoked, or stayed by action of any such third party.

7.2.6 **Diligence Review** . Parent and its accountants and attorneys shall have conducted prior to the date of this Agreement a diligence investigation of all matters (except employee and customer matters and certain stock ownership matters) related to the business of C-CUBED deemed relevant by Parent or its accountants and attorneys to such diligence investigation, and the results of such investigation thus far have been satisfactory to Parent in its sole discretion. After the date of this Agreement, Parent shall use commercially reasonable efforts to continue and complete its diligence investigation solely with respect to its entitlement to meet with C-CUBED's employees and significant customers, with respect to C-CUBED agreements to be scheduled under Sections 3.17.1(l), 3.17.1(m) and 3.17.1(q), and with respect to stock ownership by Charles Randall and Jack Jones, to determine if such matters are also satisfactory to Parent. As used in this Section 7.2.6 "satisfactory to Parent" shall mean the following: (a) with respect to meetings with employees and customers of C-CUBED and the stock ownership of Charles Randall and Jack Jones, satisfactory to Parent shall mean satisfactory in Parent's sole discretion; and (b) with respect to the Agreements to be scheduled under Sections 3.17.1(l), 3.17.1(m) and 3.17.1(q), satisfactory to Parent shall mean that Parent is reasonably satisfied that there is no problem with any such Agreement that would have a material adverse affect on the continued performance of that Agreement. The format of such meetings and the items of discussion at such meetings shall be agreed to by Parent, Federal and C-Cubed in advance of such meetings.

7.2.7 **Authority of the Trustee of the C-CUBED ESOP Stockholder** . C-CUBED shall have furnished to Parent and Federal evidence satisfactory to Parent and Federal in their discretion as to of the authority of the ESOP Stockholder to dispose of the Shares held by the ESOP Stockholder through the ESOP pursuant to the terms of the Transaction.

7.2.8 **Non-Compete, Non-Solicitation and Non-Disturbance Agreements** . Federal shall have entered into a non-compete, non-solicitation and non-disturbance agreement with each of Bednar, Lugar and Teague, each in the form of Exhibit C .

7.2.9 **Employment Agreements** . Not less than three business days prior to the Closing Date, Federal shall have entered into an Employment Agreement in the form of Exhibit E with each of Hogan and Mead, as well as with (a) each of William A. Bates, Walter S. Collins, Michael Quinn, Jerry W. Boykin, Carl E. Rhudy, Frank C. Magnuson, H. Jim Miller and Jay S. Smith, (b) at least 95% of C-CUBED's full-time, billable employees (as of the date of the Letter of Intent) and (c) at least 80% of C-CUBED's part-time, billable employees (as of the date of the Letter of Intent).

7.2.10 **Updated Employee List** . C-CUBED shall have delivered to Federal a list dated as of the Closing Date containing the name of each person then employed by C-CUBED and each such employee's position and annual salary.

7.2.11 **Material Adverse Effect** . Since the date of this Agreement, C-CUBED shall not have suffered an C-CUBED Material Adverse Effect, it being understood

for the purpose of this Section 7.2.11 that conditions that generally affect the industries in which C-CUBED participates or the economy of the United States as a whole (including without limitation a general loss of consumer confidence) shall neither constitute nor be taken into account in determining whether there has occurred an C-CUBED Material Adverse Effect, *provided, however* , that an adverse change in the financial or legal condition, business or prospects of C-CUBED that is specific to C-CUBED (including without limitation the actual or threatened cancellation or reduction of a program) may be taken into account in determining whether there has occurred an C-CUBED Material Adverse Effect.

7.2.12 **No Outstanding Options, Warrants, Etc.** . There shall be no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating C-CUBED to issue, sell or otherwise dispose of shares of its capital stock, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock. All options shall have been duly exercised pursuant to a Stock Option Exercise Agreement substantially in the form of Exhibit G .

7.2.13 **No Outstanding Notes** . All promissory notes issued to C-CUBED or any Subsidiary shall have been paid in full or will be paid by Federal concurrent with Closing.

7.2.14 **Intentionally Left Blank** .

7.2.15 **Individual Stock Purchase Agreements, Etc.** . Each holder of Shares that is not a party to this Agreement shall have executed and delivered to Parent an Individual Stock Purchase Agreement substantially in the form of Exhibit H.

7.2.16 **No Letters of Credit, Security Interests or Financing Statements** . Subject to Federal causing the payoff of SunTrust Bank Note and Line of Credit obligations, all letters of credit issued for the benefit of C-CUBED or any Subsidiary, all security interests in assets of C-CUBED or any Subsidiary and all financing statements evidencing any of the same shall have been terminated and no obligation of C-CUBED or any Subsidiary shall remain with respect to any of the foregoing. C-CUBED shall have provided Federal with assurances satisfactory to Federal in its sole discretion that all of the assets are free and clear of all liens except for Permitted Encumbrances.

7.2.17 **No Joint Venture** . The joint venture between C-CUBED and American Systems Corporation shall have been terminated in all respects and no obligation of C-CUBED shall remain with respect to the same.

7.2.18 **Subsidiaries** . Except as set forth on Schedule 3.3 , prior to closing CAC shall not conduct any business or have any assets, liabilities or employees.

7.2.19 **Resignations** . C-CUBED shall have delivered to Parent and Federal resignations of all members of the Boards of Directors of C-CUBED and Subsidiaries effective as of Closing.

7.3 **Conditions to Obligations of C-CUBED and the Stockholders to Consummate the Transaction** . The obligation of C-CUBED and the Stockholders to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which may be waived in writing by C-CUBED or the Stockholders' Representative prior to Closing:

7.3.1 **Representations and Warranties** . The representations and warranties of Parent and Federal contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date, except for changes contemplated by this Agreement and except for those representations and warranties which address matters only as of a particular date (which shall remain true and correct as of such date), with the same force and effect as if made on and as of the Closing Date, except in all such cases, for such breaches, inaccuracies or omissions of such representations and warranties which have neither had nor reasonably would be expected to have a Parent Material Adverse Effect; and Parent shall have delivered to C-CUBED a certificate to that effect, dated the date of the Closing and signed on behalf of Parent by the Chief Executive Officer and Chief Financial Officer of Parent.

7.3.2 **Agreements and Covenants** . Parent and Federal shall have performed in all material respects all of their agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date; and Parent shall have delivered to C-CUBED a certificate to that effect, dated as of the Closing Date and signed on behalf of Parent by the Chief Executive Officer and Chief Financial Officer of Parent.

7.3.3 **Legal Opinion** . C-CUBED shall have received an opinion from Parent in substantially the form attached hereto as Exhibit F .

7.3.4 **Closing Documents** . Parent and Federal shall have delivered to C-CUBED closing certificates of Parent and Federal and such other closing documents as C-CUBED shall reasonably request (other than additional opinions of counsel). Each of the closing certificates of Parent and Federal, dated as of the Closing Date, duly executed by the secretary of Parent and Federal, respectively, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of Parent and Federal in connection herewith, (b) the resolutions adopted by the board of directors of Parent and Federal authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the Certificate of Incorporation and By-Laws of Parent and the Certificate of Incorporation and By-Laws of Federal.

7.3.5 **Material Adverse Effect** . Since the date of this Agreement, Parent shall not have suffered a Parent Material Adverse Effect, it being understood for the purpose of this Section 7.3.5 that conditions that generally affect the industries in which Parent participates or the economy of the United States as a whole (including without limitation a correction in the public stock markets or a general loss of consumer confidence) shall neither constitute nor be taken into account in determining whether there has occurred an Parent Material Adverse Effect, *provided, however* , that an adverse change in the financial or legal condition, business or prospects of Parent that is specific to Parent (including without limitation the actual or threatened cancellation or reduction of a program) may be taken into account in determining whether there has occurred an Parent Material Adverse Effect.

7.3.6 **Payment of Purchase Price** . Parent shall have tendered the aggregate Direct Payment to the Stockholders, and to the other owners who own C-CUBED Common Stock or will own Common Stock at Closing pursuant to the exercise of their options, in accordance with the provisions of Section 2.2.2 hereof and shall have delivered the Escrow Payments to the Escrow Agent pursuant to the provisions of Section 2.2.3 hereof.

7.3.7 **ESOP Trustee** . The ESOP Trustee shall have received an opinion from its financial advisor, as of the date of Closing, that the transactions contemplated by this Agreement are fair to the ESOP from a financial point of view.

Article 8
SURVIVAL OF REPRESENTATIONS

8.1 **C-CUBED's and the Stockholders' Representations** . All representations and warranties made by C-CUBED and the Stockholders in this Agreement, or any certificate or other writing delivered by C-CUBED or any of its Affiliates pursuant hereto or in connection herewith shall survive the Closing and any investigation at any time made by or on behalf of Parent and shall terminate on the date which is 18 months after the Closing Date (except that Indemnified Party claims pending on such date continue until resolved). The covenants made by C-CUBED or the Stockholders in this Agreement or any certificate or other writing delivered by C-CUBED or any of its Affiliates pursuant hereto or in connection herewith shall survive the Closing pursuant to the terms of this Agreement and any investigation at any time made by or on behalf of Parent.

8.2 **Parent's and Federal's Representations** . All representations and warranties made by Parent and Federal in this Agreement or any certificate or other writing delivered by Parent, Federal or any of their respective Affiliates pursuant hereto or in connection herewith shall survive the Closing pursuant to the terms of this Agreement.

Article 9
OTHER PROVISIONS

9.1 **Termination Events** . This Agreement may be terminated and the Transaction abandoned at any time prior to the Closing Date, *provided* , *however* , that upon any such termination the surviving obligations of the Parties under the Letter of Intent, including the obligations of confidentiality and non-solicitation, shall continue in full force and effect in accordance with the terms of the Letter of Intent:

(a) by mutual written consent of Parent and C-CUBED;

(b) by Parent if there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of C-CUBED or any Stockholder and such breach would have a C-CUBED Material Adverse Effect and such breach has not been cured within ten business days after written notice to C-CUBED (provided, that neither Parent

nor Federal is in material breach of the terms of this Agreement, and provided further, that no cure period shall be required for a breach which by its nature cannot be cured) such that the conditions set forth in Section 7.2.1 or Section 7.2.2 hereof, as the case may be, will not be satisfied;

(c) by Parent, if C-CUBED, its board of directors or any Stockholder shall have (i) withdrawn, modified or amended in any material respect the approval of this Agreement or the transactions contemplated herein, or (ii) taken any public position inconsistent with its approval or recommendation, including, without limitation, having failed (without the consent of Parent) after a reasonable period of time to reject or disapprove any Acquisition Proposal (or after a reasonable period of time to recommend to its shareholders such rejection or disapproval);

(d) by C-CUBED, if there has been a breach of any representation, warranty, covenant or agreement contained in this Agreement on the part of Parent or Federal and such breach has not been cured within ten business days after written notice to Parent (provided, that C-CUBED is not in material breach of the terms of this Agreement, and provided further, that no cure period shall be required for a breach which by its nature cannot be cured) such that the conditions set forth in Section 7.3.1 or Section 7.3.2 hereof, as the case may be, will not be satisfied;

(e) by C-CUBED, if C-CUBED accepts an Acquisition Proposal for any reason, including pursuant to a good-faith determination by its board of directors, after consulting with counsel, that not to accept the Acquisition Proposal would constitute a breach of the directors' fiduciary duty under the law of the Commonwealth of Virginia;

(f) by C-CUBED, if Parent or Federal or their respective boards of directors shall have withdrawn, modified or amended in any material respect the approval of this Agreement or the transactions contemplated herein (*provided* , that neither C-CUBED nor any Stockholder is in material breach of the terms of this Agreement);

(g) by any party hereto if: (i) there shall be a final, non-appealable order of a federal or state court in effect preventing consummation of the Transaction; (ii) there shall be any final action taken, or any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Transaction by any Governmental Entity which would make consummation of the Transaction illegal or which would prohibit Parent's or Federal's ownership or operation of all or a material portion of the stock or assets of C-CUBED, or compel Parent or Federal to dispose of or hold separate all or a material portion of the business or assets of C-CUBED or Parent or Federal as a result of the Transaction; or

(h) by any party hereto if the Transaction shall not have been consummated by October 16, 2003, provided that the right to terminate this Agreement under this Section 9.1(h) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date.

9.2 **Notices** . All notices and other communications hereunder shall be in writing and shall be deemed given if delivered by hand sent via a reputable nationwide courier service or

mailed by registered or certified mail (return receipt requested) to the parties at the following addresses (or at such other address for a party as shall be specified by like notice) and shall be deemed given on the date on which so hand-delivered or on the third business day following the date on which so mailed or otherwise sent:

To Parent and Federal:

CACI International Inc
1100 North Glebe Road
Arlington, VA 22201
Attention: Dr. J. P. London, Chairman

with copies to:

Jeffrey P. Elefante
Executive Vice President, General Counsel and Secretary
CACI International Inc
1100 North Glebe Road
Arlington, VA 22201

and

David W. Walker
Foley Hoag LLP
155 Seaport Boulevard
Boston, MA 02210

To C-CUBED:

Before the Closing Date:

Edmund J. Bednar
President and Chief Executive Officer
C-CUBED Corporation
6800 Versar Center, Suite 300
Springfield, VA 22151

After the Closing Date:

Edmund J. Bednar
15101 Poplar Hill Road
Accokeek, MD 20607

with a copy to:

Philip W. Jaeger, Esq.
Jaeger & Associates, P.C.
1090 Vermont Avenue, NW, Suite 350
Washington, DC 20005

Luis Granados, Esq.
McDermott, Will & Emery
600 13 th Street, NW
Washington, DC 20005

To any Stockholder or either of the Stockholders' Representatives : at the addresses set forth on Schedule A .

9.3 **Entire Agreement** . Unless otherwise herein specifically provided, this Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, including the Letter of Intent. Each party hereto acknowledges that, in entering this Agreement and completing the transactions contemplated hereby, such party is not relying on any representation, warranty, covenant or agreement not expressly stated in this Agreement or in the agreements among the parties contemplated by or referred to herein.

9.4 **Assignability** . This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder, except as otherwise expressly provided herein. Neither this Agreement nor any of the rights and obligations of the parties hereunder shall be assigned or delegated, whether by operation of law or otherwise, without the written consent of all parties hereto.

9.5 **Validity** . The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect.

9.6 **Specific Performance** . The parties hereto acknowledge that damages alone may not adequately compensate a party for violation by another party of this Agreement. Accordingly, in addition to all other remedies that may be available hereunder or under applicable law, any party shall have the right to any equitable relief that may be appropriate to remedy a breach or threatened breach by any other party hereunder, including the right to enforce specifically the terms of this Agreement by obtaining injunctive relief in respect of any violation or non-performance hereof.

9.7 **Settlement of Disputes** . Any and all controversies, disputes, or claims arising out of or relating to this Agreement, or any part hereof, including, without limitation, the meaning, applicability, or scope of this Section 9.7 and the performance, breach, interpretation, meaning, construction, or enforceability of this Agreement, or any portion hereof, and all claims for rescission or fraud in the inducement of this Agreement, shall, at the request of any party, be settled or resolved by binding arbitration pursuant to the commercial rules and regulations of the American Arbitration Association (the " *AAA* ") for the resolution of commercial disputes. Any party requesting arbitration under this Agreement shall make a demand on the other parties by

registered or certified mail with a copy to the AAA. The parties consent and agree to have any such arbitration proceedings heard in Arlington, Virginia. The arbitration shall take place regardless of whether any party to the dispute or controversy fails or refuses to participate. The arbitrators shall apply Virginia substantive law and federal substantive law where state law is preempted. The arbitrators shall have the power to grant all legal and equitable remedies and award compensatory damages provided by Virginia law. The arbitrators shall prepare in writing and provide to the parties an award including factual findings and the reasons on which the decision is based. Judgment upon any award may be entered in any court having jurisdiction thereof.

9.8 **Counterparts** . This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same agreement.

* * * * *

IN WITNESS WHEREOF, the parties have duly executed this Stock Purchase Agreement under seal as of the date first above written.

CACI International Inc

SEAL

By: _____

Stephen L. Waechter
Executive Vice President, Chief Financial Officer, Treasurer, and Director of Business Services

CACI, INC. - FEDERAL

SEAL

By: _____

Stephen L. Waechter
Executive Vice President, Chief Financial Officer, Treasurer, and Director of Business Service

C-CUBED Corporation

SEAL

By: _____

Edmund J. Bednar
President and CEO

C-CUBED Corporation Employee Stock Ownership Trust

By: _____

Kentucky Trust Bank, Trustee
(signature)

Name: _____

(printed)

Title:

Kentucky Trust Bank, *as the ESOP Stockholder's Representative*

Rhonda L. Lugar, *as the Non-ESOP Stockholders' Representative*

Edmund J. Bednar

Rhonda L. Lugar

S. Wesley Teague

E. Jackson Hogan

List of Exhibits and Schedules

Exhibit	Description
3.18.3	Form of C-CUBED Employee Agreement
A-1	ESOP Adjustments and Claims Escrow Agreement
A-2	Non-ESOP Adjustments and Claims Escrow Agreement
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Exhibit 10.20

EXECUTION COPY

CACI INTERNATIONAL INC
CACI, INC. — FEDERAL
DAGGER ACQUISITION CORPORATION
AMERICAN MANAGEMENT SYSTEMS, INCORPORATED
CGI GROUP INC.
CGI VIRGINIA CORPORATION

ASSET PURCHASE AGREEMENT

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ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT, dated as of March 10, 2004 (the " *Agreement* "), is made by and among **CACI International Inc ,** a Delaware corporation (" *Parent* "), **CACI, INC. - FEDERAL ,** a Delaware corporation and wholly-owned subsidiary of Parent (" *Federal* "), **Dagger Acquisition Corporation** (" *Acquisition Sub* "), a Delaware corporation and wholly-owned subsidiary of Federal, **American Management Systems, Incorporated,** a Delaware corporation (" *Arrow* "), **CGI Group Inc.** , a Québec corporation (" *Crossbow* ") and CGI Virginia Corporation, a Delaware corporation and wholly-owned subsidiary of Crossbow (" *Merger Sub* ").

W I T N E S S E T H

WHEREAS, Arrow and certain of its Subsidiaries have heretofore provided information technology services to, and designed software for use by, various agencies of the United States Government involved with defense, the United States Intelligence Community (as comprised by Air Force Intelligence, Army Intelligence, the Central Intelligence Agency, Coast Guard Intelligence, the Defense Intelligence Agency, Marine Corps Intelligence, the National Geospatial-Intelligence Agency, the National Reconnaissance Office, the National Security Agency and Navy Intelligence, as well as the intelligence organizations and functions within the Department of Energy, the Department of Homeland Security, the Department of State, the Department of Treasury and the Federal Bureau of Investigation) and homeland security (consisting of all agencies of the United States Government included in the Department of Homeland Security as of the date hereof), either directly or through other parties that provide goods and/or services to such agencies (generally known as Arrow's "Defense and Intelligence Group") (together with all other operations of such Subsidiaries, the " *Business* ");

WHEREAS, Acquisition Sub wishes to purchase certain assets and assume certain liabilities related to the Business, and Arrow wishes to sell such assets and assign such liabilities to Acquisition Sub (the " *Transaction* ");

WHEREAS, Merger Sub intends to purchase all or substantially all of the capital stock of Arrow immediately upon the Closing of the Transaction and to operate those of Arrow's businesses that Acquisition Sub does not purchase hereunder;

WHEREAS, to facilitate Acquisition Sub's assumption of the Business, Arrow, Crossbow, Acquisition Sub, Merger Sub and certain other parties, simultaneously with the execution hereof, are entering into agreements relating to (a) transitional services, (b) intellectual property, (c) the development and maintenance by Crossbow for the benefit of Acquisition Sub, and by Acquisition Sub for the benefit of Crossbow, of software for use by customers and (d) competition (the " *Ancillary Agreements* ");

WHEREAS, to induce Acquisition Sub to enter into this Agreement and to consummate the transactions contemplated hereby, Arrow is agreeing to make certain representations and warranties, and perform certain covenants in connection herewith;

NOW, THEREFORE, in consideration of the mutual promises hereinafter set forth and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

Article 1
DEFINITIONS

1.1 **Certain Matters of Construction** A reference to an article, section, exhibit or schedule shall mean an Article of, a Section in, or Exhibit or Schedule to, this Agreement unless otherwise expressly stated. The titles and headings herein are for reference purposes only and shall not in any manner limit the construction of this Agreement which shall be considered as a whole. The words "include," "includes" and "including" when used herein shall be deemed in each case to be followed by the words "without limitation." All terms defined in this Agreement shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein. The definitions contained in this Agreement are applicable to the singular as well as the plural forms of such terms and to the masculine as well as to the feminine and neuter genders of such terms. Any agreement, instrument, law or regulation defined or referred to herein or in any agreement or instrument that is referred to herein means such agreement, instrument or law or regulation as from time to time amended, modified or supplemented, including (in the case of agreements or instruments) by waiver or consent and (in the case of laws and regulations) by succession of comparable successor laws or regulations and references to all attachments thereto and instruments incorporated therein. References to a Person are also to its permitted successors and assigns. References to amounts in Dollars are to amounts in United States Dollars.

1.2 **Cross References.** The following terms defined elsewhere in this Agreement in the Sections set forth below shall have the respective meanings therein defined:

Term	*Definition*
Acquisition Group	Section 6.2
Acquisition Sub	Preamble
Action of Divestiture	Section 6.12.5
Active Government Contract	Appendix A, Section A22.1
Agreement	Preamble
Ancillary Agreements	Recitals
Arrow	Preamble
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Balance Sheet Date	Appendix A, Section A5
Business	Recitals
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Confidentiality Agreements	Section 6.5
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Dagger Company	Appendix A, Section A2
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Dagger Engagements	Section 2.1.1
Dagger Financial Statements	Appendix A, Section A4
Dagger Government Contract	Appendix A, Section A22.2
Dagger Insurance Contracts	Appendix A, Section A18
Dagger Leases	Section 2.1.4
Dagger Obligations	Section 2.3
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Dagger Receivables	Section 2.1.9
Dagger Subsidiary	Appendix A, Section A2
Dagger Subsidiary Plans	Appendix A, Section A10.4(a)
Dagger Subsidiary Shares	Section 2.1.14
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Dagger Work-In-Process	Section 2.1.9
Employee List	Appendix A, Section A11.2
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Federal	Preamble
Final Closing Balance Sheet	Section 2.8.4
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Parent	Preamble
Pension Plans	Appendix A, Section A10.1
Permits	Appendix A, Section A7
Purchase Price	Section 2.4
Reported Business	Appendix A, Section A4
Representatives	Section 6.1.2
Retained Operations	Recitals
Transaction	Recitals
Welfare Plan	Appendix A, Section A10.4(g)

1.3 **Certain Definitions .** As used herein, the following terms shall have the following meanings:

Affiliate : with respect to any Person, any Person which, directly or indirectly, Controls, is Controlled by, or is under common Control with, such Person.

Affiliated Group : any affiliated group within the meaning of Code section 1504(a).

COBRA : the provisions of Section 4980B of the Code and Part 6 of Title I of ERISA.

Code : the United States Internal Revenue Code of 1986, as amended from time to time.

contract : any contract, subcontract, basic ordering agreement, blanket purchase agreement, task order, letter contract or purchase order of any kind, including all amendments, modifications and options thereunder or relating thereto, but excluding any Employee Benefit Plan.

Control : (including with correlative meaning, Controlled by and under common Control with): as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

Dagger Consultant : any Person listed on Schedule 1.3A , any Person retained to replace such scheduled Person, and any new consultant that Parent and Crossbow agree shall constitute a Dagger Consultant, but excluding any pre-Closing terminations.

Dagger Employee : any person listed on Schedule 1.3B , any person hired to replace such scheduled person, and any newly hired person who Parent and Crossbow agree is a Dagger Employee, but excluding any pre-Closing terminations.

Dagger Facilities : the physical locations subject to the Dagger Leases.

Dagger Material Adverse Effect : any materially adverse change in or effect on the financial condition, business, operations, assets (including intangible assets), properties, results of operations, prospects or liabilities of the Business (including any act by the Central Intelligence Agency or the Defense Security Service to invalidate, terminate, suspend or revoke any facilities security clearance under National Industrial Security Program Operating Manual related to the Business), when taken as a whole, from the state of the Business as and to the extent represented in Annex A hereto as of the date hereof, other than any change, effect, event, occurrence, state of facts or development (a) relating to or resulting from economic or geopolitical conditions in general (except to the extent such change or effect has a disproportionate impact on the Business relative to other business entities engaged in the same line or lines of business as the Business), (b) relating to or resulting from changes in legal or regulatory conditions (except to the extent such change or effect has a disproportionate impact on the Business relative to other business entities engaged in the same line or lines of business as the Business), (c) resulting from the execution or announcement of this Agreement, (d) resulting from any actions taken by Parent, Federal, Acquisition Sub or any of their Affiliates after the date hereof and prior to the Closing Date that relate to, or affect, the business of Arrow and the Dagger Subsidiaries, (e) resulting from compliance by Arrow and the Dagger Subsidiaries with the terms of this Agreement or (f) resulting from any liability, cost or expense associated with, relating to or arising from the transactions contemplated by this Agreement or the Merger Agreement (including legal, accounting and financial advisory fees and disbursements).

Dagger Material Contract : any Dagger Engagement or any contract to which any Dagger Subsidiary is a party (a) pursuant to which a Dagger Company is providing or has

committed to provide in the future services and/or products on a fixed price basis, or (b) pursuant to which a Dagger Company is providing or has committed to provide in the future services and/or products in exchange for compensation to the Dagger Company in excess of $1,000,000. Notwithstanding the foregoing, the term Dagger Material Contract shall not include any contracts to which Karcher Group, Inc. is a party.

Employee Benefit Plan : any "employee pension benefit plan" (as defined in Section 3(2) of ERISA), "employee welfare benefit plan" (as defined in Section 3(1) of ERISA), and any other plan, agreement or arrangement involving direct or indirect compensation, including without limitation insurance coverage, severance benefits, disability benefits, deferred compensation, bonuses, stock options, stock purchase, phantom stock, stock appreciation or other forms of incentive compensation or post-retirement compensation.

Environmental Claim : any actual notice from a Governmental Entity or other third party alleging potential liability (including potential liability for investigatory costs, cleanup costs, response or remediation costs, natural resources damages, property damages, personal injuries, fines or penalties) arising out of, based on or resulting from (a) the presence, or release of any Material of Environmental Concern at any location, or (b) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law.

Environmental Laws : any and all Federal, state, local or foreign statutes, regulations, ordinances and common law relating to the protection of public health, safety or the environment in effect on the Closing Date and that are binding on any Dagger Company.

ERISA Affiliate : with respect to a party, any member (other than that party) of a controlled group of corporations, group of trades or businesses under common control or affiliated service group that includes that party (as defined for purposes of Section 414(b), (c) and (m) of the Code).

ERISA : the Employee Retirement Income Security Act of 1974, as amended.

Exchange Act : the Securities Exchange Act of 1934, as amended.

Government Contract: any prime contract with the United States Government and any contract with a prime contractor or higher-tier subcontractor under a prime contract with the United States Government .

Knowledge of Arrow : shall mean the actual, current knowledge of any of the following employees of Arrow: Alfred T. Mockett, Chairman and Chief Executive Officer; David R. Fontaine, Executive Vice President, General Counsel, Chief Risk Officer and Secretary; Garry Griffiths, Executive Vice President and Chief Human Resources Officer; Wick Keating, Senior Vice President and Chief Technology Officer, Donna Morea, Executive Vice President, Public Sector Group; James C. Reagan, Executive Vice President and Chief Financial Officer; David Sharman, Senior Vice President of Corporate Development; John Hillen, Senior Vice President, Public Sector Group; Michael Titmus, Vice President, Public Sector Group; Gil Guarino, Vice President, Public Sector Group; and Jennifer Felix, Vice President and Corporate Controller.

Legal Requirement : any federal, state, local, municipal, foreign or other law, statute, constitution, principle of common law, resolution, ordinance, code, order, edict, decree, rule, regulation, ruling or requirement issued, enacted, adopted, promulgated, implemented or otherwise put into effect by or under the authority of any Governmental Entity.

Liability : any liability or obligation, known or unknown, asserted or unasserted, accrued or unaccrued, absolute or contingent, liquidated or unliquidated, or otherwise, and whether due or to become due, including any liability for Taxes.

Materials of Environmental Concern : petroleum and its by-products and any and all other substances or constituents to the extent that they are regulated by, or form the basis of liability under, any Environmental Law.

Merger : the merger of Arrow and Merger Sub pursuant to the Merger Agreement.

Merger Agreement : That certain Agreement and Plan of Merger, dated as of the date hereof, by and among Arrow, Crossbow and Crossbow's wholly-owned subsidiary.

Net Tangible Asset Value : The net value as of the Closing Date of the sum of (a) the total current assets of the Business (excluding (i) intercompany accounts and (ii) assets of R.M. Vredenburg & Co. that do not relate to the Business), (b) the net fixed assets and net purchased software, of the Business and (c) the other non-current assets of the Business (excluding net developed software, net intangibles, and goodwill); less the total liabilities of the Business, each as determined in accordance with GAAP.

Permitted Encumbrances : (a) Security Interests for current taxes, water and sewer charges and other statutory liens and trusts not yet due and payable or that are being contested in good faith, (b) Security Interests incurred in the ordinary course of business, such as carriers', warehousemen's, landlords' and mechanics' liens and other similar liens arising in the ordinary course of business, (c) Security Interests on personal property leased under operating leases, (d) Security Interests, pledges or deposits incurred or made in connection with workmen's compensation, unemployment insurance and other social security benefits, or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, progress payments, surety and appeal bonds and other obligations of like nature, in each case incurred in the ordinary course of business, (e) pledges of or Security Interests on manufactured products as security for any drafts or bills of exchange drawn in connection with the importation of such manufactured products in the ordinary course of business, (f) Security Interests or other claims arising under Article 2 of the Uniform Commercial Code that are special property interests in goods identified as goods to which a contract refers, (g) Security Interests arising under Article 9 of the Uniform Commercial Code that are purchase money security interests, (h) any Security Interest, right, restriction, encumbrance or limitation imposed or created by or arising under any Ancillary Agreement, (i) as to any Dagger Lease or Dagger Facilities, those Security Interests and other restrictions affecting the interest of the lessor thereof, (j) those Security Interests and restrictions created by or arising under the terms of any Dagger Lease and (k) such Security Interests

or other imperfections or minor defects of title, easements, rights-of-way and other similar restrictions (if any) as are insubstantial in character, amount or extent, do not materially detract from the value or interfere with the present or proposed use of the properties or assets of the party subject thereto or affected thereby, and do not otherwise materially adversely affect or impair the business or operations of such party.

Person : an individual, a corporation, an association, a partnership, an estate, a trust or any other entity or organization.

Securities Act : the Securities Act of 1933, as *amended* .

Security Interest : any mortgage, pledge, lien, encumbrance, charge, or other security interest.

Subsidiary : With respect to any corporation, association, or other business entity, any corporation, association, or other business entity a majority (by number of votes on the election of directors or persons holding positions with similar responsibilities) of the shares of capital stock (or other voting interests) of which are owned, beneficially or of record, by the first corporation, association, or other business entity.

Tax Return : any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

Tax : any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code section 59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

Treasury Regulation : a regulation promulgated by the United States Treasury Department under one or more provisions of the Code.

United States Government : the government of the United States or any agency, department, division, subdivision or office thereof.

Article 2
THE PURCHASE AND SALE OF ASSETS

2.1 **Purchase and Sale of Assets** . Upon and subject to the terms and conditions hereof, at the Closing, Arrow shall sell, transfer and assign to Acquisition Sub, and Acquisition Sub shall purchase and acquire from Arrow, all right, title and interest in and to the assets utilized in connection with the performance and technical and administrative support of the Business, including the following assets (the " *Dagger Assets* "), in each case free and clear of all Security Interests, except Permitted Encumbrances:

2.1.1 all contracts and other arrangements relating to the Business pursuant to which Arrow is providing goods and/or services, and all proposals, bids and offers for future such contracts and arrangements, including the contracts and other arrangements, proposals, bids and offers listed on Schedule 2.1.1 (the " *Dagger Engagements* ");

2.1.2 all contracts and other arrangements pursuant to which Arrow formerly provided goods and/or services relating to the Business, excluding the contracts and other arrangements listed on Schedule 2.1.2 (the " *Dagger Completed Engagements* ");

2.1.3 all other contracts relating to the Business and to which Arrow is a party, including employment agreements, nondisclosure agreements, teaming agreements, joint ventures, joint marketing agreements, consulting agreements and subcontracts (the " *Dagger Contracts* "), but excluding the Dagger Leases, regardless of whether Arrow has obtained any necessary consents to the assignment of such Dagger Contracts;

2.1.4 all of the leases, subleases, licenses or other agreements for the use of physical locations listed on Schedule 2.1.4 (the " *Dagger Leases* ");

2.1.5 all prepaid expenses, deposits, advances, other prepayments and related rights paid or obtained by Arrow relating to the Business, (other than those, if any, which constitute Excluded Assets under Section 2.2) that exist as of the Closing;

2.1.6 all of the rights in or relating to intellectual property described in the Ancillary Agreement relating to intellectual property, the form of which is attached as Exhibit A (the " *Intellectual Property Agreement* ");

2.1.7 all of Arrow's training materials, speaking materials and sales or promotional materials that relate to the Business;

2.1.8 all of Arrow's tangible assets primarily relating to the Business (other than those tangible assets, if any, which constitute Excluded Assets under Section 2.2), including all furniture, fixtures, machinery, office and other equipment and leasehold improvements relating to the Business and all other tangible assets as materially listed on Schedule 2.1.8 (the " *Dagger Tangible Assets* ");

2.1.9 all of Arrow's accounts receivable and unbilled accounts receivable and work-in-process that relate to the Business (the " *Dagger Receivables* " and the " *Dagger Work-In-Process,* " respectively);

2.1.10 all books, papers, ledgers, documents and records relating to the Dagger Assets, including all records and documents relating to the Dagger Engagements, the Dagger Contracts, the Dagger Receivables, the Dagger Work-In-Process and the Dagger Obligations (provided that Arrow may retain copies of such books, papers, ledgers, documents and records), as well as complete copies of all other books, papers, ledgers, documents and records relating to the Dagger Assets.

2.1.11 all inventory and supplies related to the Business;

2.1.12 all Permits relating to the Business or the Dagger Facilities, including the permits listed on Schedule 2.1.12 , to the extent the same may be transferred; and

2.1.13 all of Arrow's other tangible and intangible assets related to the Business.

2.1.14 all of Arrow's capital stock and other voting interests in the Dagger Subsidiaries (collectively, the " *Dagger Subsidiary Shares* ").

2.2 **Excluded Assets** . Notwithstanding Section 2.1, no interest of Arrow in or to the assets listed on Schedule 2.2 (the " *Excluded Assets* ") is being sold, assigned or otherwise transferred to Acquisition Sub.

2.3 **Assumption of Specified Obligations** . At the Closing, Acquisition Sub shall agree to assume and perform after the Closing when and as they become due the obligations and liabilities of Arrow related to the Business, including the following (the " *Dagger Obligations* "):

2.3.1 Arrow's accounts payable, accrued expenses and deferred revenue relating to the Business through the Closing Date, such amounts to be calculated in a manner consistent with the Dagger Balance Sheet for the Reported Business, except that such amounts shall be for the Business.

2.3.2 Arrow's obligations after the Closing under the Dagger Engagements, the Dagger Completed Engagements, the Dagger Contracts and the Dagger Leases; and

2.3.3 Arrow's liabilities to Dagger Employees that are not covered by insurance held by Arrow or Crossbow, whether or not such persons actually become employees of Acquisition Sub.

Except for the Dagger Obligations, Acquisition Sub is assuming no liabilities or obligations of Arrow in connection with this transaction, including (a) any liability or obligation of Arrow to any of its Subsidiaries or Affiliates (b) any liability or obligation of Arrow to any director, officer, employee or other agent of Arrow (other than the Dagger Employees), (c) any liability or obligation of Arrow under any contract, agreement or arrangement relating to the Business or the conduct thereof other than the Dagger Engagements, the Dagger Completed Engagements, the Dagger Contracts and the Dagger Leases, (d) any trade or practice liabilities or obligations of Arrow, (e) any liability or obligation of Arrow to any current, former or deceased employee of Arrow or any of its Subsidiaries or Affiliates (other than the Dagger Subsidiaries), other than the Dagger Employees, (f) any liability or obligation of Arrow or any of its Subsidiaries (other than the Dagger Subsidiaries) under any Employee Benefit Plan, or (g) any liability of Arrow for Taxes. Without limiting the generality of the foregoing, Arrow and its Subsidiaries (exclusive of the Dagger Subsidiaries) shall be solely responsible for payment and performance of all liabilities, obligations and amounts at any time owing by any of them before or after the Closing Date, whether direct or indirect, fixed or contingent, known or unknown, other than the Dagger Obligations.

The parties to this Agreement intend that any Liability of Arrow that is based on, or arises out of, facts or circumstances that existed prior to the Closing Date and is not primarily related to the Business shall not be assumed by Acquisition Sub and shall not be or become a Dagger Obligation except as expressly set forth herein. Without limiting the generality of the foregoing, no Liability of Arrow that is not primarily related to the Business shall be allocated or divided between the Business, on the one hand, and the business and operations being acquired by Crossbow and Merger Sub, on the other hand, unless expressly provided herein.

The parties understand that Arrow will not assume the liabilities of the Dagger Subsidiaries, but that such liabilities shall be retained by the Dagger Subsidiaries.

2.4 **Purchase Price** . The purchase price (the " *Purchase Price* ") to be paid by Acquisition Sub for the Dagger Assets shall be Four Hundred Fifteen Million Dollars ($415,000,000), subject to adjustment as provided below in Section 2.8. The payment of the Purchase Price shall be made in immediately available funds wired to one or more accounts designated by Arrow or by such other method as may be agreed by Arrow and Acquisition Sub.

2.5 **Closing** . The closing of the purchase and sale of the Dagger Assets (the " *Closing* ") shall take place at the offices of Arnold & Porter LLP in McLean, Virginia, commencing at 9 a.m. local time on such date that is the first business day immediately following the satisfaction or waiver of all conditions to the obligations of the parties to consummate the transactions contemplated hereby (the " *Closing Date* ").

2.6 **Instruments of Transfer** . Arrow shall effect the transfer of the Dagger Assets and the Dagger Obligations to Acquisition Sub at the Closing by such bills of sale, assignments, assumptions and other instruments of transfer as Acquisition Sub or its counsel deem necessary or appropriate to transfer full legal and beneficial title to the Dagger Assets free and clear of all Security Interests whatsoever except Permitted Encumbrances, and to transfer full responsibility for the Dagger Obligations. As appropriate, such documents shall contain customary warranties and covenants of title and shall be in form and substance acceptable to Acquisition Sub and its counsel.

2.7 **Additional Actions** . At any time and from time to time after the Closing Date, (a) at the reasonable request of Acquisition Sub, Arrow shall execute and deliver to Acquisition Sub such other instruments of transfer, conveyance, assignment and confirmation and take such action as Acquisition Sub may reasonably deem necessary or desirable in order to transfer, convey and assign to Acquisition Sub and to confirm Acquisition Sub's title to any of assets primarily utilized in connection with the performance and technical and administrative support of the Business inadvertently left in the control or possession of Arrow and all instruments, undertakings or other documents and take such other action as Acquisition Sub may reasonably deem necessary or desirable in order to have Arrow fully assume and be liable for any Liabilities of Arrow that are not Dagger Obligations and that were inadvertently assumed by Acquisition Sub, and (b) at the reasonable request of Arrow, Acquisition Sub shall execute and deliver to Arrow such other instruments of transfer, conveyance, assignment and confirmation and take such action as Arrow may reasonably deem necessary or desirable in order to transfer, convey and assign to Arrow and to confirm Arrow's title to any of the Excluded Assets inadvertently transferred to Acquisition Sub and all instruments, undertakings or other

documents and take such other action as Arrow may reasonably deem necessary or desirable in order to have Acquisition Sub fully assume and be liable for any Dagger Obligations that were inadvertently retained by Arrow.

Prior to the first anniversary of the Closing Date, if either Crossbow or Acquisition Sub shall determine that an asset or liability of the Business was inappropriately included in or excluded from the definition of either the Dagger Assets or the Dagger Obligations, the party that makes such determination shall so advise the other party and Crossbow and Acquisition Sub shall in good faith endeavor to reach agreement with respect to such asset or liability.

If a dispute arises under this Section 2.7, then within three (3) business days after a written request by either party, Federal's President and Crossbow's President of U.S. Operations shall promptly confer to resolve the dispute. If such persons cannot resolve such dispute, or either one of them determines that they are not making reasonable progress toward resolution of the dispute within the five (5) business day period immediately following the delivery of the written notice described above, then such dispute shall be settled by arbitration in the City of New York in accordance with the Rules of the American Arbitration Association by a single arbitrator, who shall be an attorney expert in the area of mergers and acquisitions, selected by Crossbow and Acquisition Sub (or, if the parties are unable to agree on the arbitrator within five (5) business days of commencing arbitration, such an expert selected by the Association). Judgment upon the award rendered under any such arbitration may be entered in any Court having jurisdiction thereof.

2.8 **Adjustment to Purchase Price**

2.8.1 **Preparation of Closing Balance Sheet** . As soon as reasonably practicable after the Closing Date (but not later than 60 days thereafter), Arrow shall prepare or cause to be prepared and shall deliver to Acquisition Sub a Closing Balance Sheet for the Business as of the opening of business on the Closing Date (the " *Closing Balance Sheet* "). The Closing Balance Sheet shall be prepared in accordance with United States Generally Accepted Accounting Principles (" *GAAP* ").

2.8.2 **Review of Closing Balance Sheet** . Acquisition Sub, upon receipt of the Closing Balance Sheet, shall (a) review the Closing Balance Sheet and (b) to the extent Acquisition Sub may deem necessary, make reasonable inquiry of Arrow and its accountants, relating to the preparation of the Closing Balance Sheet. Acquisition Sub and its employees and advisors shall have full access upon prior written notice and during normal business hours to the books, papers and records of Arrow and its accountants (if any are used), relating to the preparation of the Closing Balance Sheet in connection with such inquiry and the preparation of any objections thereto (" *Objections* "). The Closing Balance Sheet shall be binding and conclusive upon, and deemed accepted by, Acquisition Sub unless Acquisition Sub shall have notified Arrow in writing of any Objections thereto within 30 days after receipt of the Closing Balance Sheet. Acquisition Sub shall make the Dagger Employees and books and records of the Business available to Arrow as necessary for Arrow to prepare the Closing Balance Sheet.

2.8.3 **Disputes** . In the event of Objections, Arrow shall have 20 days to review and respond to such Objections, and Acquisition Sub and Arrow shall attempt to resolve

the differences underlying such Objections within 20 days following completion of Arrow's review of such Objections. Disputes between Acquisition Sub and Arrow which cannot be resolved by them within such 20-day period shall be referred no later than such 20th day for decision to PricewaterhouseCoopers LLP or to a nationally recognized independent public accounting firm mutually selected by the Acquisition Sub and Arrow (the " *Auditor* ") (which firm shall not be any of (a) the independent public accountants of Parent, Federal and Acquisition Sub, (b) the independent public accountants used by Arrow prior to the Closing Date and (c) the independent public accountants of Crossbow), who shall act as arbitrator and determine, based solely on presentations by Acquisition Sub and Arrow and only with respect to the remaining differences so submitted, whether and to what extent, if any, the Closing Balance Sheet requires adjustment. The Auditor shall deliver its written determination to Acquisition Sub and Arrow no later than the 30th day after the remaining differences underlying such Objections are referred to the Auditor, or such longer period of time as the Auditor reasonably determines is necessary. The Auditor's determination shall be conclusive and binding upon the parties. The fees and disbursements of the Auditor shall be allocated equally between Acquisition Sub and Arrow. Acquisition Sub and Arrow shall make readily available to the Auditor all relevant information, books and records and any work papers relating to the Closing Balance Sheet and all other items reasonably requested by the Auditor. In no event may the Auditor's resolution of any difference be for an amount which is outside the range of Acquisition Sub's and Arrow's disagreement.

2.8.4 **Final Closing Balance Sheet** . The Closing Balance Sheet shall become final and binding upon the parties upon the earliest of (a) Acquisition Sub's failure to object thereto within the period permitted under Section 2.8.2, (b) the agreement between Acquisition Sub and Arrow with respect thereto and (c) the decision by the Auditor with respect to any disputes under Section 2.8.3. The Closing Balance Sheet, as adjusted pursuant to the agreement of the parties or decision of the Auditor, when final and binding is referred to herein as the " *Final Closing Balance Sheet* ."

2.8.5 **Adjustments to the Purchase Price** . As soon as practicable (but not more than five business days) after the date on which the Final Closing Balance Sheet shall have been determined in accordance with this Section 2.8, (a) Arrow shall pay to Acquisition Sub in immediately available funds the amount, if any, by which the Net Tangible Asset Value on the Final Closing Balance Sheet is less than $50,000,000 (Fifty Million Dollars), or (b) Acquisition Sub shall pay to Arrow in immediately available funds the amount, if any, by which the Net Tangible Asset Value on the Final Closing Balance Sheet is greater than $60,000,000 (Sixty Million Dollars); *provided* , that no payment made pursuant to this Section 2.8.5 shall exceed the amount of $10,000,000 (Ten Million Dollars). Any payment made pursuant to this Section 2.8.5 shall constitute an immediate adjustment of the Purchase Price in such amount. For the avoidance of doubt, the existence or possible existence of any adjustment to the Purchase Price, Objection, pendency or resolution of any dispute pursuant to this Section 2.8 or any issue pertaining to the Closing Balance Sheet shall not in any way impact, hinder, prevent or otherwise delay Crossbow's obligation to consummate the transactions contemplated in the Merger Agreement.

Article 3
REPRESENTATIONS AND WARRANTIES OF ARROW

Arrow represents and warrants to Parent, Federal and Acquisition Sub as set forth in Appendix A, subject to those exceptions disclosed in writing in the disclosure schedules supplied by Arrow to the Parent on or before the date hereof, and certified by a duly authorized officer of Arrow (the " *Arrow Disclosure Schedule* "). For purposes of the representations and warranties of Arrow contained herein, each exception set forth in the Arrow Disclosure Schedule and each other response to this Agreement set forth in the Arrow Disclosure Schedule is identified by reference to, or has been grouped under a heading referring to, a specific individual section of this Agreement, and disclosure in any section of the Arrow Disclosure Schedule of any facts or circumstances shall be deemed to be adequate response and disclosure of such facts or circumstances with respect to all representations and warranties by Arrow calling for disclosure of such information if it is reasonably apparent on the face of the Arrow Disclosure Schedules that such disclosure is applicable; provided, however, that Arrow represents and warrants that it has made a good faith effort to include cross-references to other portions thereof where applicable. Arrow has not made and is not making any disclosures of classified information except to Parent personnel with proper security clearances. The inclusion of any information in any section of the Arrow Disclosure Schedule or other document delivered by Arrow pursuant to this Agreement shall not be deemed to be an admission or evidence of the materiality of such item, nor shall it establish a standard of materiality for any purpose whatsoever. All references in Appendix A to a Schedule not otherwise provided for in this Agreement shall be a reference to the comparable section of the Arrow Disclosure Schedule.

Article 4
REPRESENTATIONS AND WARRANTIES OF PARENT, FEDERAL AND ACQUISITION SUB

Parent, Federal and Acquisition Sub, jointly and severally, represent and warrant to Arrow as set forth in Appendix B .

Article 5
CONDUCT PRIOR TO THE CLOSING DATE

5.1 **Conduct of Business of Arrow** . During the period from the date hereof and continuing until the earlier of (x) the termination of this Agreement pursuant to its terms or (y) the Closing Date, Arrow shall, and shall cause each of the Dagger Subsidiaries to, except as otherwise expressly contemplated by this Agreement or to the extent that the Parent shall otherwise consent in writing, carry on its business in the usual, regular and ordinary course, in substantially the same manner as heretofore conducted, and use all commercially reasonable efforts consistent with past practices and policies to (i) preserve intact its present business organization and workforce used in the Business; and (ii) preserve its relationships with the Business' customers, suppliers, licensors, licensees, and others with which it has business dealings in the Business. In addition, without limiting the generality of Section 5.1, except as permitted by the terms of this Agreement, and except as provided in Schedule 5.1 , without the

prior written consent of the Parent (which consent shall not be unreasonably withheld, conditioned or delayed), during the period from the date hereof and continuing until the earlier of (x) the termination of this Agreement pursuant to its terms or (y) the Closing Date, Arrow shall not do, and shall not permit its Subsidiaries to:

(a) take any action or make any omission that would require the consent of Crossbow under clauses (i) to (xix), inclusive, of Section 5.1(b) of the Merger Agreement, it being understood that such clauses shall be applicable herein, for the benefit of Parent, to the same extent as if fully set forth herein, it being further understood that, unless the context otherwise requires, capitalized terms used in such clauses but not defined therein shall have the respective meanings ascribed to them in the Merger Agreement, and cross-references used in such clauses shall be to the referenced sections of the Merger Agreement;

(b) pay, discharge or satisfy any claim, obligation or Liability in excess of $200,000 in any one case, other than the payment, discharge or satisfaction in the ordinary course of business of obligations reflected on or reserved against in the Dagger Balance Sheet, or incurred since the date of the Dagger Balance Sheet in the ordinary course of business consistent with past practices or in connection with this transaction;

(c) dispose of, permit to lapse, or otherwise fail to preserve its rights to use the Dagger Proprietary Rights (as defined in the Intellectual Property Agreement; hereinafter the " *Dagger Proprietary Rights* ") or enter into any settlement regarding the breach or infringement of, any Dagger Proprietary Rights, or modify any existing rights with respect thereto, other than in the ordinary course of business consistent with past practices, and other than any such disposal, lapse, failure, settlement or modification that does not have and could not reasonably be expected to have a Dagger Material Adverse Effect or would affect the accuracy, as of time (past, present or future) of the representations set forth in the Intellectual Property Agreement, other than as otherwise expressly contemplated by this Agreement;

(d) sell, or grant any right to exclusive use of, all or any part of the Dagger Proprietary Rights;

(e) enter into any contract or commitment or take any other action that is not in the ordinary course of its business or could reasonably be expected to have an adverse impact on the transactions contemplated hereunder or that would have or could reasonably be expected to have a Dagger Material Adverse Effect;

(f) amend in any material respect any agreement to which it is a party, the amendment of which will have or could reasonably be expected to have a Dagger Material Adverse Effect;

(g) waive, release, transfer or permit to lapse any claim or right (i) that has a value, or involves payment or receipt by it, of more than $200,000 (except in the ordinary course of business and insofar as the foregoing relate to the Business) or (ii) the waiver, release, transfer or lapse of which would have or could reasonably be expected to have a Dagger Material Adverse Effect;

(h) enter into agreements with third party integrators to assist Arrow with implementation of Arrow proprietary software except to the extent terminable on less than 30 days' notice without cost;

(i) except in the ordinary course of business and insofar as the following relates to the Business, pay, discharge or satisfy any claims, obligations or Liabilities; waive, release, transfer or permit to lapse any claims or rights; or make any loans, advances or capital contributions to, or investments in, any other Person (other than as permitted pursuant to Section 5.1(b)(x)(A) or (B) of the Merger Agreement), where the amount of such claims, rights, obligations, Liabilities, loans, advances, capital contributions and investments in the aggregate exceeds $2,000,000; or

(j) agree, whether in writing or otherwise, to take any action described in this Section 5.1.

5.2 **Conduct of Business of Parent** . Between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, none of Parent, Federal or Acquisition Sub shall, except to the extent that Arrow shall otherwise consent in writing (such consent not to be unreasonably withheld), take any action that would materially impair Acquisition Sub's ability to pay the Purchase Price or otherwise to perform its obligations under this Agreement. Further, between the date of this Agreement and the Closing Date or the date, if any, on which this Agreement is earlier terminated pursuant to its terms, Parent, Federal and Acquisition Sub shall, except to the extent that Arrow shall otherwise consent in writing (such consent not to be unreasonably withheld) promptly notify Arrow of any event, occurrence, act or omission that would, individually or in the aggregate, prevent, or materially hinder or delay, the Closing.

Article 6
A DDITIONAL A GREEMENTS

6.1 **Non-Solicitation and Superior Proposals**

6.1.1 **Superior Offers** . Arrow shall comply with the terms and conditions of Section 6.1 of the Merger Agreement and shall provide Parent copies of any notice sent by Arrow to Crossbow pursuant to Section 6.1 of the Merger Agreement.

6.1.2 **No Solicitation** . Each of Crossbow and Parent agrees that prior to the one-year anniversary of the date hereof, neither it nor any of its Subsidiaries nor any of their respective officers, directors, advisors, agents, accountants, consultants, employees, investment bankers and legal counsel (collectively, " *Representatives* ") shall directly or indirectly: (i) solicit, initiate, or knowingly encourage, facilitate or induce any inquiry with respect to, or the making, submission or announcement of, any acquisition proposal to purchase all or substantially all of the Business or the business and operations being acquired by Crossbow and Merger Sub, as the

case may be; (ii) participate in any discussions or negotiations regarding, or furnish to any Person any nonpublic information with respect to, or take any other action to facilitate any inquiries or the making of any proposal that constitutes or may reasonably be expected to lead to, any such acquisition proposal; (iii) engage in discussions with any Person with respect to any such acquisition proposal, except as to the existence of these provisions; (iv) approve, endorse or recommend any such acquisition proposal; or (v) enter into any letter of intent or similar document or any contract agreement or commitment contemplating or otherwise relating to any acquisition proposal or any transaction contemplated thereby. Crossbow or Parent, as the case may be, shall immediately terminate, and shall cause each of its Subsidiaries and its and their Representatives to immediately terminate, all activities, discussions or negotiations, if any, with any third party with respect to, or any that could reasonably be expected to lead to or contemplate the possibility of, an acquisition proposal. Crossbow or Parent, as the case may be, shall promptly request that each person which has heretofore executed a confidentiality agreement with Crossbow or Parent, as the case may be, or any of its Affiliates or Subsidiaries or any of its or their Representatives with respect to such Person's consideration of a possible acquisition proposal to promptly return or destroy (which destruction Crossbow or Parent, as the case may be, shall request be certified in writing by such person) all confidential information heretofore furnished by Crossbow or Parent, as the case may be, or any of its Affiliates or Subsidiaries or any of its or their Representatives to such person or any of its Affiliates or Subsidiaries or any of its or their Representatives.

6.2 **Transition of Employees and Consultants** . Within five (5) days prior to Closing, Arrow shall provide an updated Employee List, containing the name of each employee of the Business, and each person's level title, role, starting date, annual salary and target bonus, together with a listing of the level of security clearance for such employees. Parent, Federal, Acquisition Sub or one of their Affiliates shall offer to employ or retain as a consultant effective as of 12:00 A.M. on the date immediately following the Closing Date each Dagger Employee and each Dagger Consultant employed by (or providing consulting to) Arrow as of the Closing Date. Arrow shall cooperate with Parent to facilitate meetings (to occur at mutually agreed upon times and locations) between (a) Dagger Employees and Dagger Consultants and (b) representatives of Parent, Federal and Acquisition Sub, so as to permit Parent, Federal and Acquisition Sub to discuss with such Dagger Employees and Dagger Consultants employment or a consulting relationship, as the case may be, with Acquisition Sub, Federal, Parent, a Dagger Subsidiary or one of their Affiliates (the " *Acquisition Group* ") as well as other matters relating to planning for the post-Closing integration of the Business into the Acquisition Group. Subject to applicable Legal Requirements, Arrow shall make a good faith effort to encourage the Dagger Employees and the Dagger Consultants to accept employment or a consulting relationship, as the case may be, with the Acquisition Group, and, as of 11:59 p.m. on the Closing Date, shall terminate the employment or consulting relationship of all Dagger Employees and Dagger Consultants, as the case may be. All Dagger Employees and Dagger Consultants employed by (or providing consulting services to) a Dagger Subsidiary shall, subject to Section 6.2.2, retain their employment or consulting relationship with such Dagger Subsidiary immediately following the Closing Date.

6.3 **Expenses** . Each party hereto shall be responsible for its own costs and expenses in connection with the Transaction, including fees and disbursements of consultants, brokers, finders, investment bankers and other financial advisors, counsel and accountants.

6.4 **Access and Information** . The Dagger Companies shall afford to Parent, Federal, Acquisition Sub and to a reasonable number of their respective officers, employees, accountants, counsel and other authorized representatives full and complete access as may be reasonably requested, upon reasonable advance telephone notice, during regular business hours, throughout the period prior to the earlier of the Closing Date or the termination of this Agreement pursuant to its terms, to the Dagger Companies' offices, properties, books and records, and the Dagger Companies shall use reasonable efforts to cause their representatives and independent public accountants to furnish to Acquisition Sub such additional financial and operating data and other information as to their businesses, customers, vendors and properties as Acquisition Sub may from time to time reasonably request. Notwithstanding the foregoing, all visits to any office of any Dagger Company will be coordinated and conducted so as to not be disruptive to the operations of such Dagger Company and to preserve the confidentiality of the Transaction. In addition, Arrow will facilitate meetings between Parent, Federal and Acquisition Sub and the Dagger Companies' significant customers so as to permit Parent, Federal and Acquisition Sub to discuss the announced Transaction with such customers.

6.5 **Public Disclosure** . Immediately following the execution of this Agreement, Parent, Arrow and Crossbow each shall disseminate the press releases attached as Exhibit B . Except as otherwise required by law (including disclosures necessary or advisable to ensure compliance with applicable securities laws), no party hereto shall make any other public disclosure of information regarding the transactions contemplated herein prior to the Closing without the consent of each of Parent, Arrow and Crossbow, each of which consents shall not be unreasonably withheld or delayed. The parties acknowledge that Parent and Crossbow have previously executed a Confidentiality Agreement dated as of December 16, 2003 and that Parent and Arrow have previously executed a letter agreement regarding confidentiality dated January 7, 2004 (collectively, the " *Confidentiality Agreements* "), which Confidentiality Agreements shall continue in full force and effect in accordance with their respective terms notwithstanding any termination or abandonment of this Agreement or the Merger.

6.6 **Further Assurances**

6.6.1 **Generally** . Subject to terms and conditions herein provided and to the fiduciary duties of the board of directors and officers or representatives of any party, each of the parties agrees to use its commercially reasonable efforts to take, or cause to be taken, all action and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective this Agreement and the transactions contemplated hereby. In case at any time any further action, including, without limitation, the obtaining of waivers and consents under any agreements, material contracts or leases and the execution and delivery of any licenses or sublicenses for any software, is necessary, proper or advisable to carry out the purposes of this Agreement, the proper officers and directors or representatives of each party to this Agreement are hereby directed and authorized to use commercially reasonable efforts to effectuate all required action, except to the extent that greater efforts are required pursuant to Section 6.12.

6.6.2 **Novation of Contracts; Subcontracting; Maintenance of Corporate Existence of Arrow** . Each party agrees to use commercially reasonable efforts to effect the novation of, or change of name with respect to, each Dagger Government Contract that may

require novation or a change of name under its terms or under applicable laws or regulations, and further agrees to provide all documentation necessary to effect each such novation or change of name, including all instruments, certifications, requests, legal opinions, audited financial statements, and other documents required by Part 42 of the Federal Acquisition Regulation to effect a novation of any contract with the United States Government. In particular and without limiting the generality of the foregoing, Arrow shall continue to communicate with responsible officers of the United States Government from time to time as may be appropriate and permissible, to request speedy action on any and all requests for consent to novation or change of name. Notwithstanding the foregoing, Arrow makes no representation or warranty that any such novation of, or change of name with respect to, any Dagger Government Contract will in fact be obtained.

With respect to each Dagger Government Contract that requires novation or a change of name, prior to such novation or change of name, Arrow will engage Acquisition Sub as subcontractor under such contract, agree to take all reasonable instruction from Acquisition Sub as Arrow's conduct under such contract and promptly pay to Acquisition Sub the full amount of its receipts under such contract.

Arrow shall not terminate its existence until all of the Government Contracts of the Dagger Companies have either terminated or duly transferred to Acquisition Sub.

6.7 **Tax Matters**

6.7.1 **Allocation of Purchase Price.** Acquisition Sub and Arrow agree that the Purchase Price and the liabilities of Arrow assumed by Acquisition Sub to which the Dagger Assets are subject (plus other relevant items) will be allocated to the Dagger Assets for all purposes (including Tax and financial accounting purposes) as shown on Schedule 6.7.1. Acquisition Sub and Arrow shall have prepared such allocation schedule in accordance with Code section 1060 and the Treasury regulations thereunder. Parent, Acquisition Sub and Arrow will file all Tax Returns (including amended returns and claims for refund) and information reports in a manner consistent with such allocation schedule.

6.7.2 **Responsibility for Filing Tax Returns for Periods through Closing Date.** Arrow shall include the income of the Dagger Subsidiaries (including any deferred items triggered into income by Reg. § 1.1502-13 and any excess loss account taken into income under Reg. § 1.1502-19) on Arrow's consolidated federal income Tax Returns for all periods through the Closing Date and pay any federal income Taxes attributable to such income. For all taxable periods ending on or before the Closing Date, Arrow shall cause the Dagger Subsidiaries to join in Arrow's consolidated federal income tax return and, in jurisdictions requiring separate reporting from Arrow, to file separate company state and local income tax returns. All such Tax Returns shall be prepared and filed in a manner consistent with prior practice, except as required by a change in applicable law.

6.7.3 **Audits.** Arrow shall allow Parent and its counsel to participate, at Parent's expense, in any audit of Arrow's consolidated federal income Tax Returns to the extent that such returns related to any Dagger Subsidiary. Arrow shall not settle any such audit in a manner which would adversely affect any Dagger Subsidiary after the Closing Date without the prior written consent of Parent, which consent shall not unreasonably be withheld.

6.7.4 **Cooperation on Tax Matters**

(a) Acquisition Sub and Arrow shall cooperate fully, as and to the extent reasonably requested by any party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon another party's request) the provision of records and information which are reasonably relevant to any such audit, litigation or other proceeding and making employees available on a mutually convenient basis, at no cost to any Parent, Federal or Acquisition Sub, to provide additional information and explanation of any material provided hereunder. Arrow and Crossbow agree (i) to retain all books and records with respect to Tax matters pertinent to Arrow relating to any taxable period beginning before the Closing Date until the expiration of the statute of limitations (including any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority, and (ii) to give Acquisition Sub reasonable written notice prior to transferring, destroying or discarding any such books and records and, if Acquisition Sub so requests, allow Acquisition Sub to take possession of such books and records.

(b) Acquisition Sub and Arrow further agree, upon request, to use commercially reasonable efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including, but not limited to, with respect to the transactions contemplated hereby).

(c) Acquisition Sub and Arrow further agree, upon request, to provide any other party with all information that either party may be required to report pursuant to section 6043 of the Code and all Treasury Department Regulations promulgated thereunder.

6.7.5 **Certain Taxes.** All transfer, documentary, sales, use, stamp, registration (and any penalties or interest relating thereto) incurred in connection with this Agreement shall be paid by Parent when due, and all other Taxes and fees (and any penalties or interest relating thereto) shall be paid by Arrow or Crossbow when due. To the extent that Arrow and Crossbow are required by law to remit sales taxes to any Governmental Entity, Parent shall pay to Arrow or Crossbow all sales taxes (and any penalties or interest relating thereto) incurred in connection with this Agreement when due, which Arrow or Crossbow, as the case may be, shall remit timely to the appropriate Government Entities. Should any Government Entity adjust the sales tax (or any penalties or interest relating thereto) incurred in connection with this Agreement by any means, including by audit or assessment, Parent shall pay to Arrow or Crossbow such adjustment when due, which Arrow or Crossbow, as the case may be, shall remit to the appropriate Government Entities. Parent will, at its own expense, prepare and file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration taxes, and Crossbow and Arrow will, at their own expense, prepare and file all necessary Tax Returns and other documentation with respect to all other Taxes and fees, and, if required by applicable law, each party hereto will (and will cause its Affiliates to) join in the execution of any such Tax Returns and other documentation.

6.8 **Notification.** From the date hereof until the Closing Date, Arrow shall promptly disclose to Parent and Acquisition Sub in writing any material changes or variances from the representations and warranties contained in Article 3 promptly upon discovery thereof, in the form of "Updated Schedules" delivered to Parent, Federal and Acquisition Sub. From the date hereof until the Closing Date, Parent, Federal and Acquisition Sub shall promptly disclose to Arrow in writing any material variances from Parent's, Federal's and Acquisition Sub's representations and warranties contained in Article 4.

6.9 **Accounts Receivable.** Effective as of the Closing, Arrow hereby irrevocably constitutes and appoints Acquisition Sub its true and lawful attorney-in-fact, with full power of substitution, in its name, place and stead to endorse the name of Arrow on any checks and other remittances received on account of the Dagger Receivables and the Dagger Work-In-Process and to perform all other acts necessary or desirable to bill and collect the Dagger Receivables and amounts received with respect to the Dagger Work-In-Process for the account of Acquisition Sub. Arrow agrees that it shall, forthwith after receipt after the Closing, transfer and deliver to Acquisition Sub any cash or other property that Arrow may receive in respect of such Dagger Receivables or on account of the Dagger Work-In-Process, and any mail, checks or other documents received by Arrow relating to any of the Dagger Assets or Dagger Obligations transferred to Acquisition Sub hereunder, such cash, property, mail, checks and documents to be delivered in the form and condition in which received, except for the opening of any envelope or package. Arrow shall use commercially reasonable efforts to assist Acquisition Sub in the collection of the Dagger Receivables and all amounts receivable on account of the Dagger Work-In-Process after the Closing to the extent requested by Acquisition Sub to do so.

6.10 **Preservation of Goodwill.** To the extent required by this Agreement, Arrow shall aid Acquisition Sub in its assumption of ownership and operation of the Business and, in connection therewith, shall endeavor in good faith to maintain its goodwill and reputation (and the goodwill and reputation of the Dagger Subsidiaries) with the suppliers, clients and creditors of the Dagger Companies and any others having business relations with them and in the business community generally.

6.11 **Assistance in Preparation of Financial Statements.** It being understood that Parent shall be required to make disclosures following the Closing on Form 8-K pursuant to Item 7 thereof, Crossbow and Arrow shall provide Parent and its independent auditors reasonable access during normal business hours to their respective facilities and employees as Parent and its auditors reasonably request in advance in connection with their preparation and review of audited historical financial statements for the Business.

6.12 **Regulatory Filings and Consents; Best Efforts**

6.12.1 **Regulatory Filings.** Each of the parties hereto shall coordinate and cooperate with one another and shall each use best efforts to comply with, and shall each refrain from taking any action that would impede compliance with, all Legal Requirements, and, as promptly as practicable after the date hereof, each of the parties hereto shall make all filings, notices, petitions, statements, registrations, submissions of information, application or

submission of other documents required by any Governmental Entity in connection with the Transaction and the transactions contemplated hereby, as well as the Merger and the transactions contemplated in connection therewith, including, without limitation: (a) Notification and Report Forms with the United States Federal Trade Commission and the Antitrust Division of the United States Department of Justice as required by the HSR Act (it being understood that Parent shall bear the full cost of the fees relating to such filing), with the Committee on Foreign Investment in the United States as may be deemed appropriate under the Exon-Florio Amendment to Section 721 of the Defense Production Act of 1950, (b) any other filing or registration necessary to obtain any material consent, authorization or approval or otherwise required or advisable to consummate the Transaction or any of the transactions contemplated hereby, or the Merger or any of the transactions contemplated in connection therewith, (c) filings under any other comparable pre-merger notification forms required by the merger notification or control laws of any applicable jurisdiction, as agreed by the parties hereto, and (d) any filings required under the Securities Act, the Exchange Act, any applicable state or securities or "blue sky" laws and the securities laws of any foreign country, or any other Legal Requirement relating to the Transaction. Each party shall cause all documents that it is responsible for filing with any Governmental Entity under this Section 6.12.1 to comply in all material respects with all applicable Legal Requirements.

6.12.2 **Exchange of Information.** Each of the parties hereto shall promptly supply the others with any information which may be required in order to effectuate any filings or application pursuant to Section 6.12.1. Except where prohibited by applicable Legal Requirements, and subject to the Confidentiality Agreements, each of the parties hereto shall consult with the other parties hereto prior to taking a position with respect to any such filing, shall permit the other to review and discuss in advance, and consider in good faith the views of the other in connection with any analyses, appearances, presentations, memoranda, briefs, white papers, arguments, opinions and proposals before making or submitting any of the foregoing to any Governmental Entity by or on behalf of any party hereto in connection with any investigations or proceedings in connection with this Agreement or the transactions contemplated hereby, or the Merger or any of the transactions contemplated in connection therewith (including under any antitrust or fair trade Legal Requirement), coordinate with the other in preparing and exchanging such information and promptly provide the other (and its counsel) with copies of all filings, presentations or submissions (and a summary of any oral presentations) made by such party with any Governmental Entity in connection with this Agreement or the transactions contemplated hereby, or the Merger or any of the transactions contemplated in connection therewith; *provided* , that with respect to any such filing, presentation or submission, no party need supply the other (or its counsel) with copies (or in case of oral presentations, a summary) to the extent that applicable Legal Requirements require such party to restrict or prohibit access to any such properties or information.

6.12.3 **Notification.** Each of the parties hereto will notify the other promptly upon the receipt of: (a) any comments from any officials of any Governmental Entity in connection with any filings made pursuant hereto and (b) any request by any officials of any Governmental Entity for amendments or supplements to any filings made pursuant to, or information provided to comply in all material respects with, any applicable Legal Requirement. Whenever any event occurs that is required to be set forth in an amendment or supplement to any filing made pursuant to Section 6.12.1 the Parent, the Acquisition Sub or Arrow, as the case may be, will promptly inform the other of such occurrence and cooperate in filing with the applicable Governmental Entity such amendment or supplement.

6.12.4 **Best Efforts.** Each of the parties agrees to use best efforts to take, or cause to be taken, all actions, and to do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to consummate and make effective, in the most expeditious manner practicable, the Transaction and the transactions contemplated hereby, as well as the Merger and the transactions contemplated in connection therewith, including using best efforts to accomplish the following: (a) the taking of all reasonable acts necessary to cause the conditions set forth in Article 7 to be satisfied; (b) the obtaining of all necessary actions or nonactions, waivers, consents, approvals, orders and authorizations from Governmental Entities and the making of all necessary registrations, declarations and filings with Governmental Entities, if any, and the taking of all reasonable steps as may be necessary to avoid any suit, claim, action, investigation or proceeding by any Governmental Entity; (c) the obtaining of all necessary consents, approvals or waivers from third parties to the extent the failure to obtain any such consent, approval or waiver would prevent or materially hinder or delay any party's ability to consummate the Transaction or any of the transactions contemplated hereby, or the Merger or any of the transactions contemplated in connection therewith; (d) the defending of any suits, claims, actions, investigations or proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the transactions contemplated hereby, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed (it being understood that the costs of such defense shall be borne equally by Parent and Arrow); and (e) the execution or delivery of any additional instruments necessary to consummate the transactions contemplated by, and to fully carry out the purposes of, this Agreement.

6.12.5 **Limitation on Divestiture.** Notwithstanding anything in this Agreement to the contrary, nothing contained in this Agreement shall be deemed to require the Parent or Arrow or any Subsidiary or affiliate thereof to take or agree to take any Action of Divestiture. For purposes of this Agreement, an "*Action of Divestiture*" shall mean making proposals, executing or carrying out agreements or submitting to Legal Requirements providing for the license, sale or other disposition or holding separate (through the establishment of a trust or otherwise) of any assets or categories of assets that are material to the Parent and its Subsidiaries or to the Business, each taken as a whole, or the holding separate of stock or assets or imposing or seeking to impose any limitation on the ability of the Parent, Arrow or any of its Subsidiaries, to conduct their respective businesses or own such assets or to acquire, hold or exercise full rights of ownership of the Business except to the extent not material to the Parent and its Subsidiaries, or the Business, each taken as a whole.

Article 7
CONDITIONS PRECEDENT

7.1 **Conditions Precedent to the Obligations of Each Party.** The obligations of the parties hereto to effect the Transaction shall be subject to the fulfillment at or prior to the Closing of the following conditions, any of which conditions may be waived in writing prior to Closing by the party for whose benefit such condition is imposed:

7.1.1 **No Illegality; Consents.** There shall not have been any action taken, and no statute, rule or regulation shall have been enacted, by any state, federal or other (including foreign) government agency, including under the HSR Act or the Exon-Florio Amendment to Section 721 of the Defense Production Act of 1950, since the date of this Agreement that would prohibit or materially restrict the Transaction or any other material transaction contemplated hereby.

7.1.2 **No Injunction.** No injunction or restraining or other order issued by a court of competent jurisdiction that prohibits or materially restricts the consummation of the Transaction contemplated hereby shall be in effect (each party agreeing to use all reasonable efforts to have any injunction or other order immediately lifted), and no action or proceeding shall have been commenced or threatened in writing seeking any injunction or restraining or other order that seeks to prohibit, restrain, invalidate or set aside consummation of the transactions contemplated hereby; *provided* , that to the extent a Governmental Entity is not a party to the suit, action or proceeding, Parent believes that such suit, action or proceeding has a reasonable likelihood of success.

7.2 **Conditions Precedent to Obligation of Parent, Federal and Acquisition Sub to Consummate the Transaction.** The obligation of Parent, Federal and Acquisition Sub to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which conditions may be waived in writing by Parent, Federal or Acquisition Sub prior to Closing:

7.2.1 **Representations and Warranties.** (a) The representations and warranties of Arrow set forth in this Agreement and the representations and warranties of Arrow set forth in the Intellectual Property Agreement, taken as a whole, were true to the Knowledge of Arrow when made in all material respects, and (b) the representations and warranties of Arrow contained in Sections A1, A2, A3 and A23 of Appendix A shall be true and correct in all material respects as of the Closing Date, with the same force and effect as if made on and as of the Closing Date; and Arrow shall have delivered to Parent a certificate to that effect, dated the Closing Date and signed on behalf of Arrow by each of the (a) Chairman and Chief Executive Officer and (b) Chief Financial Officer of Arrow.

7.2.2 **Agreements and Covenants.** Arrow shall have performed in all material respects all of its agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date, such that Acquisition Sub's ability to assume the Business as of the Closing date shall not be impaired in any material respect; and Arrow shall have delivered to Parent a certificate to that effect, dated as of the Closing Date and signed on behalf of Arrow by each of the (a) Chairman and Chief Executive Officer and (b) Chief Financial Officer of Arrow.

7.2.3 **Certain Conditions to the Merger Agreement.** None of the following shall have occurred since the date of this Agreement and be continuing such that consummation of the Transaction is impracticable: (a) any general suspension of trading in, or limitation on prices for, securities on the Toronto Stock Exchange, the New York Stock Exchange or the Nasdaq Stock Market, (b) a declaration of a banking moratorium or any suspension of payments in respect of banks in the United States or Canada (whether or not

mandatory), (c) a material adverse change in or material disruption of conditions in the market for syndicated bank credit facilities that would materially impair the ability to syndicate loans by banks or other financial institutions, including any limitation (whether or not mandatory) by any Governmental Entity on the extension of credit generally by banks or other financial institutions in the United States or Canada, or (d) a commencement or, if already commenced, a material worsening, of a war, armed hostilities or other national or international calamity directly or indirectly involving the United States or Canada or any terrorist activities which materially and adversely affects (i) Crossbow, (ii) Arrow, or (iii) Parent and the Business, taken as a whole, or (e) changes in legal or regulatory conditions to the extent such changes have a material, adverse and disproportionate impact on Parent relative to other business entities engaged in substantially the same line or lines of business;

7.2.4 **Legal Opinions.** Parent, Federal, Acquisition Sub and Bank of America, N.A. shall have received an opinion from Arnold & Porter LLP, counsel to Arrow, in substantially the form attached as Exhibit C and an opinion from Richards, Layton & Finger, P.A., counsel to Arrow, in substantially the form attached as Exhibit D .

7.2.5 **Ancillary Agreements.** Each of the Ancillary Agreements shall have been duly executed by each party thereto.

7.2.6 **Closing Documents.** Arrow shall have delivered to Parent the closing certificate described hereafter in this paragraph and such closing documents as the Parent shall reasonably request (other than additional opinions of counsel). The closing certificate, dated as of the Closing Date, duly executed by Arrow's secretary, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of Arrow in connection herewith, (b) the resolutions adopted by the board of directors of Arrow authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the charter documents and by-laws of Arrow.

7.2.7 **Material Adverse Effect.** Arrow shall not have suffered a Dagger Material Adverse Effect since the date of this Agreement or, if not disclosed or reflected in any Schedule to this Agreement delivered on the date hereof, since the Balance Sheet Date.

7.3 **Conditions to Obligations of Arrow to Consummate the Transaction.** The obligation of Arrow to consummate the Transaction shall be subject to the fulfillment at or prior to the Closing of the following additional conditions, any of which may be waived in writing by Arrow prior to Closing:

7.3.1 **Representations and Warranties.** The representations and warranties of Parent, Federal and Acquisition Sub contained in Appendix B shall be true and correct in all material respects on and as of the Closing Date, with the same force and effect as if made on and as of the Closing Date; and Parent shall have delivered to Arrow a certificate to that effect, dated the date of the Closing and signed on behalf of Parent by each of the (a) Chairman of the Board, President and Chief Executive Officer and (b) Chief Financial Officer of Parent.

7.3.2 **Agreements and Covenants.** Parent, Federal and Acquisition Sub shall have performed in all material respects all of their agreements and covenants set forth herein that are required to be performed at or prior to the Closing Date; and Parent shall have delivered to Arrow a certificate to that effect, dated as of the Closing Date and signed on behalf of Parent by each of the (a) Chairman of the Board, President and Chief Executive Officer and (b) Chief Financial Officer of Parent.

7.3.3 **Closing Documents.** Parent, Federal and Acquisition Sub shall have delivered to Arrow closing certificates of Parent, Federal and Acquisition Sub and such other closing documents as Arrow shall reasonably request (other than additional opinions of counsel). Each of the closing certificates of Parent, Federal and Acquisition Sub, dated as of the Closing Date, duly executed by the secretary of Parent, Federal and Acquisition Sub, respectively, shall certify as to (a) the signing authority, incumbency and specimen signature of the signatories of this Agreement and other documents signed on behalf of Parent, Federal and Acquisition Sub in connection herewith, (b) the resolutions adopted by the board of directors of Parent, Federal and Acquisition Sub authorizing and approving the execution, delivery and performance of this Agreement and the other documents executed in connection herewith and the consummation of the transactions contemplated hereby and thereby and state that such resolutions have not been modified, amended, revoked or rescinded and remain in full force and effect, and (c) the Certificate of Incorporation and By-Laws of Parent, the Certificate of Incorporation and By-Laws of Federal and the Certificate of Incorporation and By-Laws of Acquisition Sub.

7.3.4 **Successful Acquisition.** All Offer Conditions (as defined in the Merger Agreement) shall have been satisfied and/or waived, and Crossbow or its Merger Sub shall have, on or before Closing, taken up and become unconditionally obligated to pay for the shares of common stock of Arrow tendered to Crossbow or Merger Sub in the Offer (as defined in the Merger Agreement).

7.3.5 **Payment of Purchase Price.** Parent shall have tendered the Purchase Price to Arrow pursuant to the provisions of Section 2.4 hereof.

Article 8
O THER P ROVISIONS

8.1 **Termination Events.** This Agreement may be terminated and the Transaction abandoned at any time prior to the Closing Date:

(a) by mutual written consent of Parent, Arrow and Crossbow;

(b) by Parent, if (i) the representations and warranties of Arrow set forth in this Agreement and the representations and warranties of Arrow set forth in the Intellectual Property Agreement, taken as a whole, were to the Knowledge of Arrow materially untrue when made, (ii) any representation or warranty of Arrow set forth in this Agreement shall have become untrue such that the condition set forth in Section 7.2.1(b) would be incapable of being satisfied by the Final Date; *provided* , that none of Parent, Federal and Acquisition Sub have breached any of their respective

representations, warranties and obligations hereunder in any material respect; or (iii) there shall have been a breach by Arrow of any of its covenants or agreements hereunder such that the condition set forth in Section 7.2.2 would be incapable of being satisfied by the Final Date, and Arrow has not cured such breach within ten (10) business days after notice by Parent, Federal or Acquisition Sub thereof; *provided* that none of Parent, Federal and Acquisition Sub have breached any of their respective representations, warranties and obligations hereunder in any material respect; and, *provided , further* , that no cure period shall be required for a breach which by its nature cannot be cured;

(c) by Arrow, if (i) any representation or warranty of Parent, Federal or Acquisition Sub set forth in this Agreement shall have been materially untrue when made (ii) any representation or warranty of Parent, Federal or Acquisition Sub set forth in this Agreement shall have become untrue such that the condition set forth in Section 7.3.1 would be incapable of being satisfied by the Final Date; *provided* , that Arrow has not breached any of its representations, warranties and obligations hereunder in any material respect; or (iii) there shall have been a breach by Parent, Federal or Acquisition Sub of any of their respective covenants or agreements hereunder such that the condition set forth in Section 7.3.2 would be incapable of being satisfied by the Final Date, and Parent, Federal or Acquisition Sub, as the case may be, has not cured such breach within ten (10) business days after notice by Arrow thereof; *provided* that Arrow has not breached any of its representations, warranties and obligations hereunder in any material respect; and, *provided , further* , that no cure period shall be required for a breach which by its nature cannot be cured;

(d) by Arrow, if Parent, Federal or Acquisition Sub shall have withdrawn, modified or amended in any material respect its approval of this Agreement or the Transaction, or taken any public position inconsistent with its approval; *provided* , that Arrow has not breached any of its representations, warranties and obligations hereunder in any material respect;

(e) by any party hereto, if the Merger Agreement shall have been terminated in accordance with its terms;

(f) by either Parent or Arrow if: (i) there shall be a final, non-appealable order of a federal or state court in effect preventing consummation of the Transaction; (ii) there shall be any final action taken, or any statute, rule, regulation or order enacted, promulgated or issued or deemed applicable to the Transaction by any Governmental Entity which would make consummation of the Transaction illegal or which would prohibit Parent's, Federal's, Acquisition Sub's or any of their respective Subsidiaries' or Affiliates' ownership or operation of all or any portion of the Business, the Dagger Assets or the assets and properties of the Dagger Subsidiaries, or compel Parent, Federal, Acquisition Sub or their respective Subsidiaries or Affiliates to dispose of or hold separate all or any material portion of their businesses, taken as a whole, as a result of the Transaction; or

(g) by either Parent or Arrow if the Transaction shall not have been consummated by the 75 th day following the commencement of the Offer (as defined

in and pursuant to the Merger Agreement) (the " *Final Date* "); *provided* , that the right to terminate this Agreement under this Section 8.1(g) shall not be available to any party whose failure to fulfill any material obligation under this Agreement has been the cause of, or resulted in, the failure of the Closing Date to occur on or before such date.

8.2 **Notice and Effect of Termination.** Any termination of this Agreement under Section 8.1 above shall be effective immediately upon the delivery of written notice of the terminating party to the other parties hereto. In the event of the termination of this Agreement as provided in this Section 8.1, this Agreement shall be of no further force and effect, except that (a) Sections 6.3, 6.5 and this Article 8 each shall survive the termination of this Agreement, and (b) nothing herein shall relieve any party from liability for any willful breach of this Agreement. No termination of this Agreement shall affect the obligations of the parties contained in the Confidentiality Agreements, all of which obligations shall survive termination of this Agreement in accordance with their terms.

8.3 **Break-up Fee.** If Arrow pays a "break-up" or similar fee to Crossbow, Crossbow shall immediately remit to Parent an amount equal to one-third of such fee. Crossbow hereby covenants with Parent that should Crossbow become entitled to receive a "break-up" or similar fee from Arrow, it will use its best efforts to collect such fee from Arrow, timely and in full. Parent shall be subrogated to Crossbow to the extent of one-third of any such fee to which Crossbow becomes entitled. In addition, if Crossbow becomes entitled under the Merger Agreement to reimbursement of expenses, Crossbow shall make payment to Parent as follows: (a) if Crossbow has expenses greater than $3,333,333, Crossbow shall promptly pay Parent's expenses up to $1,666,667; and (b) if Crossbow has expenses of less than $3,333,333, Crossbow shall promptly pay Parent's expenses up to the amount that is the difference between $5,000,000 and Crossbow's expenses. For the purposes of this Section 8.3, "expenses" shall mean Crossbow's and Parent's documented out-of-pocket expenses (including attorneys', accountants', financial advisors' fees and any fees incurred by Crossbow and Parent in connection with the Transaction and the transactions contemplated by the Merger Agreement, including the filing of the Schedule TO and the Proxy/Information Statement with the Securities and Exchange Commission and the filing of (a) the Notification and Report Forms with the Federal Trade Commission and the Department of Justice under the HSR Act and the Defense Production Act and (b) the premerger notification and report forms required under the competition laws of Germany. Crossbow acknowledges that the agreements contained in this Section 8.3 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, Parent would not enter into this Agreement. Accordingly, if Crossbow fails to pay in a timely manner the amounts due pursuant to this Section 8.3, and, in order to obtain such payment, Parent makes a claim that results in a final judgment against Crossbow for the amounts set forth in this Section 8.3, Crossbow shall pay to Parent its reasonable costs and expenses (including reasonable attorneys' fees and expenses) in connection with such suit, together with interest on the amounts set forth in this Section 8.3 at the base rate of Citibank N.A. in effect on the date such payment was required to be made plus 2%. Parent and Crossbow acknowledge and agree that payment of the fees and other amounts described in this Section 8.3 shall be in lieu of damages except in the event of willful breach.

8.4 **Notices.** All notices and other communications hereunder to any party shall be contained in a written instrument addressed to such party at the address set forth below or

such other address as may hereafter be designated in writing by the addressee to the addressor listing all parties and shall be deemed given (a) when delivered in person or duly sent by facsimile or electronic mail to a facsimile number or electronic mail address furnished by the addressee for the purpose of receiving notices and other communications or (b) two days after being duly sent by Federal Express or other recognized express courier service:

To Parent, Federal and Acquisition Sub:

CACI International Inc
1100 North Glebe Road
Arlington, Virginia 22201
Attention: Dr. J. P. London, Chairman of the Board,
President and Chief Executive Officer
Facsimile: (703) 522-6895

with copies to:

Jeffrey P. Elefante
Executive Vice President, General Counsel and Secretary
CACI International Inc
1100 North Glebe Road
Arlington, Virginia 22201
Facsimile: (703) 841-2850

and

Dean F. Hanley
Foley Hoag LLP
155 Seaport Boulevard
Boston, Massachusetts 02210
Facsimile: (617) 832-7000

To Arrow before the Closing:

American Management Systems, Incorporated
4050 Legato Road
11 th Floor
Fairfax, VA 22033
Attention: Alfred T. Mockett
Chairman and Chief Executive Officer
Facsimile: (703) 267-8020

with copies to:

David R. Fontaine
Executive Vice President, General Counsel, Chief Risk Officer and Secretary
American Management Systems, Incorporated
4050 Legato Road
11 th Floor
Fairfax, VA 22033
Facsimile: (703) 267-7161

and

Kevin J. Lavin
Arnold & Porter
1600 Tysons Boulevard
Suite 900
McLean, Virginia 22102
Facsimile: (703) 720-7399

To Crossbow and Merger Sub, and after the Closing, Arrow:

CGI Group Inc.
1130 Sherbrooke Street West
5th Floor
Montréal, Québec H3A 2M8
Attention: Serge Godin
Chairman of the Board and Chief Executive Officer
Facsimile: (514) 841-3294

with a copy to:

Jean-René Gauthier
McCarthy Tétrault LLP
Le Windsor
1170 Peel Street
5 th Floor
Montréal, Québec H3B 4S8
Facsimile: (514) 875-6246

8.5 **Entire Agreement; Amendment** . Unless otherwise herein specifically provided, this Agreement and the documents and instruments and other agreements among the parties hereto as contemplated by or referred to herein (including the Ancillary Agreements) constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, exclusive of the Confidentiality Agreements. Each party hereto acknowledges that, in entering this Agreement and completing the transactions contemplated hereby, such party is not relying on any representation, warranty, covenant or agreement not expressly stated in this Agreement or in the agreements among the parties contemplated by or referred to herein (including the Ancillary Agreements). This Agreement, and such other agreements among the parties contemplated by or referred to herein (including the Ancillary Agreements) may not be amended, except in a writing, signed by all parties to this Agreement, whether or not such party to this Agreement is a party to such other agreement. Arrow may not waive any of its rights hereunder without the written consent of Crossbow, which

consent shall not be unreasonably withheld or delayed. No party hereto shall amend the Merger Agreement without the consent of Parent, which consent shall not be unreasonably withheld or delayed.

8.6 **Assignability** . This Agreement is not intended to confer upon any Person other than the parties hereto any rights or remedies hereunder, except as otherwise expressly provided herein. Neither this Agreement nor any of the rights and obligations of the parties hereunder shall be assigned or delegated, whether by operation of law or otherwise, without the written consent of all parties hereto.

8.7 **Validity** . The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, each of which shall remain in full force and effect.

8.8 **Specific Performance** . The parties hereto acknowledge that damages alone may not adequately compensate a party for violation by another party of this Agreement. Accordingly, in addition to all other remedies that may be available hereunder or under applicable law, any party shall have the right to any equitable relief that may be appropriate to remedy a breach or threatened breach by any other party hereunder, including the right to enforce specifically the terms of this Agreement by obtaining injunctive relief in respect of any violation or non-performance hereof.

8.9 **Governing Law** This Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, without regard to its principles of conflicts of laws.

8.10 **Counterparts** . This Agreement may be executed in one or more counterparts, all of which together shall constitute one and the same agreement. Signed counterparts of this Agreement may be delivered by facsimile or other electronic transmission, and such facsimile or other electronically transmitted counterpart shall constitute an original for all purposes binding against the party who so delivers its counterpart; provided, however, that such party shall use reasonable efforts to ensure that original signed counterparts of this Agreement are delivered to all other parties by overnight courier service within 2 business days of the date of this Agreement.

8.11 **Non-Survival of Representations, Warranties and Covenants** . The representations and warranties of Arrow, Parent, Federal and Acquisition Sub contained in this Agreement, or any instrument delivered pursuant to this Agreement, shall terminate at the Closing, and only those covenants that by their express terms survive the Closing and this Article 8 shall survive Closing.

8.12 **No Third Party Beneficiaries** . This Agreement will not confer any rights upon any Person other than the parties hereto and their respective successors and assigns.

8.13 **No Waiver** . Unless otherwise specifically agreed in writing to the contrary; (i) the failure of any party at any time to require performance by the other of any provision of this Agreement shall not affect such party’s right thereafter to enforce the same; (ii) no waiver by any party of any default by any other shall be valid unless in writing and acknowledged by an

authorized representative of the non-defaulting party, and no such waiver shall be taken or held to be a waiver by such party of any other preceding or subsequent default; and (iii) no extension of time granted by any party for the performance of any obligation or act by any other party shall be deemed to be an extension of time for the performance of any other obligation or act hereunder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties have duly executed this Asset Purchase Agreement under seal as of the date first above written.

CACI International Inc

By: _____

J. P. London, Chairman of the Board,
President and Chief Executive Officer

CACI, INC. — FEDERAL

By: _____

J. P. London, Chairman of the Board,
President and Chief Executive Officer

Dagger Acquisition Corporation

By: _____

J. P. London, Chairman of the Board,
President and Chief Executive Officer

American Management Systems, Incorporated

By: _____

Alfred T. Mockett
Chairman and Chief Executive Officer

CGI Group Inc.

By: _____

Serge Godin
Chairman of the Board
and Chief Executive Officer

CGI Virginia Corporation

By: _____

Serge Godin
Chairman of the Board
and Chief Executive Officer

Appendix A

A1 **Corporate Status** . Arrow is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted. Except as set forth on Schedule A1 , Arrow is duly qualified or licensed to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where failure to be so qualified would be immaterial. Schedule A1 provides a list of the states and other jurisdictions in which (i) any Dagger Subsidiary is qualified to conduct business, (ii) any Dagger Facility is located or (iii) any Dagger Employee conducts business on behalf of the Business (excluding any conduct of business or performance of services at client locations).

A2 **Subsidiaries** . R.M. Vredenburg & Co. and Karcher Group, Inc. constitute all of Arrow's Subsidiaries involved with the Business (each a " *Dagger Subsidiary* ," and, collectively, the " *Dagger Subsidiaries* "). Arrow owns all of the capital stock and other equity interests of the Dagger Subsidiaries, and the date on which Arrow acquired or organized each such entity is listed opposite the name of such entity on such schedule. There are no outstanding subscriptions, options, warrants, conversion rights or other rights, securities, agreements or commitments obligating any Dagger Subsidiary to issue, sell or otherwise dispose of shares of its capital stock or other equity interests, or any securities or obligations convertible into, or exercisable or exchangeable for, any shares of its capital stock or other equity interests. There are no voting trusts or other agreements or understandings to which any of Arrow or any Dagger Subsidiary (Arrow and each Dagger Subsidiary each individually a " *Dagger Company* ," and, collectively, the " *Dagger Companies* ") is a party with respect to the voting of the shares of the capital stock or other equity interests of any Dagger Subsidiary and no Dagger Subsidiary is a party to, or bound by, any outstanding restrictions, options or other obligations, agreements or commitments to sell, repurchase, redeem or acquire any of its securities. Except as set forth on Schedule A2 , each Dagger Subsidiary is duly qualified or licensed to do business as a foreign corporation and is in good standing in all jurisdictions in which the character of the properties owned or held under lease by it or the nature of the business transacted by it makes qualification necessary, except where failure to be so qualified would be immaterial.

A3 **Authority for Agreement; Noncontravention**

A3.1 **Authority** . Arrow has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby to the extent of its obligations hereunder. Arrow's execution and delivery of this Agreement and its consummation of the transactions contemplated hereby have been duly and validly authorized by its board of directors and no other corporate proceedings on its part are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement and the other agreements contemplated hereby have been duly executed and delivered by Arrow and constitute valid and binding obligations of Arrow, enforceable against Arrow in accordance with their respective terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby is subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application

affecting the rights and remedies of creditors, (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (c) the availability of specific performance or other equitable or legal remedies specified herein.

A3.2 **No Conflict** . Except as set forth on Schedule A3.2 , none of the execution, delivery or performance of this Agreement and Ancillary Agreements, nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with or result in a violation of any provision of the charter documents or by-laws of any Dagger Company or (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any Security Interest pursuant to, or right of termination under, any provision of any Dagger Material Contract or any contract listed on Schedule A16.1 (or to the Knowledge of Arrow, any other contract, note, mortgage, indenture, lease, instrument or other agreement), Permit, concession, grant, judgment, order, decree, statute, ordinance, rule or regulation to which any Dagger Company is a party (and in each case which creates or gives rise to a Dagger Obligation) or by which any of the Dagger Assets or the assets or properties of any Dagger Subsidiary are bound, or which is applicable to any Dagger Company, any Dagger Assets or any of the assets or properties of any Dagger Subsidiary. Except to the extent that novation is required as further described in Section 6.6.2 above, except for filings that may be required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the " *HSR Act* "), the Exon-Florio Amendment to Section 721 of the Defense Production Act of 1950 or the competition laws of Germany, except as set forth on Schedule A3.2 and except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would be immaterial, no authorization, consent or approval of, or filing with or notice to, any United States or foreign governmental or public body or authority (each a " *Governmental Entity* ") is necessary for the execution and delivery of this Agreement or the consummation of the transactions contemplated hereby.

A4 **Financial Statements** . Attached as Schedule A4 are a consolidated balance sheet for the Reported Business as of December 31, 2003 and statement of operations for the year then ended. Collectively, the financial statements referred to in the immediately preceding sentence are sometimes referred to herein as the " *Dagger Financial Statements* " and the Reported Business's balance sheet as of December 31, 2003 is referred to herein as the " *Dagger Balance Sheet* ." The Dagger Balance Sheet (including any related notes) fairly presents in all material respects the Reported Business's financial position as of its date, and the statement of operations included in the Dagger Financial Statements (including any related notes) fairly presents in all material respects the Reported Business's results of operations for the period therein set forth, each having been prepared and compiled in accordance with GAAP, it being understood that the Dagger Financial Statements have been prepared on a pro forma basis, reflecting the separation of the Reported Business from Arrow. *"Reported Business"* means the "Defense and Intelligence Group" of Arrow (excluding any business performed in Canada by a Dagger Company) together with the business of the Dagger Subsidiaries (including any federal civilian, state and local engagements of such Dagger Subsidiaries) on a consolidated basis. To the Knowledge of Arrow, there are no significant deficiencies or material weaknesses in the design or operation of Arrow's internal controls which could adversely affect Arrow's ability to record, process, summarize and report financial data relating to the Business. To the Knowledge of Arrow, there is no fraud relating to the Business, whether material or not, that involves management or other employees who have a significant role in Arrow's internal controls.

A5 **Absence of Material Adverse Changes** . Except as set forth on Schedule A5 , since December 31, 2003 (the " *Balance Sheet Date* "), Arrow has not suffered a Dagger Material Adverse Effect, and, to the Knowledge of Arrow, there has not occurred or arisen any event, condition or state of facts of any character that would reasonably be expected to result in a Dagger Material Adverse Effect.

A6 **Absence of Undisclosed Liabilities** . Except as set forth on Schedule A6 , the Reported Business has no Liabilities that are not fully reflected or provided for on, or disclosed in the notes to, the balance sheets included in the Dagger Financial Statements, except (a) Liabilities incurred in the ordinary course of business since the Balance Sheet Date, none of which individually or in the aggregate has had or could reasonably be expected to be material, (b) Liabilities permitted or contemplated by this Agreement, (c) Liabilities not within the Knowledge of Arrow that are not required to be disclosed by Arrow under GAAP, (d) Liabilities for future performance under contracts, and (e) Liabilities expressly disclosed on the Schedules delivered hereunder.

A7 **Compliance with Applicable Law, Charter and By-Laws** . Each Dagger Company has all requisite licenses, permits and certificates from all Governmental Entities necessary to conduct the Business as currently conducted, and to own, lease and operate their respective properties used in the Business in the manner currently held and operated (collectively, " *Permits* "), except as set forth on Schedule A7 and except for any Permits the absence of which, either singly or in the aggregate, is immaterial and would not reasonably be expected to have a material effect or prevent or materially delay the Closing. All of such Permits are in full force and effect. Each Dagger Company is in compliance in all material respects with the terms and conditions related to such Permits. There are no proceedings in progress, pending or, to the Knowledge of Arrow, threatened, which may result in revocation, cancellation, suspension, or any materially adverse modification of any of such Permits. The Business is not being, and has not been, conducted in violation of any applicable law, statute, ordinance, regulation, rule, judgment, decree, order, Permit, concession, grant or other authorization of any Governmental Entity. No Dagger Company is in default or violation of any provision of its charter documents or its by-laws where such default or violation is material.

A8 **Litigation and Proceedings** . Except for any claim, action, suit or proceeding set forth on Schedule A8 , (a) there is no investigation by any Governmental Entity with respect to the Business pending or, to the Knowledge of Arrow, threatened, nor has any Governmental Entity notified any Dagger Company an intention to conduct the same; (b) there is no claim, action, suit, arbitration or proceeding pending or, to the Knowledge of Arrow, threatened against or involving any Dagger Company and involving the Business, any of the Dagger Assets or any of the assets or properties of any Dagger Subsidiary, at law or in equity, or before any arbitrator or Governmental Entity; and (c) there are no judgments, decrees, injunctions or orders of any Governmental Entity or arbitrator outstanding against any Dagger Company (i) affecting the Business, the Dagger Assets or the assets or properties of any Dagger Subsidiary or (ii) which create a Dagger Obligation in each case to the extent that the resolution of such dispute or claim will be binding on Acquisition Sub or a Dagger Subsidiary or give rise to a Dagger Obligation.

A9 **Tax Matters**

A9.1 **Filing of Returns** . Each Dagger Subsidiary has timely filed all Tax Returns that it was required to file, and Arrow has timely filed all Tax Returns with respect to the Business that it was required to file in each case taking into account all validly obtained extensions. All such Tax Returns were correct and complete in all material respects. All Taxes owed (whether or not shown on any Tax Return) by any Dagger Subsidiary, or by Arrow with respect to the Business, have been paid. To the extent that any Dagger Subsidiary has any Liability under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local or foreign law) for Taxes due and payable by Arrow or any member of Arrow's consolidated, combined, affiliated or unitary group, such Taxes have been paid. No Dagger Subsidiary is currently the beneficiary of any extension of time within which to file any Tax Return. No claim relating to the Business has ever been made by an authority in a jurisdiction where any Dagger Company does not file Tax Returns that it is or may be subject to taxation by that jurisdiction, which claims have not been resolved. There are no Security Interests on any of the Dagger Assets or on any assets of any Dagger Subsidiary that arose in connection with any failure (or alleged failure) to pay any Tax, other than Permitted Encumbrances.

A9.2 **Payment of Taxes** . Each Dagger Subsidiary, and with respect to the Business, Arrow, 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, stockholder or other third party with respect to the Business.

A9.3 **Assessments or Disputes** . To the Knowledge of Arrow, no Tax authority proposes to assess any additional Taxes upon any Dagger Subsidiary or upon Arrow with respect to the Business, in each case for any period for which Tax Returns have been filed. Except as described in written materials delivered to Acquisition Sub, there is no dispute or claim concerning any Tax Liability of any Dagger Subsidiary, or of Arrow with respect to the Business, either (a) claimed or raised in writing by any Tax authority or (b) to the Knowledge of Arrow, otherwise claimed or raised by any Tax authority, in each case to the extent that resolution of such dispute or claim will be binding upon Acquisition Sub or a Dagger Subsidiary after the Closing. Except to the extent otherwise described in written materials delivered to Acquisition Sub, Arrow has delivered to Acquisition Sub, or made available for review by Acquisition Sub, correct and complete copies of all income Tax Returns, examination reports and statements of deficiencies that were (i) filed by, assessed against or agreed to by or with respect to any Dagger Subsidiary and (ii) expressly included within a written due diligence request made by Acquisition Sub prior to the date hereof.

A9.4 **Waiver of Statute of Limitations** . No Dagger Company has waived any statute of limitations in respect of Taxes that relate to the Business or agreed to any extension of time with respect to a Tax assessment or deficiency that relates to the Business, in each case to the extent that resolution of such assessment or deficiency will be binding upon Acquisition Sub or a Dagger Subsidiary after the Closing.

A9.5 **Collapsible Corporations, Golden Parachutes, Real Property Holding Corporations** . No Dagger Subsidiary has filed a consent under Code section 341(f) concerning collapsible corporations. Except as set forth on Schedule A9.5 , no Dagger

Subsidiary is a party to any agreement, contract, arrangement or plan that has resulted or would result, separately or in the aggregate, in the payment of (a) any "excess parachute payment" within the meaning of Section 280G of the Code (or any corresponding provision of state, local or foreign Tax law) and (b) any amount that will not be fully deductible as a result of Section 162(m) of the Code (or any corresponding provision of state, local, or foreign Tax law). No Dagger Subsidiary has been a United States real property holding corporation within the meaning of Code section 897(c)(2) during the applicable period specified in Code section 897(c)(1)(A)(ii). No Dagger Subsidiary is a party to any Tax allocation or sharing agreement under which such Dagger Subsidiary will have any liability after the Closing. No Dagger Subsidiary (A) has been a member of an Affiliated Group filing a consolidated federal income Tax Return (other than a group the common parent of which was Arrow) or (B) has any Liability for the Taxes of any Person (other than a member of an Affiliated Group the common parent of which was Arrow) under Treasury Regulation Section 1.1502-6 (or any similar provision of state, local, or foreign law). Prior to the applicable due date (including extensions), Arrow shall file a consolidated federal income tax return with the Dagger Subsidiaries, among other Persons, for the taxable year immediately preceding the current taxable year.

A9.6 **Unpaid Taxes** . The unpaid Taxes of the Dagger Companies for which Acquisition Sub and/or the Dagger Subsidiaries shall be liable (a) did not, as of the date of the Dagger Balance Sheet, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) reflected in the Dagger Balance Sheet and (b) do not exceed that reserve as adjusted for the passage of time through the Closing Date in accordance with the past custom and practice of the Dagger Companies in filing their Tax Returns.

A9.7 **Unclaimed Property** . No Dagger Company has any assets that may constitute unclaimed property under applicable law. The Dagger Companies have complied in all material respects with all applicable unclaimed property laws. Without limiting the generality of the foregoing, the Dagger Companies have established and followed procedures to identify any unclaimed property and, to the extent required by applicable law, remit such unclaimed property to the applicable governmental authority. The records of the Dagger Companies are adequate to permit a governmental agency or authority or other outside auditor to confirm the foregoing representations.

A9.8 **No Changes in Accounting, Closing Agreement, Installment Sale** . No Dagger Subsidiary will be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) beginning after the Closing Date as a result of any (a) change in method of accounting for a taxable period ending on or prior to the Closing Date under Code section 481(c) (or any corresponding or similar provision of state, local or foreign income Tax law), other than any such change required as a result of the transactions occurring at Closing pursuant to this Agreement; (b) "closing agreement" as described in Code section 7121 (or any corresponding or similar provision of state, local or foreign income Tax law) executed on or prior to the Closing Date; (c) deferred intercompany gain or any excess loss account described in Treasury Regulations under Code section 1502 (or any corresponding or similar provision of state, local or foreign income Tax law); (d) installment sale or open transaction disposition made on or prior to the Closing Date; or (e) prepaid amount received on or prior to the Closing Date.

A9.9 **Acquisitions.** No Dagger Subsidiary has distributed stock of another Person, or has had its stock distributed by another Person in a transaction that was purported or intended to be governed in whole or in part by Code section 355 or Code section 361.

A10 **Employee Benefit Plans**

A10.1 **List of Plans/Plan Determinations.** Schedule A10.1 contains a complete list of all of the Dagger Companies' employee pension benefit plans (as defined in Section 3(2) of ERISA) which are intended to be qualified under Section 401(a) of the Code, exempt from tax under Section 501(a) of the Code and that cover Dagger Employees or Dagger Consultants (the " *Pension Plans* "). No Dagger Subsidiary currently maintains or sponsors any employee pension benefit plan intended to be qualified under Section 401(a) of the Code exempt from tax under Section 501(a) of the Code other than any such plan that is also maintained or sponsored by Arrow and one or more of its Subsidiaries (other than the Dagger Subsidiaries) and that will not be maintained or sponsored by any Dagger Subsidiary after the Closing Date.

A10.2 **Title IV of ERISA.** No Dagger Company and none of their respective ERISA Affiliates has incurred any material liability under Title IV of ERISA which will not have been satisfied in full prior to the Closing; there is no "accumulated funding deficiency" (whether or not waived) with respect to any Pension Plan maintained by any Dagger Company or any of their respective ERISA Affiliates and subject to Code section 412 or ERISA Section 302; with respect to any Pension Plan maintained by any Dagger Company or any of their respective ERISA Affiliates and subject to Title IV of ERISA, there has been (a) no "reportable event," within the meaning of ERISA Section 4043, or the regulations thereunder, and (b) no event or condition which presents a material risk of plan termination or any other event that may cause any Dagger Company or any of their respective ERISA Affiliates to incur liability or have a lien imposed on its assets under Title IV of ERISA; and no Pension Plan maintained by any Dagger Company or any of their respective ERISA Affiliates and subject to Title IV of ERISA will have any "unfunded benefit liabilities" within the meaning of ERISA Section 4001(a)(18), as of the Closing Date, and, without any additional contributions being made to such Plan, the assets of such Plan are sufficient to satisfy all obligations of the Plan if the Plan were to terminate.

A10.3 **Multiemployer Plans.** There has been no withdrawal by any Dagger Company or any of their respective ERISA Affiliates from any "multiemployer plan" (as such term is defined in Section 3(37) of ERISA) within the six year period prior to the Closing Date as to which any liability arising therefrom has not been satisfied in full; and no Dagger Employees are covered by a multiemployer plan with respect to such employee's employment in the Business.

A10.4 **Dagger Subsidiaries' Plans**

(a) Schedule A10.4(a) lists each material Employee Benefit Plan that (i) is sponsored, maintained, administered, contributed to or required to be contributed to by any of Dagger Subsidiaries or to which any of the Dagger Subsidiaries is a party, (ii) covers any current or former Dagger Employee, any director of any Dagger Subsidiary or any person formerly associated with the Business, and (iii) will continue to be sponsored, maintained or administered by a Dagger Subsidiary immediately following Closing (collectively, the " *Dagger Subsidiary Plans* ").

(b) Arrow has made available to Parent (i) accurate and complete copies of all Dagger Subsidiary Plan documents and all amendments thereto, and (if applicable) all current documents establishing or constituting any related trust, annuity contract, insurance contract or other funding instruments, and the most recent summary plan descriptions (if any) relating to such Dagger Subsidiary Plans, (ii) accurate and complete copies of the most recent financial statements and actuarial reports with respect to all Dagger Subsidiary Plans for which financial statements or actuarial reports are required or have been prepared, (iii) accurate and complete copies of all annual reports and summary annual reports for all Dagger Subsidiary Plans (for which annual reports are required) for the three most recent plan years, and (iv) its employee policies and procedures. Except as disclosed on Schedule A10.4(b) , none of the Dagger Subsidiaries maintains or contributes to any Dagger Subsidiary Plan subject to Title IV of ERISA, nor does any Dagger Subsidiary have a current or contingent obligation to contribute to any multiemployer plan (as defined in Section 3(37) of ERISA).

(c) None of the Dagger Subsidiaries nor any ERISA Affiliate thereof has engaged in or been a party to any "prohibited transaction" as defined in Section 4975 of the Code and Section 406 of ERISA that could subject any Dagger Subsidiary or any ERISA Affiliate thereof to any material tax or penalty on "prohibited transactions" imposed by Section 4975 of the Code.

(d) Except as specifically provided in this Agreement or as set forth in Schedule A10.4(d) , no Dagger Employee will become entitled to any material bonus, severance or similar benefit (including acceleration of vesting or exercise of an incentive award) that is contingent upon the occurrence of the transactions contemplated by this Agreement.

(e) To the Knowledge of Arrow, there are no pending or threatened actions, suits, proceedings, or claims against or relating to any Dagger Subsidiary Plans other than routine benefit claims by persons entitled to benefits thereunder, nor is any Dagger Subsidiary Plan the subject of any pending or, to the Knowledge of Arrow, threatened investigation or audit by the Internal Revenue Service, Department of Labor or the Pension Benefit Guaranty Corporation.

(f) All employee contributions, including elective deferrals, to any Dagger Subsidiary's 401(k) plan have been segregated from the Dagger Subsidiary's general assets and deposited into the trust established pursuant to the 401(k) plan in a timely manner in accordance with the "plan asset" regulations of the Department of Labor.

(g) With respect to any Dagger Subsidiary Plan that is an employee welfare benefit plan (within the meaning of Section 3(1) of ERISA (a "Welfare Plan"), (i) each Welfare Plan for which contributions are claimed by any Dagger Subsidiary as deductions under any provision of the Code is in material compliance with all applicable requirements pertaining to such deduction, (ii) with respect to any welfare

benefit fund (within the meaning of Section 419 of the Code) related to a Welfare Plan, there is no disqualified benefit (within the meaning of Section 4976(b) of the Code) that would result in the imposition of a material tax under Section 4976(a) of the Code to any Dagger Subsidiary, and (iii) any Dagger Subsidiary Plan that is a group health plan (within the meaning of Section 4980B(g)(2) of the Code) materially complies with the applicable material requirements of COBRA, the Family and Medical Leave Act of 1993, the Health Insurance Portability and Accountability Act of 1996, the Women's Health and Cancer Rights Act of 1996, the Newborns' and Mothers' Health Protection Act of 1996, or any similar provisions of applicable state law applicable to employees of Arrow or any of its Subsidiaries.

(h) Except as set forth on Schedule A10.4(h) , (i) none of the Dagger Subsidiary Plans promises or provides retiree medical or other retiree welfare benefits to any person except as required by applicable law, and neither Arrow nor any Dagger Subsidiary has represented, promised or contracted to provide such retiree benefits to any employee, former employee, director, consultant or other person, except to the extent required by applicable law, and (ii) no Dagger Subsidiary Plan or employment agreement provides health benefits that are not insured through an insurance contract. Each Dagger Subsidiary Plan is amendable and terminable unilaterally by the Dagger Subsidiary at any time subject to applicable Legal Requirements and no Dagger Subsidiary Plan, plan documentation or agreement, summary plan description or other written communication distributed generally to Dagger Employees by its terms prohibits the Dagger Subsidiary from amending or terminating any such Dagger Subsidiary Plan.

A11 **Employment-Related Matters**

A11.1 **Labor Relations.** Except to the extent set forth on Schedule A11.1 : (a) no Dagger Company is a party to any collective bargaining agreement or other contract or agreement with any labor organization or other representative of employees of any Dagger Company that relates to or affects the Business; (b) there is no labor strike, work stoppage or lockout that affects the Business and that is pending or, to the Knowledge of Arrow, threatened against or otherwise affecting any Dagger Company, and no Dagger Company has experienced the same; (c) no Dagger Company has closed any plant or facility, effectuated any layoffs of employees or implemented any early retirement or separation program since January 1, 2001 in a manner that would reasonably be expected to give rise to liability under the Worker Adjustment and Retraining Notification Act that would be or become a Dagger Obligation, and no Dagger Subsidiary Company has planned or announced any such action or program for the future with respect to the Business; and (d) all salaries, wages and annual leave due from any Dagger Company Subsidiary with respect to the Business before the date hereof have been paid or accrued as of the date hereof to the extent required under GAAP.

A11.2 **Employee and Consultant Lists**

(a) Arrow has heretofore delivered to Acquisition Sub a list (the " *Employee List* ") dated as of March 9, 2004 containing the name of each Dagger Employee, and each such person's level title, role, starting date, annual salary, target bonus, together with a list of such employees and their respective level of security

clearance. No third party has asserted to Arrow any claim that either the continued employment by, or association with, any Dagger Company of any of the present Dagger Employees is or would reasonably be expected to be material to the Business contravenes any agreement or law applicable to unfair competition, trade secrets or proprietary information.

(b) Schedule 1.3A provides a materially accurate and complete list of the Dagger Consultants used in the Business. To the Knowledge of Arrow, the Dagger Consultants identified on Schedule 1.3A qualify as "independent contractors" under applicable laws.

A11.3 **Conduct of Directors and Officers.** To the Knowledge of Arrow, no Person who, as of the date hereof, is an officer of any Dagger Company employed in the Business or a director of any Dagger Subsidiary has been involved in any of the events described in Item 401(f) of Regulation S-K under the Securities Act. For purposes of this Section A11.3, the "officer" shall have the meaning provided in Rule 16a-1(f) promulgated under the Securities Exchange Act of 1934.

A12 **Environmental**

A12.1 **Environmental Laws.** Except as would not give rise to a material Dagger Obligation and does not and will not otherwise materially affect the Business, any Dagger Asset or any asset or property of any Dagger Subsidiary, and except as set forth on Schedule A12.1 , (a) each Dagger Company is and has been in compliance with all applicable Environmental Laws in effect on the date hereof; (b) no Dagger Company has received any written communication that alleges that it is or was not in compliance with all applicable Environmental Laws in effect on the date hereof; (c) to the Knowledge of Arrow there are no circumstances that may prevent or interfere with compliance in the future with any applicable Environmental Laws; (d) all Permits and other governmental authorizations currently held by the Dagger Companies pursuant to the Environmental Laws are in full force and effect, and each Dagger Company is in material compliance with all of the terms of such Permits and authorizations, and no other Permits or authorizations required pursuant to the Environmental Laws are required by any Dagger Company for the conduct of the Business on the date hereof; (e) such Permits will not be terminated or impaired or become terminable, in whole or in part, solely as a result of the transactions contemplated hereby; (f) the management, handling, storage, transportation, treatment, and disposal by the Dagger Companies of all Materials of Environmental Concern is and has been in compliance with all applicable Environmental Laws; and (g) there are no past or present actions or activities by any Dagger Company, or any circumstances, conditions, events or incidents, including the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern, whether or not by a Dagger Company, that would reasonably be expected to form the basis of any Environmental Claim against any Dagger Company or against any Person whose liability for any Environmental Claim any Dagger Company may have retained or assumed either contractually or by operation of law, including, without limitation, the storage, treatment, release, emission, discharge, disposal or arrangement for disposal of any Material of Environmental Concern or any other contamination or other hazardous condition, related to the premises at any time occupied by any Dagger Company.

A12.2 **Environmental Claims.** Except as would not give rise to a material Dagger Obligation and does not and will not otherwise affect the Business, any Dagger Asset or any asset or property of any Dagger Subsidiary, and except as set forth on Schedule A12.2 , there is no Environmental Claim pending or, to the Knowledge of Arrow, threatened, against or involving any Dagger Company or against any Person whose liability for any Environmental Claim any Dagger Company has or may have retained or assumed either contractually or by operation of law. Without limiting the generality of the foregoing, except as set forth on Schedule A12.3 , no Dagger Company has received any notices, demands, requests for information, investigations pertaining to compliance with or liability under Environmental Law or Materials of Environmental Concern, nor, to the Knowledge of Arrow, are any such notices, demands, requests for information or investigations threatened, except as would not give rise to a Dagger Obligation and does not and will not otherwise affect the Business, any Dagger Asset or any asset or property of any Dagger Subsidiary.

A12.3 **Disclosure of Information.** Except as would not give rise to a Dagger Obligation and does not and will not otherwise affect the Business, any Dagger Asset or any asset or property of any Dagger Subsidiary, each Dagger Company has made, and during the period between the date of this Agreement and the Closing Date will continue to make, available to Acquisition Sub all environmental investigations, studies, audits, tests, reviews and other analyses conducted in relation to Environmental Laws or Materials of Environmental Concern that are in the possession, custody, or control of any Dagger Company and pertain to any Dagger Company or any property or facility now or previously owned, leased or operated by any Dagger Company.

A12.4 **Liens.** No lien imposed relating to or in connection with any Environmental Claim, Environmental Law, or Materials of Environmental Concern has been filed or has been attached to any of the property or assets which are owned, leased or operated by any Dagger Company, except as would not give rise to a Dagger Obligation and does not and will not otherwise affect the Business, any Dagger Asset or any asset or property of any Dagger Subsidiary.

A13 **No Undisclosed Broker's or Finder's Fees.** Except as set forth on Schedule A13 , no Dagger Company has paid or become obligated to pay any fee or commission to any broker, finder, financial advisor or intermediary in connection with the transactions contemplated by this Agreement.

A14 **Assets Other Than Real Property**

A14.1 **Title.** Good and marketable title to each of the tangible assets used or intended for use in the Business as it is presently conducted is held by a Dagger Company and such title is in each case free and clear of any Security Interest, other than Permitted Encumbrances, except for (a) assets disposed of since the date of the Dagger Balance Sheet in the ordinary course of business and in a manner consistent with past practices, (b) Liabilities, obligations and encumbrances reflected in the Dagger Balance Sheet or otherwise in the Dagger Financial Statements and (c) Liabilities, obligations and Security Interests set forth on Schedule A14.1 . Each tangible asset of any Dagger Company used or intended for use in the Reported Business that has or had a purchase price of $2,500 or more or that is otherwise material to the Reported Business is listed on Schedule 2.1.8 .

A14.2 **Accounts Receivable.** Except as set forth on Schedule A14.2 , all Dagger Receivables and all receivables shown on the Dagger Balance Sheet and all receivables accrued by any Dagger Company since the date of the Dagger Balance Sheet, have been collected or are collectible in all material respects in the aggregate amount shown, less any allowances for doubtful accounts reflected therein, and, in the case of receivables arising since the date of the Dagger Balance Sheet, any additional allowance in respect thereof is consistent with the allowance reflected in the Dagger Balance Sheet. Parent, Federal and Acquisition Sub hereby acknowledge that the foregoing representation does not constitute a guarantee of collection.

A14.3 **Condition.** All Dagger Tangible Assets are in good operating condition and repair, ordinary wear and tear excepted, and all such wear and tear taken in the aggregate is immaterial to the Business and does not affect the Business or affect Arrow's obligation to perform under this Agreement.

A15 **Real Property**

A15.1 **Dagger Real Property.** No Dagger Company owns any real property used in the Business.

A15.2 **Dagger Leases.** Complete copies of the Dagger Leases, and all material amendments thereto (which leases and amendments are identified on Schedule 2.1.4), have been made available by Arrow for inspection by Acquisition Sub. Except to the extent and as limited by the Dagger Leases, the Dagger Leases grant leasehold estates free and clear of all Security Interests (other than Permitted Encumbrances) and no Security Interest (other than Permitted Encumbrances) on any of the Dagger Facilities have been granted by or caused by the actions of any Dagger Company. The Dagger Leases are in full force and effect and are binding and enforceable against the Dagger Company that is a party thereto, and to the Knowledge of Arrow, each of the other parties thereto in accordance with their respective terms subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors and (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law). Except as set forth on Schedule A15.2 , neither any Dagger Company, nor, to the Knowledge of Arrow, any other party to any Dagger Lease, has committed a material breach or default under any Dagger Lease, nor has there occurred with respect to any Dagger Company, or, to the Knowledge of Arrow, any other party thereto, any event that with the passage of time or the giving of notice or both would constitute such a material breach or default. No material construction, alteration or other leasehold improvement work with respect to the Dagger Facilities covered by any Dagger Lease remains to be paid for or to be performed by any Dagger Company.

A15.3 **Condition.** All buildings, structures, leasehold improvements and fixtures, or parts thereof included among the Dagger Facilities are to the Knowledge of Arrow in good operating condition and repair, ordinary wear and tear excepted.

A16 **Agreements, Contracts and Commitments**

A16.1 **Dagger Agreements.** All Dagger Material Contracts and all other Dagger Engagements are listed on Schedule 2.1.1 . Other than the contracts listed on Schedule 2.1.1 or Schedule A16.1 , to the Knowledge of Arrow, there are no other contracts that (a) are materially necessary for the operation of the Business as currently conducted by any Dagger Company or (b) do or would materially restrict the operation of the Business as currently conducted by any Dagger Company (prior to the Closing) or Acquisition Sub and the Dagger Subsidiaries (after the Closing).

A16.2 **Validity.** Except as set forth on Schedule A16.2 , all Dagger Material Contracts, all contracts listed on Schedule A16.1 , and to the Knowledge of Arrow, all other Dagger Engagements and Dagger Contracts, as well as all contracts to which any Dagger Subsidiary is a party, are valid and in full force and effect; neither any Dagger Company, nor to the Knowledge of Arrow, any other party thereto, has breached any provision of, or defaulted under the terms of any such Dagger Material Contract, Dagger Contract or Dagger Engagement, in any material respect, except where such breach or default has been cured or waived.

A17 **Employee Agreements.** Except as set forth on Schedule A17 , each Dagger Employee has executed the AMS Employee Confidentiality and Intellectual Property Rights Agreement in substantially the forms attached as Exhibit E , and to the Knowledge of Arrow, no Dagger Employee or Dagger Consultant in the course of the performance of his or her duties to Arrow is in violation of any term of any employment or consulting contract, proprietary information and inventions agreement, non-competition agreement, or any other contract or agreement relating to the relationship of any such employee, officer or consultant with any Dagger Company or any previous employer.

A18 **Insurance Contracts.** The Dagger Companies maintain for the benefit of the Business contracts of insurance and indemnity (the " *Dagger Insurance Contracts* ") that insure against such risks, and are in such amounts, as are appropriate and reasonable considering the nature and operations of the Business and the property related thereto. All of the Dagger Insurance Contracts are in full force and effect, with no default thereunder by any Dagger Company which could permit the insurer to deny payment of claims thereunder. All premiums due and payable thereon have been paid and no Dagger Company has received notice from any of its insurance carriers that any insurance premiums will be materially increased in the future or that any insurance coverage provided under any of the Dagger Insurance Contracts will not be available in the future on substantially the same terms as now in effect. No Dagger Company has received or given a notice of cancellation with respect to any of the Dagger Insurance Contracts.

A19 **Banking Relationships.** Schedule A19 shows the names and locations of all banks and trust companies in which any Dagger Subsidiary has accounts, lines of credit or safety deposit boxes or Arrow has accounts in each case where associated exclusively with Dagger Engagements, and, with respect to each such account, line of credit or safety deposit box, the names of all Persons authorized to draw thereon or to have access thereto, as well as the account and other numbers of designation thereof.

A20 **Absence of Certain Relationships.** Except as set forth on Schedule A20 , none of (a) any Dagger Company, (b) any officer of any Dagger Company, or (c) any member of the immediate family of any Person listed in clause (b) of this sentence, has any financial or employment interest in any subcontractor, supplier, or customer of any Dagger Company (other than holdings in publicly held companies of less than one percent (1%) of the outstanding capital stock of any such publicly held company) relating to the Business.

A21 **Foreign Corrupt Practices.** No Dagger Company nor any of their respective officers, directors, agents, employees or other Persons acting on behalf of any Dagger Company has, in the conduct of the Business, used any corporate or other funds for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to government officials or others or established or maintained any unlawful or unrecorded funds in violation of Section 30A of the Securities Exchange Act of 1934, as amended. Neither any Dagger Company nor any current director, officer, agent, employee or other Person acting on behalf of any Dagger Company, has, in the conduct of the Business, accepted or received any unlawful contributions, payments, gifts or expenditures.

A22 **Government Contracts**

A22.1 **Generally.** Each Dagger Material Contract, and to the Knowledge of Arrow each other Dagger Engagement, that is a Government Contract (each an " *Active Government Contract* ") is listed on Schedule 2.1.1 and identified as a Government Contract. Each Dagger Completed Engagement that is or was a Government Contract is referred to herein as a " *Completed Government Contract* ." Also listed on Schedule 2.1.1 and identified as a Government Bid is each outstanding quotation, bid or proposal for a Government Contract involving the Business. Listed on Schedule A22.1 is each Active Government Contract under which to the Knowledge of Arrow, any Dagger Company currently is experiencing, or is likely to experience, material cost, schedule, technical or quality problems.

A22.2 **Bids and Awards.** To the Knowledge of Arrow, (i) each Active Government Contract and each Completed Government Contract (collectively, the " *Dagger Government Contracts* ") was legally awarded, (ii) no such Active Government Contract (or, where applicable, the prime contract with the United States Government under which such Government Contract was awarded) is the subject of bid or award protest proceedings, and (iii) no such Active Dagger Government Contract (or, where applicable, the prime contracts with the United States Government under which such Government Contract was awarded) is reasonably likely to become the subject of bid or award protest proceedings. To the Knowledge of Arrow, no facts exist which could give rise to a material claim for price adjustment under the Truth in Negotiations Act or to any other request for a material reduction in the price of any Dagger Government Contracts.

A22.3 **Compliance with Law and Regulation and Contractual Terms; Inspection and Certification .** Each Dagger Company has complied in all material respects with all statutory and regulatory requirements pertaining to the Dagger Government Contracts to which it is a party, including the Armed Services Procurement Act, the Federal Procurement and Administrative Services Act, the Federal Acquisition Regulation (the " *FAR* "), the FAR cost principles and the Cost Accounting Standards. To the Knowledge of Arrow, each Dagger

Company has complied in all material respects with all terms and conditions, including (but not limited to) all clauses, provisions, specifications, and quality assurance, testing and inspection requirements of the Dagger Government Contracts, whether incorporated expressly, by reference or by operation of law. To the Knowledge of Arrow, all facts set forth in or acknowledged by any representations, certifications or disclosure statements made or submitted by or on behalf of any Dagger Company in connection with any Dagger Government Contracts and its quotations, bids and proposals for Government Contracts were current, accurate and complete in all material respects as of the date of their submission. To the Knowledge of Arrow, each Dagger Company has complied in all material respects with all applicable representations, certifications and disclosure requirements under all Dagger Government Contracts and each of its quotations, bids and proposals for Government Contracts. Each Dagger Company has developed and implemented a government contracts compliance program which includes corporate policies and procedures to ensure compliance with applicable government procurement statutes, regulations and contract requirements. To the Knowledge of Arrow, no facts exist which could reasonably be expected to give rise to liability to any Dagger Company under the False Claims Act which would reasonably be expected to result in a material Dagger Obligation. Except as described in Schedule A22.3 , no Dagger Company has undergone or is undergoing any audit, review, inspection, investigation, survey or examination of records relating to any Dagger Government Contract (where such audit is either outside the ordinary course of business or would reasonably be expected to result in a material Dagger Obligation). No audit, review, inspection, investigation, survey or examination of records described in Schedule A22.3 has revealed any fact, occurrence or practice which could affect the assets, business or financial statements of any Dagger Company or any Dagger Company's continued eligibility to receive and perform Government Contracts. To the Knowledge of Arrow, no Dagger Company has made any payment, directly or indirectly, to any Person in violation of applicable laws, including (but not limited to) laws relating to bribes, gratuities, kickbacks, lobbying expenditures, political contributions and contingent fee payments. To the Knowledge of Arrow, each Dagger Company has complied in all material respects with all applicable requirements under each Dagger Government Contract relating to the safeguarding of and access to classified information. Each Dagger Company's cost accounting, purchasing, inventory and quality control systems are in material compliance with all applicable government procurement statutes and regulations and with the requirements of the Dagger Government Contracts (or any of them).

A22.4 **Disputes, Claims and Litigation.** Except as described in Schedule A22.4 , to the Knowledge of Arrow, there are neither any outstanding material claims or disputes against any Dagger Company relating to any Dagger Government Contract nor any facts or allegations that could give rise to such a claim or dispute in the future. Except as described in Schedule A22.4 , to the Knowledge of Arrow, there are neither any outstanding material claims or disputes relating to any Dagger Government Contract which, if resolved unfavorably to a Dagger Company, would materially increase such Dagger Company's cost to complete performance of such Government Contract above the amounts set forth in the estimates to complete previously prepared by Arrow and delivered to Acquisition Sub for each Dagger Government Contract, nor, to the Knowledge of Arrow, any reasonably foreseeable expenditures which would materially increase the cost to complete performance of any Dagger Government Contract above the amounts set forth in the estimates to complete described above. No Dagger Company has been or is now under any administrative, civil or criminal investigation or indictment disclosed to Arrow involving alleged false statements, false claims or other

misconduct relating to any Dagger Government Contract or quotations, bids and proposals for Government Contracts, and to the Knowledge of Arrow, there is no basis for any such investigation or indictment. No Dagger Company has been or is now a party to any administrative or civil litigation involving alleged false statements, false claims or other misconduct relating to any Dagger Government Contract or quotations, bids and proposals for Government Contracts, and to the Knowledge of Arrow, there is no basis for any such proceeding. Except as described in Schedule A22.4 , neither the United States Government nor any prime contractor or higher-tier subcontractor under a Government Contract has withheld or set off, or attempted to withhold (other than the hold-backs pursuant to contracts in the ordinary course of business), or set off, material amounts of money otherwise acknowledged to be due to any Dagger Company under Dagger Government Contract. Except as described in Schedule A22.4 , neither the United States Government nor any prime contractor or higher-tier subcontractor under an outstanding Government Contract has questioned or disallowed any material costs claimed by any Dagger Company under any Dagger Government Contract, and to the Knowledge of Arrow, there is no fact or occurrence that could be a basis for disallowing any such costs.

A22.5 **Sanctions.** To the Knowledge of Arrow, neither the United States Government nor any prime contractor or higher-tier subcontractor under a Government Contract nor any other Person has notified any Dagger Company, in writing, of any actual or alleged violation or breach of any statute, regulation, representation, certification, disclosure obligation, contract term, condition, clause, provision or specification except where such violation or breach would reasonably be expected to be immaterial. No Dagger Company has received any show cause, cure, deficiency, default or similar notices relating to any Dagger Government Contract except where such violation or breach would reasonably be expected to be immaterial. No Dagger Company or any director, officer, employee, consultant or Affiliate thereof has been or is not now suspended, debarred, or proposed for suspension or debarment from government contracting, and to the Knowledge of Arrow, no facts exist which could cause or give rise to such suspension or debarment, or proposed suspension or debarment. No determination of non-responsibility has ever been issued against any Dagger Company with respect to any quotation, bid or proposal for a Government Contract.

A22.6 **Terminations.** Except as described in Schedule A22.6 , no Government Contract of any Dagger Company relating to the Business has been terminated for default within 24 months prior to the date of this Agreement. Except as described in Schedule A22.6 , no Dagger Company has received any notice in writing, terminating or indicating an intent to terminate any Active Government Contract for convenience.

A22.7 **Assignments.** Except as described in Schedule A22.7 , no Dagger Company has made any assignment of any Dagger Government Contract or of any interest in any Dagger Government Contract to any Person other than one of the Dagger Companies. Except as described in Schedule A22.7 , no Dagger Company has entered into no financing arrangements with respect to the performance of any Dagger Government Contract.

A22.8 **Property.** Arrow is in compliance with all applicable Legal Requirements with respect to the possession and maintenance of all government furnished property (as defined in the FAR), and to the Knowledge of Arrow, the Dagger Subsidiaries are in compliance with such Legal Requirements.

A23 **Additional Liabilities** . None of Parent, Federal, Acquisition Sub or any of their respective Affiliates, directors, officers or employees as a consequence of the terms of this Agreement or the occurrence of the Transaction shall become subject to any obligation other than the Dagger Obligations and the other obligations explicitly described in this Agreement or any of the Ancillary Agreements.

[*remainder of page intentionally left blank*]

Appendix B

B1 **Corporate Status of Parent, Federal and Acquisition Sub** . Each of Parent, Federal and Acquisition Sub is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware, with the requisite corporate power to own, operate and lease its properties and to carry on its business as now being conducted.

B2 **Authority for Agreement; Noncontravention**

B2.1 **Authority** . Each of Parent, Federal and Acquisition Sub has the corporate power and authority to enter into this Agreement and to consummate the transactions contemplated hereby. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by the boards of directors of Parent, Federal and Acquisition Sub and no other corporate proceedings on the part of Parent, Federal or Acquisition Sub are necessary to authorize the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby. This Agreement and the other agreements contemplated hereby to be signed by Parent, Federal or Acquisition Sub have been duly executed and delivered by Parent, Federal and/or Acquisition Sub, as the case may be, and constitute valid and binding obligations of Parent, Federal and/or Acquisition Sub, as the case may be, enforceable against Parent, Federal and/or Acquisition Sub in accordance with their terms, subject to the qualifications that enforcement of the rights and remedies created hereby and thereby are subject to (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws of general application affecting the rights and remedies of creditors, (b) general principles of equity (regardless of whether enforcement is considered in a proceeding in equity or at law) and (c) the availability of specific performance or other equitable or legal remedies specified herein.

B2.2 **No Conflict** . Neither execution and delivery of this Agreement by Parent, Federal or Acquisition Sub, nor the performance by Parent, Federal or Acquisition Sub of its obligations hereunder, nor the consummation by Parent, Federal or Acquisition Sub of the transactions contemplated hereby will (a) conflict with or result in a violation of any provision of the Certificate of Incorporation or by-laws of Parent, Federal or Acquisition Sub, or (b) with or without the giving of notice or the lapse of time, or both, conflict with, or result in any violation or breach of, or constitute a default under, or result in any right to accelerate or result in the creation of any lien, charge or encumbrance pursuant to, or right of termination under, any provision of any note, mortgage, indenture, lease, instrument or other agreement, Permit, concession, grant, franchise, license, judgment, order, decree, statute, ordinance, rule or regulation to which Parent, Federal, Acquisition Sub or any of Parent's other Subsidiaries is a party or by which any of them or any of their assets or properties is bound or which is applicable to any of them or any of their assets or properties. Except for filings that may be required under the HSR Act, no authorization, consent or approval of, or filing with or notice to, any Governmental Entity is necessary for the execution and delivery of this Agreement by Parent, Federal or Acquisition Sub or the consummation by Parent, Federal or Acquisition Sub of the transactions contemplated hereby, except for such consents, authorizations, filings, approvals and registrations which if not obtained or made would not, individually or in the aggregate, prevent or materially delay the consummation of the Transaction by Parent, Federal or Acquisition Sub.

B3 **Financing** . Parent has entered into a $350,000,000 term loan and a $200,000,000 revolving credit facility to permit Acquisition Sub to consummate the Transaction.

List of Exhibits and Schedules

Exhibit	Description
A	Intellectual Property Agreement
B	Press Releases
C	Form of Opinion of Counsel to American Management Systems, Incorporated (Arnold & Porter LLP)
D	Form of Opinion of Counsel to American Management Systems, Incorporated (Richards, Layton & Finger, P.A.)
E	Forms of Arrow Employee Confidentiality and Intellectual Property Rights Agreement

Schedule	Description
1.3A	Dagger Consultants
1.3B	Dagger Employees
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2.1.8	Dagger Tangible Assets
2.1.12	Permits
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A1	Corporate Status
A2	Dagger Subsidiaries
A3.2	No Conflict
A4	Financial Statements
A5	Absence of Material Adverse Changes
A6	Absence of Undisclosed LiabilitiesA9.5
A7	Compliance with Applicable Law, Charter and By-Laws
A8	Litigation and
A9.1	Tax Matters - Filing of Returns
A9.5	Collapsible Corporations, Golden Parachutes, Real Property Holding Corporations
A10.1	Employee Benefit Plans - List of Plans/Plan Determinations
A10.4(a)	Employee Benefit Plans - Dagger Subsidiaries' Plans - List of Plans
A10.4(b)	Employee Benefit Plans - Dagger Subsidiaries' Plans - Multiemployer Plans
A10.4(d)	Employee Benefit Plans - Dagger Subsidiaries' Plans - Acceleration of Rights
A10.4(h)	Employee Benefit Plans - Dagger Subsidiaries' Plans - Retiree Benefits
A11.1	Employment-Related Matters - Labor Relations
A12.1	Environmental - Environmental Laws
A12.2	Environmental - Environmental Claims
A12.3	Environmental - No Basis for Claims
A13	No Undisclosed Broker's or Finder's Fee
A14.1	Assets Other Than Real Property - Title
A14.2	Assets Other Than Real Property - Accounts Receivable
A15.2	Real Property - Dagger Leases

Schedule	Description
A16.1	Agreements, Contracts and Commitments - Dagger Agreements
A16.2	Agreements, Contracts and Commitments - Validity
A17	Employee Agreements
A19	Banking Relationships
A20	Absence of Certain Relationships
A22.1	Government Contracts - Generally
A22.3	Government Contracts - Compliance with Law and Regulation and Contractual Terms; Inspection and Certification
A22.4	Government Contracts - Disputes, Claims and Litigation
A22.6	Government Contracts - Terminations
A22.7	Government Contracts - Assignments
5.1	Conduct of Business of Arrow
6.7.1	Tax Matters - Allocation of Purchase Price

Exhibit 10.21

CREDIT AGREEMENT

Dated as of May 3, 2004

among

CACI INTERNATIONAL INC,
as the Borrower,

THE SUBSIDIARIES OF THE BORROWER IDENTIFIED HEREIN,
as the Guarantors,

BANK OF AMERICA, N.A.,
as Administrative Agent, Swing Line Lender and L/C Issuer,

SUNTRUST BANK,
as Syndication Agent

WACHOVIA BANK, NATIONAL ASSOCIATION,
as Documentation Agent

MANUFACTURERS AND TRADERS TRUST COMPANY,
as Co-Agent

and

THE OTHER LENDERS PARTY HERETO

Arranged By:

BANC OF AMERICA SECURITIES LLC,

as Sole Lead Arranger and Sole Book Manager

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT

This CREDIT AGREEMENT is entered into as of May 3, 2004 among CACI INTERNATIONAL INC, a Delaware corporation (the " Borrower "), the Guarantors (defined herein), the Lenders (defined herein) and BANK OF AMERICA, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer.

The Borrower has requested that the Lenders provide $550 million in credit facilities for the purposes set forth herein, and the Lenders are willing to do so on the terms and conditions set forth herein.

In consideration of the mutual covenants and agreements herein contained, the parties hereto covenant and agree as follows:

ARTICLE I

DEFINITIONS AND ACCOUNTING TERMS

1.01 Defined Terms .

As used in this Agreement, the following terms shall have the meanings set forth below:

" Acquired Business " means the assets of Arrow to be acquired by the Borrower and/or one or more Subsidiaries as identified in the Transaction Documents.

" Acquisition ", by any Person, means the acquisition by such Person, in a single transaction or in a series of related transactions, of all or any substantial portion of the Property of another Person or at least a majority of the Voting Stock of another Person, in each case whether or not involving a merger or consolidation with such other Person and whether for cash, property, services, assumption of Indebtedness, securities or otherwise.

" Acquisition Consideration " means, with respect to any Acquisition, all cash and non-cash consideration (including, without limitation, the amount of Indebtedness assumed, the amount reasonably anticipated to be payable in connection with any deferred purchase price obligation (including any earn-out obligation) as determined by the Borrower in good faith at the time of the consummation of such Acquisition, and the value of any Capital Stock of the Borrower issued to the seller), but net of cash acquired in such Acquisition.

" Administrative Agent " means Bank of America in its capacity as administrative agent under any of the Loan Documents, or any successor administrative agent.

" Administrative Agent's Office " means the Administrative Agent's address and, as appropriate, account as set forth on Schedule 11.02 or such other address or account as the Administrative Agent may from time to time notify the Borrower and the Lenders.

" Administrative Questionnaire " means an Administrative Questionnaire in a form supplied by the Administrative Agent.

" Affiliate " means, with respect to any Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. " Control " means the possession, directly or indirectly, of the power to direct or cause the

direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. " Controlling " and " Controlled " have meanings correlative thereto. Without limiting the generality of the foregoing, a Person shall be deemed to be Controlled by another Person if such other Person possesses, directly or indirectly, power to vote 10% or more of the securities having ordinary voting power for the election of directors, managing general partners or the equivalent.

" Agent-Related Persons " means the Administrative Agent, together with its Affiliates (including, in the case of Bank of America in its capacity as the Administrative Agent, BAS), and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

" Aggregate Commitments " means the aggregate principal amount of the Revolving Commitments and the Term Loan Commitments.

" Aggregate Revolving Commitments " means the Revolving Commitments of all the Revolving Lenders. The initial amount of the Aggregate Revolving Commitments in effect on the Effective Date is TWO HUNDRED MILLION DOLLARS ($200,000,000).

" Agreement " means this Credit Agreement, as amended, modified, supplemented and extended from time to time.

" Applicable Rate " means the following percentages per annum, based upon the Consolidated Leverage Ratio as set forth in the most recent Compliance Certificate received by the Administrative Agent pursuant to Section 7.02(b) :

				Eurodollar Rate Loans		Base Rate Loans	
Pricing Tier	Consolidated Leverage Ratio	Commitment Fee	Letters of Credit	Revolving Loans	Term Loan	Revolving Loans	Term Loan
I	≥ 3.0:1.0	0.500%	2.00%	2.00%	2.00%	0.50%	0.50%
II	≥ 2.5:1.0 but <3.0:1.0	0.375%	1.75%	1.75%	2.00%	0.25%	0.50%
III	≥ 2.0:1.0 but <2.5:1.0	0.375%	1.50%	1.50%	2.00%	0.00%	0.50%
IV	≥ 1.5:1.0 but <2.0:1.0	0.300%	1.25%	1.25%	2.00%	0.00%	0.50%
V	< 1.5:1.0	0.300%	1.00%	1.00%	2.00%	0.00%	0.50%

Any increase or decrease in the Applicable Rate resulting from a change in the Consolidated Leverage Ratio shall become effective as of the third Business Day immediately following the date a Compliance Certificate is delivered pursuant to Section 7.02(b) ; provided , however , that if a Compliance Certificate is not delivered when due in accordance with such Section, then Pricing Tier I shall apply as of the first Business Day after the date on which such Compliance Certificate was required to have been delivered and shall continue to apply until the third Business Day immediately following the date a Compliance Certificate is actually delivered in accordance with Section 7.02(b) , whereupon the Applicable Rate shall be adjusted based upon the calculation of the Consolidated Leverage Ratio contained in such Compliance Certificate. The Applicable Rate in effect from the Effective Date through the third Business Day immediately following the date a Compliance Certificate is required to be delivered pursuant to Section 7.02(b) for the fiscal quarter ending June 30, 2004 shall be determined based upon Pricing Level I.

" Approved Foreign Bank " means any bank, trust company or national banking association incorporated under the laws of any country (other than the United States) having combined capital and surplus retained earnings of the local currency counter value of at least $100,000,000 and having a rating of A, its equivalent or higher by Standard & Poor's Corporation or Moody's Investors Service, Inc. (or, if

neither such organization shall rate such institution at any time, by any nationally recognized rating organization in the country).

" Approved Fund " has the meaning specified in Section 11.07(g) .

" Arrow " means American Management Systems, Incorporated.

" Assignment and Assumption " means an Assignment and Assumption substantially in the form of Exhibit 11.07 , and shall include, in the case of the initial assignments of portions of the Term Loan by Bank of America, one or more master assignment and assumption agreements to effect assignments to multiple assignees substantially on the terms of the form of Assignment and Assumption set forth in Exhibit 11.07 .

" Attorney Costs " means and includes all reasonable fees, expenses and disbursements of any law firm or other external counsel.

" Attributable Indebtedness " means, on any date, (a) in respect of any Capital Lease of any Person, the capitalized amount thereof that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP, (b) in respect of any Synthetic Lease, the capitalized amount of the remaining lease payments under the relevant lease that would appear on a balance sheet of such Person prepared as of such date in accordance with GAAP if such lease were accounted for as a Capital Lease, (c) in respect of any Securitization Transaction of any Person, the outstanding principal amount of such financing, after taking into account reserve accounts and making appropriate adjustments, determined by the Administrative Agent in its reasonable judgment and (d) in the case of any Sale and Leaseback Transaction, the present value (discounted in accordance with GAAP at the debt rate implied in the applicable lease) of the obligations of the lessee for rental payments during the term of such lease).

" Audited Financial Statements " means the audited consolidated balance sheet of the Borrower and its Subsidiaries for the fiscal year ended June 30, 2003, and the related consolidated statements of income or operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries for such fiscal year, including the notes thereto.

" Availability Period " means, with respect to the Revolving Commitments, the period from and including the Effective Date to the earliest of (a) the Maturity Date, (b) the date of termination of the Aggregate Revolving Commitments pursuant to Section 2.06 , and (c) the date of termination of the commitment of each Revolving Lender to make Loans and of the obligation of the L/C Issuer to make L/C Credit Extensions pursuant to Section 9.02 .

" Bank of America " means Bank of America, N.A. and its successors.

" BAS " means Banc of America Securities LLC, in its capacity as sole lead arranger and book manager.

" Base Rate " means for any day a fluctuating rate per annum equal to the higher of (a) the Federal Funds Rate plus 1/2 of 1% and (b) the rate of interest in effect for such day as publicly announced from time to time by Bank of America as its "prime rate." The "prime rate" is a rate set by Bank of America based upon various factors including Bank of America's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any change in the "prime rate" announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

" Base Rate Loan " means a Loan that bears interest based on the Base Rate.

" Base Rate Revolving Loan " means a Revolving Loan that bears interest based on the Base Rate.

" Borrower " has the meaning specified in the introductory paragraph hereto.

" Borrowing " means a borrowing consisting of simultaneous Loans of the same Type and, in the case of Eurodollar Rate Loans, having the same Interest Period made by each of the Lenders pursuant to Section 2.01 .

" Business Day " means any day other than a Saturday, Sunday or other day on which commercial banks are authorized to close under the Laws of, or are in fact closed in, the state where the Administrative Agent's Office is located and, if such day relates to any Eurodollar Rate Loan, means any such day on which dealings in Dollar deposits are conducted by and between banks in the London interbank eurodollar market.

" Businesses " means, at any time, a collective reference to the businesses operated by the Borrower and its Subsidiaries at such time.

" CACI Limited " shall mean CACI Limited, a United Kingdom corporation.

" Capital Lease " means, as applied to any Person, any lease of any Property by that Person as lessee which, in accordance with GAAP, is required to be accounted for as a capital lease on the balance sheet of that Person.

" Capital Stock " means (i) in the case of a corporation, capital stock, (ii) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of capital stock, (iii) in the case of a partnership, partnership interests (whether general or limited), (iv) in the case of a limited liability company, membership interests and (v) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

" Cash Collateralize " has the meaning specified in Section 2.03(g) .

" Cash Equivalents " means, as at any date, (a) securities issued or directly and fully guaranteed or insured by the United States or any agency or instrumentality thereof (provided that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than twelve months from the date of acquisition, (b) Dollar denominated time deposits, bankers' acceptances and certificates of deposit of (i) any Revolving Lender, (ii) any domestic commercial bank of recognized standing having capital and surplus in excess of $100,000,000 or (iii) any bank, trust company or national banking association whose short-term commercial paper rating from S&P is at least A-1 or the equivalent thereof or from Moody's is at least P-1 or the equivalent thereof (any such bank being an " Approved Bank "), in each case with maturities of not more than twelve months from the date of acquisition, (c) commercial paper and variable or fixed rate notes issued by any Approved Bank (or by the parent company thereof) and maturing within twelve months of the date of acquisition; (d) commercial paper issued by, or guaranteed by, any domestic company and rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's and maturing within twelve months of the date of acquisition; (e) variable or fixed rate notes and other debt instruments issued by, or guaranteed by, any domestic company and rated AAA (or the equivalent thereof) or better by S&P or Aaa (or the equivalent thereof) or better by Moody's and maturing within twelve months of the date of acquisition; (f) repurchase agreements entered into by any Person with a bank or trust company

(including any of the Revolving Lenders) or recognized securities dealer having capital and surplus in excess of $100,000,000 for securities of the type described in clauses (a) and (b) above in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations, (g) Investments, classified in accordance with GAAP as current assets, in money market investment programs registered under the Investment Company Act of 1940, as amended, which are administered by reputable financial institutions having capital of at least $100,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (a) through (f), and (h) (i) direct obligations of, or obligations fully guaranteed by, any country (other than the United States) or any agency or instrumentality thereof; (ii) certificates of deposit issued by, or bankers' acceptances of or promissory notes of, or time deposits or bearer note deposits with, any Approved Foreign Bank; (iii) commercial paper issued by any Approved Foreign Bank and maturing within twelve months of the date of acquisition; (iv) repurchase agreements entered into by any Person with a bank or trust company (including any Approved Foreign Bank) or recognized securities dealer having capital and surplus in excess of $100,000,000 for direct obligations issued by or fully guaranteed by any country (other than the United States) or any agency or instrumentality thereof in which such Person shall have a perfected first priority security interest (subject to no other Liens) and having, on the date of purchase thereof, a fair market value of at least 100% of the amount of the repurchase obligations; (v) commercial paper issued by, or guaranteed by, any foreign company and rated A-1 (or the equivalent thereof) or better by S&P or P-1 (or the equivalent thereof) or better by Moody's (or, if neither S&P nor Moody's shall rate such obligations at such time, by any nationally recognized rating agency in the relevant country) and maturing within twelve months of the date of acquisition; (vi) variable or fixed rate notes and other debt instruments issued by, or guaranteed by, any foreign company and rated AAA (or the equivalent thereof) or better by S&P or Aaa (or the equivalent thereof) or better by Moody's (or, if neither S&P nor Moody's shall rate such obligations at such time, by any nationally recognized rating agency in the relevant country) and maturing within twelve months of the date of acquisition; and (vii) Investments, classified in accordance with GAAP as current assets, in money market investment programs which are administered by reputable financial institutions having capital of at least $100,000,000 and the portfolios of which are limited to Investments of the character described in the foregoing subdivisions (g)(i) through (g)(vi), provided that the aggregate principal amount (valued in Dollars based on applicable prevailing foreign currency conversion rates) of all Investments under this clause (g) shall not exceed $10 million.

" Change of Control " means an event or series of events by which:

(a) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, but excluding any employee benefit plan of such person or its subsidiaries, and any person or entity acting in its capacity as trustee, agent or other fiduciary or administrator of any such plan) becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Securities Exchange Act of 1934, except that a person or group shall be deemed to have "beneficial ownership" of all Capital Stock that such person or group has the right to acquire (such right, an " option right "), whether such right is exercisable immediately or only after the passage of time), directly or indirectly, of fifty percent (50%) of the Capital Stock of the Borrower entitled to vote for members of the board of directors or equivalent governing body of the Borrower on a fully diluted basis (and taking into account all such securities that such person or group has the right to acquire pursuant to any option right); or

(b) during any period of 24 consecutive months, a majority of the members of the board of directors or other equivalent governing body of the Borrower cease to be composed of individuals (i) who were members of that board or equivalent governing body on the first day of such period, (ii) whose election or nomination to that board or equivalent governing body was approved by individuals referred to in clause (i) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body or (iii) whose election

or nomination to that board or other equivalent governing body was approved by individuals referred to in clauses (i) and (ii) above constituting at the time of such election or nomination at least a majority of that board or equivalent governing body (excluding, in the case of both clause (ii) and clause (iii), any individual whose initial nomination for, or assumption of office as, a member of that board or equivalent governing body occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than a solicitation for the election of one or more directors by or on behalf of the board of directors).

" Closing Date " means the date hereof.

" Collateral " means a collective reference to all real and personal Property with respect to which Liens in favor of the Administrative Agent are purported to be granted pursuant to and in accordance with the terms of the Collateral Documents.

" Collateral Documents " means a collective reference to the Security Agreement, the Pledge Agreement, the Mortgages and such other security documents as may be executed and delivered by the Loan Parties pursuant to the terms of Section 7.14 .

" Collateral Termination Date " means the first date following the Effective Date upon which each of the following conditions is satisfied: (a) no Default has occurred and is continuing; (b) the Term Loan has been repaid in full; (c) the maximum Consolidated Leverage Ratio permitted under Section 8.11 is equal to or less than 3.0 to 1.0; (d) the actual Consolidated Leverage Ratio for the most recently ended period of four consecutive fiscal quarters for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) is equal to or less than 2.5 to 1.0; and (e) the Borrower provides written notice to the Administrative Agent and the Lenders notifying such parties that the conditions specified in (a) through (d) have been satisfied.

" Commitment Letter " means the commitment letter dated March 10, 2004 among the Borrower, the Administrative Agent and BAS.

" Commitments " means the Revolving Commitments and the Term Loan Commitments.

" Compliance Certificate " means a certificate substantially in the form of Exhibit 7.02 .

" Consolidated Capital Expenditures " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, all capital expenditures, as determined in accordance with GAAP; provided , however , that Consolidated Capital Expenditures shall not include (a) expenditures made with proceeds of any Involuntary Disposition to the extent such expenditures are used to purchase Property that is the same as or similar to the Property subject to such Involuntary Disposition or (b) Permitted Acquisitions.

" Consolidated EBITDA " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to Consolidated Net Income for such period plus the following to the extent deducted in calculating such Consolidated Net Income: (a) Consolidated Interest Charges for such period, (b) the provision for federal, state, local and foreign income taxes payable by the Borrower and its Subsidiaries for such period, (c) the amount of depreciation and amortization expense for such period and (d) non-cash items relating to (i) the impairment of goodwill, (ii) the write-down of intangibles and (iii) the amortization and expensing of non-cash stock-based compensation, all as determined in accordance with GAAP.

" Consolidated EBITDAR " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) Consolidated EBITDA for such period plus (b) rent and lease expense for such period, all as determined in accordance with GAAP.

" Consolidated Excess Cash Flow " means, for any period for the Borrower and its Subsidiaries, an amount equal to the sum of (a) Consolidated EBITDA minus (b) Consolidated Capital Expenditures paid in cash minus (c) the cash portion of Consolidated Interest Expense minus (d) cash taxes paid minus (e) Consolidated Scheduled Funded Debt Payments minus (f) the amount of any voluntary prepayments made on the Term Loan, minus (g) cash consideration paid in connection with Permitted Acquisitions, minus (h) the amount paid on deferred purchase price obligations (including earn-out obligations) incurred in connection with any Acquisition, plus (or minus , as applicable) (i) Net Changes in Working Capital between the first day and last day of such period, minus (j) the amount of gain on any Disposition or Involuntary Disposition to the extent (i) such amount is included in Consolidated Net Income and (ii) the Term Loan is prepaid by such amount pursuant to Section 2.05(b)(ii) , minus (k) the amount of any prepayment made on the Revolving Loans to the extent such prepayment is accompanied by a corresponding permanent reduction in the Aggregate Revolving Commitments, in each case on a consolidated basis determined in accordance with GAAP.

" Consolidated Fixed Charges " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to the sum of (a) the cash portion of Consolidated Interest Charges for such period plus (b) rent and lease expense for such period plus (c) Consolidated Scheduled Funded Debt Payments for such period plus (d) Restricted Payments (excluding any dividend or other distribution payable solely in the Capital Stock of the Person making such distribution) made during such period, all as determined in accordance with GAAP.

" Consolidated Fixed Charges Coverage Ratio " means, as of any date of determination, the ratio of (a) Consolidated EBITDAR for the period of the four fiscal quarters most recently ended to (b) Consolidated Fixed Charges for the period of the four fiscal quarters most recently ended; provided, however, that (i) for the four fiscal quarter period ending as of the last day of the first fiscal quarter ending after the Effective Date, Consolidated Fixed Charges shall be the product of Consolidated Fixed Charges for the fiscal quarter then ended multiplied by four, (ii) for the four fiscal quarter period ending as of the last day of the second fiscal quarter ending after the Effective Date, Consolidated Fixed Charges shall be the product of Consolidated Fixed Charges for the two fiscal quarters then ended multiplied by two and (iii) for the four fiscal quarter period ending as of the last day of the third fiscal quarter ending after the Effective Date, Consolidated Fixed Charges shall be the product of Consolidated Fixed Charges for the three fiscal quarters then ended multiplied by one and one-third.

" Consolidated Funded Indebtedness " means Funded Indebtedness of the Borrower and its Subsidiaries on a consolidated basis.

" Consolidated Interest Charges " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, an amount equal to the sum of (i) all interest, premium payments, debt discount, fees, charges and related expenses in connection with borrowed money (including capitalized interest) or in connection with the deferred purchase price of assets, in each case to the extent treated as interest in accordance with GAAP, plus (ii) the portion of rent expense with respect to such period under Capital Leases that is treated as interest in accordance with GAAP plus (iii) the implied interest component of Synthetic Leases with respect to such period.

" Consolidated Leverage Ratio " means, as of any date of determination, the ratio of (a) Consolidated Funded Indebtedness as of such date to (b) Consolidated EBITDA for the period of the four fiscal quarters most recently ended.

" Consolidated Net Income " means, for any period, for the Borrower and its Subsidiaries on a consolidated basis, the net income of the Borrower and its Subsidiaries for that period (excluding extraordinary gains and losses and related tax effects thereof), as determined in accordance with GAAP.

" Consolidated Net Worth " means, as of any date of determination, consolidated shareholders' equity of the Borrower and its Subsidiaries as of such date determined in accordance with GAAP.

" Consolidated Scheduled Funded Debt Payments " means for any period for the Borrower and its Subsidiaries on a consolidated basis, the sum of all scheduled payments of principal on Consolidated Funded Indebtedness, as determined in accordance with GAAP. For purposes of this definition, "scheduled payments of principal" (a) shall be determined without giving effect to any reduction of such scheduled payments resulting from the application of any voluntary or mandatory prepayments made during the applicable period, (b) shall be deemed to include the Attributable Indebtedness in respect of Capital Leases, Sale and Leaseback Transactions and Synthetic Leases and (c) shall not include any voluntary prepayments or mandatory prepayments required pursuant to Section 2.05 .

" Contractual Obligation " means, as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its Property is bound.

" Control " has the meaning specified in the definition of "Affiliate."

" Credit Extension " means each of the following: (a) a Borrowing and (b) an L/C Credit Extension.

" Crossbow " means CGI Group Inc.

" Debt Issuance " means the issuance by the Borrower or any Subsidiary of any Indebtedness other than Indebtedness permitted under Section 8.03 .

" Debtor Relief Laws " means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally.

" Default " means any event or condition that constitutes an Event of Default or that, with the giving of any notice, the passage of time, or both, would be an Event of Default.

" Default Rate " means an interest rate equal to (a) the Base Rate plus (b) the Applicable Rate, if any, applicable to Base Rate Loans plus (c) 2% per annum; provided , however , that (i) with respect to a Eurodollar Rate Loan, the Default Rate shall be an interest rate equal to the interest rate (including any Applicable Rate) otherwise applicable to such Loan plus 2% per annum and (ii) when used with respect to Letter of Credit Fees, the Default Rate shall be a rate equal to the Applicable Rate plus 2% per annum, in all cases to the fullest extent permitted by applicable Laws.

" Defaulting Lender " means any Lender that (a) has failed to fund any portion of the Loans, participations in L/C Obligations or participations in Swing Line Loans required to be funded by it hereunder within one Business Day of the date required to be funded by it hereunder, (b) has otherwise failed to pay over to the Administrative Agent or any other Lender any other amount required to be paid

by it hereunder within one Business Day of the date when due, unless the subject of a good faith dispute, or (c) has been deemed insolvent or become the subject of a bankruptcy or insolvency proceeding.

" Disposition " or " Dispose " means the sale, transfer, license, lease or other disposition (including any Sale and Leaseback Transaction) of any Property by the Borrower or any Subsidiary (including the Capital Stock of any Subsidiary), including any sale, assignment, transfer or other disposal, with or without recourse, of any notes or accounts receivable or any rights and claims associated therewith, but excluding (a) the sale, lease, license, transfer or other disposition of Property in the ordinary course of business of the Borrower and its Subsidiaries (other than sales of government contracts that are required by law or by any government agency to be sold as a result of an organizational conflict of interest), (b) the sale, lease, license, transfer or other disposition of machinery and equipment no longer used or useful in the conduct of business of the Borrower and its Subsidiaries, (c) any sale, lease, license, transfer or other disposition of Property by the Borrower or any Subsidiary to the Borrower or any Domestic Subsidiary, (d) any Involuntary Disposition by the Borrower or any Subsidiary, (e) any sale, lease, license, transfer or other disposition of Property by any Foreign Subsidiary to another Foreign Subsidiary, (f) any sale, transfer or other disposition of Cash Equivalents and (g) the making of any Permitted Investment.

" Dollar " and " $ " mean lawful money of the United States.

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

" Effective Date " means the date each of the conditions precedent set forth in Section 5.01 and Section 5.02 have been satisfied.

" Eligible Assignee " has the meaning specified in Section 11.07(g) .

" Environmental Laws " means any and all federal, state, local, foreign and other applicable statutes, laws, regulations, ordinances, rules, judgments, orders, decrees, permits, concessions, grants, franchises, licenses, agreements or governmental restrictions relating to pollution and the protection of the environment or the release of any materials into the environment, including those related to hazardous substances or wastes, air emissions and discharges to waste or public systems.

" Environmental Liability " means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, fines, penalties or indemnities), of the Borrower or any Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the release or threatened release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

" Equity Issuance " means any issuance by the Borrower or any Subsidiary to any Person of shares of its Capital Stock, other than (a) any issuance of shares of its Capital Stock pursuant to the exercise of options, warrants or other purchase rights under any stock incentive plan, stock option plan, stock purchase plan or other equity-based compensation plan or arrangement, (b) any issuance of shares of its Capital Stock pursuant to the conversion of any debt securities to equity or the conversion of any class equity securities to any other class of equity securities, (c) any issuance of options or warrants relating to its Capital Stock, (d) any issuance by the Borrower of shares of its Capital Stock as consideration for a Permitted Acquisition and (e) any issuance by a Subsidiary of shares of its Capital Stock to the Borrower or any Subsidiary. The term "Equity Issuance" shall not be deemed to include any Disposition and vice versa.

" ERISA " means the Employee Retirement Income Security Act of 1974.

" ERISA Affiliate " means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Internal Revenue Code (and Sections 414(m) and (o) of the Internal Revenue Code for purposes of provisions relating to Section 412 of the Internal Revenue Code).

" ERISA Event " means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Sections 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which constitutes grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than for PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

" Eurodollar Base Rate " means, for any Interest Period with respect to any Eurodollar Rate Loan:

(a) the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate that appears on the page of the Telerate screen (or any successor thereto) that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(b) if the rate referenced in the preceding clause (a) does not appear on such page or service or such page or service shall not be available, the rate per annum equal to the rate determined by the Administrative Agent to be the offered rate on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for deposits in Dollars (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period, determined as of approximately 11:00 a.m. (London time) two Business Days prior to the first day of such Interest Period, or

(c) if the rates referenced in the preceding clauses (a) and (b) are not available, the rate per annum (rounded upward to the next 1/100 th of 1%) determined by the Administrative Agent as the rate of interest at which deposits in Dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Eurodollar Rate Loan being made, continued or converted by Bank of America and with a term equivalent to such Interest Period would be offered by Bank of America's London Branch to major banks in the London interbank eurodollar market at their request at approximately 4:00 p.m. (London time) two Business Days prior to the first day of such Interest Period.

" Eurodollar Rate " means, for any Interest Period with respect to any Eurodollar Rate Loan, a rate per annum determined by the Administrative Agent to be equal to the quotient obtained by dividing (a) the Eurodollar Base Rate for such Eurodollar Rate Loan for such Interest Period by (b) one minus the Eurodollar Reserve Percentage for such Eurodollar Rate Loan for such Interest Period.

" Eurodollar Rate Loan " means a Loan that bears interest at a rate based on the Eurodollar Rate.

" Eurodollar Reserve Percentage " means, for any day during any Interest Period, the reserve percentage (expressed as a decimal, carried out to five decimal places) in effect on such day, whether or not applicable to any Lender, under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities"). The Eurodollar Rate for each outstanding Eurodollar Rate Loan shall be adjusted automatically as of the effective date of any change in the Eurodollar Reserve Percentage.

" Event of Default " has the meaning specified in Section 9.01 .

" Excluded Property " means, with respect to any Loan Party, (a) the Specified Real Property unless (i) the Specified Real Property is not Disposed by the Borrower or any Subsidiary within one year from the Effective Date and (ii) requested by the Administrative Agent or the Required Lenders, (b) any owned or leased real or personal Property which is located outside of the United States unless requested by the Administrative Agent or the Required Lenders after the Effective Date, (c) any leased real Property unless requested by the Administrative Agent or the Required Lenders after the Effective Date, (d) any personal Property (including, without limitation, motor vehicles) in respect of which perfection of a Lien is not either (i) governed by the Uniform Commercial Code or (ii) effected by appropriate evidence of the Lien being filed in any of the United States Copyright Office, the United States Patent and Trademark Office, the Canadian Copyright Office and the Canadian Patent and Trademark Office, unless requested by the Administrative Agent or the Required Lenders after the Effective Date, (e) any Property which, subject to the terms of Section 8.09 , is subject to a Lien of the type described in Section 8.01(j) pursuant to documents which prohibit such Loan Party from granting any other Liens in such Property, and (f) any lease, license or other contract or any rights thereunder if the grant of a security interest in such lease, license, contract or rights is prohibited by the terms of such lease, license or contract or by applicable law and would result in the termination of such lease, license or contract, but only to the extent that any such prohibition is not rendered ineffective pursuant to the Uniform Commercial Code or any other applicable law (including Debtor Relief Laws). The Administrative Agent and the Lenders agree that (i) they will not require Liens on any Property described in clauses (a), (b), (c) or (d) above unless they determine, in the exercise of their reasonable discretion, that the value of the Liens in such Property exceeds the expenses that would be incurred by the Loan Parties in connection with incurring such Liens and (ii) they will not request Liens in any IP Rights in respect of which perfection of a Lien is not either (A) governed by the Uniform Commercial Code or (B) effected by appropriate evidence of the Lien being filed in any of the United States Copyright Office, the United States Patent and Trademark Office, the Canadian Copyright Office and the Canadian Patent and Trademark Office.

" Existing Letters of Credit " means the letters of credit issued by Bank of America that are outstanding on the Effective Date and identified on Schedule 2.03 .

" Existing Credit Agreement " means the Revolving Credit Agreement dated as of February 4, 2002 among Borrower, the lenders identified therein and Bank of America, as agent, as amended, modified and supplemented from time to time.

" Facilities " means, at any time, a collective reference to the facilities and real properties owned, leased or operated by the Borrower or any Subsidiary.

" Federal Funds Rate " means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the

Business Day next succeeding such day; provided that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to Bank of America on such day on such transactions as determined by the Administrative Agent.

" Fee Letter " means the fee letter dated March 10, 2004 among the Borrower, the Administrative Agent and BAS.

" Federal " means CACI, INC. – FEDERAL, a Delaware corporation.

" Foreign Lender " has the meaning specified in Section 11.15(a)(i) .

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

" FRB " means the Board of Governors of the Federal Reserve System of the United States.

" Fund " has the meaning specified in Section 11.07(g) .

" Funded Indebtedness " means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all obligations for borrowed money, whether current or long-term (including the Obligations) and all obligations of such Person evidenced by bonds, debentures, notes, loan agreements or other similar instruments;

(b) all purchase money indebtedness;

(c) the remaining principal portion of all obligations under conditional sale or other title retention agreements relating to Property purchased by the Borrower or any Subsidiary (other than customary reservations or retentions of title under agreements with suppliers entered into in the ordinary course of business);

(d) the maximum amount available to be drawn under outstanding letters of credit (including standby and commercial), bankers' acceptances, bank guaranties, surety bonds and similar instruments for the account of such Person;

(e) all obligations in respect of the deferred purchase price of property or services (other than trade accounts payable in the ordinary course of business);

(f) the Attributable Indebtedness of Capital Leases, Sale and Leaseback Transactions, Synthetic Leases and Securitization Transactions;

(g) the maximum amount of mandatory redemptions, sinking fund or like payments that are or could be payable prior to the Maturity Date on all preferred stock and other equity interests;

(h) all Funded Indebtedness of others secured by (or for which the holder of such Funded Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien

on, or payable out of the proceeds of production from, Property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed;

(i) all Guarantees with respect to Funded Indebtedness of the types specified in clauses (a) through (h) above of another Person; and

(j) all Funded Indebtedness of the types referred to in clauses (a) through (i) above of any partnership or joint venture (other than a joint venture that is itself a corporation, limited liability company or similar limited liability entity) in which such Person is a general partner or joint venturer except to the extent that Funded Indebtedness is non-recourse to such Person.

" GAAP " means generally accepted accounting principles in the United States set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board, consistently applied and as in effect from time to time.

" Government Contracts " means any lease, license or other contract for which the counterparty is the United States or any agency or instrumentality thereof.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, administrative tribunal, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

" Guarantee " means, as to any Person, any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness of another Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness, (ii) to purchase or lease property, securities or services for the purpose of assuring the obligee in respect of such Indebtedness of the payment or performance of such Indebtedness, (iii) to maintain working capital, equity capital or any other financial statement condition or liquidity or level of income or cash flow of the primary obligor so as to enable the primary obligor to pay such Indebtedness, or (iv) entered into for the purpose of assuring in any other manner the obligee in respect of such Indebtedness of the payment or performance thereof or to protect such obligee against loss in respect thereof (in whole or in part). The amount of any Guarantee shall be deemed to be an amount equal to the stated or determinable amount of the related primary obligation, or portion thereof, in respect of which such Guarantee is made or, if not stated or determinable, the maximum reasonably anticipated liability in respect thereof as determined by the guaranteeing Person in good faith. The term "Guarantee" as a verb has a corresponding meaning.

" Guaranty " means the Guaranty made by the Guarantors in favor of the holders of the Obligations pursuant to Article IV .

" Guarantors " means each Person identified as a "Guarantor" on the signature pages hereto and each other Person that joins as a Guarantor pursuant to Section 7.12 , together with their successors and permitted assigns.

" Hazardous Materials " means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos-containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes and all other substances or wastes of any nature regulated pursuant to any Environmental Law.

" Honor Date " has the meaning set forth in Section 2.03(c) .

" Indebtedness " means, as to any Person at a particular time, without duplication, all of the following, whether or not included as indebtedness or liabilities in accordance with GAAP:

(a) all Funded Indebtedness;

(b) the Swap Termination Value of any Swap Contract;

(c) all Guarantees with respect to outstanding Indebtedness of the type specified in clause (b) above of any other Person; and

(d) all Indebtedness of the types referred to in clauses (b) and (c) above of any partnership or joint venture (other than a joint venture that is itself a corporation, limited liability company or other limited liability entity) in which such Person is a general partner or joint venturer, except to the extent such Indebtedness is non-recourse to such Person.

" Indemnified Liabilities " has the meaning specified in Section 11.05 .

" Indemnitees " has the meaning specified in Section 11.05 .

" Interest Payment Date " means (a) as to any Eurodollar Rate Loan, the last day of each Interest Period applicable to such Loan and the Maturity Date; provided , however , that if any Interest Period for a Eurodollar Rate Loan exceeds three months, the respective dates that fall every three months after the beginning of such Interest Period shall also be Interest Payment Dates; and (b) as to any Base Rate Loan (including a Swing Line Loan), the last Business Day of each March, June, September and December and the Maturity Date.

" Interest Period " means, as to each Eurodollar Rate Loan, the period commencing on the date such Eurodollar Rate Loan is disbursed or converted to or continued as a Eurodollar Rate Loan and ending on the date one, two, three or six months thereafter, as selected by the Borrower in its Loan Notice; provided that:

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

(ii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(iii) no Interest Period shall extend beyond the Maturity Date.

" Interim Financial Statements " means the unaudited consolidated financial statements of the Borrower and its Subsidiaries dated December 31, 2003 and the related consolidated statements of income or operations, shareholders' equity (as provided in the Borrower's 10Q for the fiscal quarter ended December 31, 2003) and cash flows for the fiscal quarter ended on that date.

" Internal Revenue Code " means the Internal Revenue Code of 1986.

" Investment " means, as to any Person, any direct or indirect acquisition or investment by such Person, whether by means of (a) the purchase or other acquisition of Capital Stock of another Person, (b) a loan, advance or capital contribution to, Guarantee or assumption of debt of, or purchase or other acquisition of any other debt or equity participation or interest in, another Person, including any partnership or joint venture interest in such other Person, or (c) an Acquisition. For purposes of covenant compliance, the amount of any Investment shall be the amount actually invested, without adjustment for subsequent increases or decreases in the value of such Investment.

" Involuntary Disposition " means any casualty loss of, damage to or destruction of, or any condemnation or other taking for public use of, any Property of the Borrower or any Subsidiary.

" IP Rights " has the meaning specified in Section 6.17 .

" IRS " means the United States Internal Revenue Service.

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

" Issuer Documents " means with respect to any Letter of Credit, the Letter of Credit Application, and any other document, agreement and instrument entered into by the L/C Issuer and the Borrower (or any Subsidiary) or in favor the L/C Issuer and relating to any such Letter of Credit.

" Joinder Agreement " means a joinder agreement substantially in the form of Exhibit 7.12 executed and delivered by a Domestic Subsidiary in accordance with the provisions of Section 7.12 .

" Laws " means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

" L/C Advance " means, with respect to each Revolving Lender, such Lender's funding of its participation in any L/C Borrowing in accordance with its Pro Rata Share.

" L/C Borrowing " means an extension of credit resulting from a drawing under any Letter of Credit which has not been reimbursed on the date when made or refinanced as a Borrowing of Revolving Loans.

" L/C Credit Extension " means, with respect to any Letter of Credit, the issuance thereof or extension of the expiry date thereof, or the increase of the amount thereof.

" L/C Issuer " means Bank of America in its capacity as issuer of Letters of Credit hereunder, or any successor issuer of Letters of Credit hereunder.

" L/C Obligations " means, as at any date of determination, the aggregate undrawn amount of all outstanding Letters of Credit plus the aggregate of all Unreimbursed Amounts, including all L/C Borrowings. For all purposes of this Agreement, if on any date of determination a Letter of Credit has expired by its terms but any amount may still be drawn thereunder by reason of the operation of Rule 3.14

of the ISP, such Letter of Credit shall be deemed to be "outstanding" in the amount so remaining available to be drawn.

" Lenders " means each of the Persons identified as a "Lender" on the signature pages hereto and their successors and assigns and, as the context requires, includes the L/C Issuer and the Swing Line Lender.

" Lending Office " means, as to any Lender, the office or offices of such Lender described as such in such Lender's Administrative Questionnaire, or such other office or offices as a Lender may from time to time notify the Borrower and the Administrative Agent.

" Letter of Credit " means any letter of credit issued hereunder and shall include the Existing Letters of Credit. A Letter of Credit may be a commercial letter of credit or a standby letter of credit.

" Letter of Credit Application " means an application and agreement for the issuance or amendment of a letter of credit in the form from time to time in use by the L/C Issuer.

" Letter of Credit Expiration Date " means the day that is thirty days prior to the Maturity Date then in effect (or, if such day is not a Business Day, the next preceding Business Day).

" Letter of Credit Fee " has the meaning specified in Section 2.03(i) .

" Letter of Credit Sublimit " means an amount equal to the lesser of (a) the Aggregate Revolving Commitments and (b) $25 million. The Letter of Credit Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

" Leverage Step-Down Notice " has the meaning specified in Section 8.11(b) .

" Lien " means any mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), charge, or preference, priority or other security interest or preferential arrangement in the nature of a security interest of any kind or nature whatsoever (including any conditional sale or other title retention agreement, and any financing lease having substantially the same economic effect as any of the foregoing).

" Loan " means an extension of credit by a Lender to the Borrower under Article II in the form of a Revolving Loan, Swing Line Loan or Term Loan.

" Loan Documents " means this Agreement, each Note, each Issuer Document, each Joinder Agreement, the Collateral Documents, the Fee Letter, each Request for Credit Extension, each Compliance Certificate and each other document, instrument or agreement from time to time executed by the Borrower or any Subsidiary or any Responsible Officer thereof and delivered in connection with this Agreement (excluding in any event the Transaction Documents and Swap Contracts).

" Loan Notice " means a notice of (a) a Borrowing of Revolving Loans or the Term Loan, (b) a conversion of Loans from one Type to the other, or (c) a continuation of Eurodollar Rate Loans, in each case pursuant to Section 2.02(a) , which, if in writing, shall be substantially in the form of Exhibit 2.02 .

" Loan Parties " means, collectively, the Borrower and each Guarantor.

" Material Adverse Effect " means (a) a material adverse effect upon the financial condition, business, operations, assets, properties, results of operations or prospects of the Borrower and its

Subsidiaries taken as a whole; (b) a material impairment of the ability of any Loan Party to perform its material obligations under any Loan Document to which it is a party; or (c) a material adverse effect on the material rights and remedies of the Administrative Agent and the Lenders under the Loan Documents.

" Maturity Date " (a) as to the Revolving Loans, Swing Line Loans and Letters of Credit (and the related L/C Obligations), the date five (5) years following the Effective Date and (b) as to the Term Loan, the date seven (7) years following the Effective Date.

" Moody's " means Moody's Investors Service, Inc. and any successor thereto.

" Mortgaged Property " means any real property that is owned or leased by a Loan Party and is subject to a Mortgage.

" Mortgages " means any mortgages, deeds of trust or deeds to secure debt that purport to grant to the Administrative Agent a security interest in the fee interest and/or leasehold interests of any Loan Party in any real property.

" Multiemployer Plan " means any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

" Net Cash Proceeds " means the aggregate cash or Cash Equivalents proceeds received by the Borrower or any Subsidiary in respect of any Disposition, Equity Issuance, Debt Issuance or Involuntary Disposition, net of (a) direct costs, fees and expenses incurred in connection therewith (including, without limitation, legal, accounting and investment banking fees and expenses, and sales commissions), (b) taxes paid or payable as a result thereof and (c) in the case of any Disposition, the amount necessary to retire any Indebtedness secured by a Permitted Lien (ranking senior to any Lien of the Administrative Agent) on the related Property; it being understood that "Net Cash Proceeds" shall include, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received by the Borrower or any Subsidiary in any Disposition, Equity Issuance, Debt Issuance or Involuntary Disposition.

" Net Changes in Working Capital " means, for any period for the Borrower and its Subsidiaries, an amount (positive or negative) equal to the sum of (a) the amount of decreases (minus the amount of increases) in accounts receivable and inventory and (b) the amount of increases (minus the amount of decreases) in accounts payable and accrued expenses, in each case on a consolidated basis determined in accordance with GAAP and as set forth in the audited annual consolidated financial statements of the Borrower and its Subsidiaries delivered to the Administrative Agent pursuant to Section 7.1(a) .

" Note " or " Notes " means the Revolving Notes, the Swing Line Note and/or the Term Notes, individually or collectively, as appropriate.

" Obligations " means all advances to, and debts, liabilities, obligations, covenants and duties of, any Loan Party arising under any Loan Document or otherwise with respect to any Loan or Letter of Credit, whether direct or indirect (including those acquired by assumption), absolute or contingent, due or to become due, now existing or hereafter arising and including interest and fees that accrue after the commencement by or against any Loan Party or any Affiliate thereof of any proceeding under any Debtor Relief Laws naming such Person as the debtor in such proceeding, regardless of whether such interest and fees are allowed claims in such proceeding. The foregoing shall also include (a) all obligations under any Swap Contract between any Loan Party and any Lender or Affiliate of a Lender that is permitted to be

incurred pursuant to Section 8.03(d) and (b) all obligations under any Treasury Management Agreement between any Loan Party and any Lender or Affiliate of a Lender.

" Organization Documents " means, (a) with respect to any corporation, the certificate or articles of incorporation and the bylaws (or equivalent or comparable constitutive documents with respect to any non-U.S. jurisdiction); (b) with respect to any limited liability company, the certificate or articles of formation or organization and operating agreement; and (c) with respect to any partnership, joint venture, trust or other form of business entity, the partnership, joint venture or other applicable agreement of formation or organization and any agreement, instrument, filing or notice with respect thereto filed in connection with its formation or organization with the applicable Governmental Authority in the jurisdiction of its formation or organization and, if applicable, any certificate or articles of formation or organization of such entity.

" Outstanding Amount " means (i) with respect to any Loans on any date, the aggregate outstanding principal amount thereof after giving effect to any borrowings and prepayments or repayments of any Loans occurring on such date; and (ii) with respect to any L/C Obligations on any date, the amount of such L/C Obligations on such date after giving effect to any L/C Credit Extension occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including as a result of any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

" Participant " has the meaning specified in Section 11.07(d) .

" PBGC " means the Pension Benefit Guaranty Corporation or any successor thereto.

" Pension Plan " means any "employee pension benefit plan" (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the immediately preceding five plan years.

" Permitted Acquisitions " means Investments consisting of an Acquisition by the Borrower or any Subsidiary, provided that:

(a) the Person (or the Property of the Person) acquired in such Acquisition is in a line of business similar to the line of business of the Borrower and its Subsidiaries;

(b) (i) the aggregate Acquisition Consideration paid by the Borrower or any Subsidiaries for all Acquisitions occurring during the period from the Closing Date through June 30, 2004 shall not exceed $40 million; and

(ii) the aggregate Acquisition Consideration paid by the Borrower or any Subsidiaries for all Acquisitions occurring during any fiscal year, commencing with the fiscal year commencing July 1, 2004, shall not exceed $75 million; provided that (A) such $75 million limit shall automatically be permanently increased to $100 million on the first Business Day following the date that the maximum Consolidated Leverage Ratio permitted under Section 8.11 is equal to or less than 3.0 to 1.0 and (B) cash consideration funded solely with the proceeds of any insurance claims, judgments, settlements of lawsuits and other extraordinary events shall not be included in the calculation of the

aggregate Acquisition Consideration for purposes of this clause (b) to the extent such cash consideration does not exceed $40 million during the term of this Agreement;

(c) the earnings before interest, taxes, depreciation and amortization and non-cash items relating to the impairment of goodwill, the write-down of intangibles and the amortization and the expensing of non-cash stock-based compensation of any Person (or attributed to any Property of a Person) acquired in such Acquisition shall, for the 12 month period immediately preceding any Acquisition, be greater than $0.00;

(d) such Acquisition is not hostile or pursued by way of tender offer, proxy contest or other contested manner;

(e) the aggregate Acquisition Consideration paid by the Borrower or any Subsidiary for all Acquisitions of Persons that are not organized under the laws of a state of the United States of America or the District of Columbia (or, in the case of acquisitions of Property of a Person, for Property that is located in the United States) shall not exceed $5,000,000 in any fiscal year;

(f) three (3) Business Days prior to consummation of such Acquisition, the Borrower shall have delivered to the Administrative Agent a certificate, executed by a Responsible Officer of the Borrower, demonstrating in reasonable detail that the Loan Parties would be in compliance with the financial covenants contained in Section 8.11 after giving effect to such Acquisition on a Pro Forma Basis and, further, certifying that, after giving effect to the consummation of such Acquisition, the representations and warranties of the Loan Parties contained in this Agreement and the other Loan Documents will be true and correct in all material respects; and

(g) immediately after giving effect to such Acquisition, there shall be at least $50 million of availability existing under the Aggregate Revolving Commitments.

" Permitted Investments " means, at any time, Investments by the Borrower or any of its Subsidiaries permitted to exist at such time pursuant to the terms of Section 8.02 .

" Permitted Liens " means, at any time, Liens in respect of Property of the Borrower or any of its Subsidiaries permitted to exist at such time pursuant to the terms of Section 8.01 .

" Person " means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

" Plan " means any "employee benefit plan" (as such term is defined in Section 3(3) of ERISA) established by the Borrower or, with respect to any such plan that is subject to Section 412 of the Internal Revenue Code or Title IV of ERISA, any ERISA Affiliate.

" Pledge Agreement " means the pledge agreement dated as of the Effective Date executed in favor of the Administrative Agent by each of the Loan Parties, as amended, modified and supplemented from time to time.

" Pro Forma Basis " means, for purposes of calculating the financial covenants set forth in Section 8.11 (including for purposes of determining the Applicable Rate), that any Disposition, Involuntary Disposition, Acquisition or Restricted Payment shall be deemed to have occurred as of the first day of the most recent four fiscal quarter period preceding the date of such transaction for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) . In connection with the foregoing, (a)

with respect to any Disposition or Involuntary Disposition, income statement and cash flow statement items (whether positive or negative) attributable to the Property disposed of shall be excluded to the extent relating to any period occurring prior to the date of such transaction and (b) with respect to any Acquisition, (i) income statement items attributable to the Person or Property acquired shall be included to the extent relating to any period applicable in such calculations to the extent (A) such items are not otherwise included in such income statement items for the Borrower and its Subsidiaries in accordance with GAAP or in accordance with any defined terms set forth in Section 1.01 and (B) such items are supported by financial statements or other information reasonably satisfactory to the Administrative Agent, and (ii) additional pro forma adjustments may be included if, and to the extent, such adjustments (A) give effect to items that are directly attributable to the subject transaction, (B) are expected to have a continuing effect and (C) are supported by financial statements or other information reasonably satisfactory to the Administrative Agent.

" Pro Rata Share " means, as to each Lender at any time, (a) with respect to such Lender's Revolving Commitment at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the amount of the Revolving Commitment of such Lender at such time and the denominator of which is the amount of the Aggregate Revolving Commitments at such time; provided that if the commitment of each Lender to make Revolving Loans and the obligation of the L/C Issuer to make L/C Credit Extensions have been terminated pursuant to Section 9.02 , then the Pro Rata Share of each Lender shall be determined based on the Pro Rata Share of such Lender immediately prior to such termination and after giving effect to any subsequent assignments made pursuant to the terms hereof, and (b) with respect to such Lender's outstanding Term Loan at any time, a fraction (expressed as a percentage, carried out to the ninth decimal place), the numerator of which is the principal amount of the Term Loan held by such Lender at such time and the denominator of which is the aggregate principal amount of the Term Loan at such time. The initial Pro Rata Share of each Lender is set forth opposite the name of such Lender on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable.

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

" Purchase Agreement " means the Asset Purchase Agreement dated as of the date hereof among the Borrower, Federal, Dagger Acquisition Corporation (now known as CACI Enterprise Solutions, Inc.), Arrow, Crossbow and CGI Virginia Corporation.

" Quoted Rate " means, with respect to any Quoted Rate Swing Line Loan, the fixed or floating percentage rate per annum, if any, offered by the Swing Line Lender and accepted by the Borrower in accordance with the provisions hereof; provided that from the date that any Revolving Lender funds a participation interest in such Quoted Rate Swing Line Loan, the Quoted Rate for such Quoted Rate Swing Line Loan shall be a rate equal to the Base Rate plus the Applicable Margin.

" Quoted Rate Swing Line Loan " means any Swing Line Loan that bears interest at the Quoted Rate.

" Register " has the meaning specified in Section 11.07(c) .

" Reportable Event " means any of the events set forth in Section 4043(c) of ERISA, other than events for which the thirty-day notice period has been waived.

" Request for Credit Extension " means (a) with respect to a Borrowing, conversion or continuation of Loans, a Loan Notice, (b) with respect to an L/C Credit Extension, a Letter of Credit Application, and (c) with respect to a Swing Line Loan, a Swing Line Loan Notice.

" Required Lenders " means, at any time, Lenders holding in the aggregate more than fifty percent (50%) of (a) the Aggregate Commitments or (b) if the Commitments have expired or been terminated, the outstanding Loans, L/C Obligations, Swing Line Loans and participations therein. The Commitments of, and the outstanding Loans, L/C Obligations, Swing Line Loans and participations therein held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Lenders.

" Required Revolving Lenders " means, at any time, Lenders holding in the aggregate more than fifty percent (50%) of (a) the Aggregate Revolving Commitments or (b) if the Aggregate Revolving Commitments have expired or been terminated, outstanding Revolving Loans, L/C Obligations, Swing Line Loans and participations therein. The Revolving Commitments of, and the outstanding Revolving Loans, L/C Obligations, Swing Line Loans and participations therein held or deemed held by, any Defaulting Lender shall be excluded for purposes of making a determination of Required Revolving Lenders.

" Responsible Officer " means the chief executive officer, chief financial officer, executive vice president and general counsel and senior vice president – corporate controller of a Loan Party. Any document delivered hereunder that is signed by a Responsible Officer of a Loan Party shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action on the part of such Loan Party and such Responsible Officer shall be conclusively presumed to have acted on behalf of such Loan Party (and not in his or her individual capacity).

" Restricted Payment " means any dividend or other distribution (whether in cash, securities or other property) with respect to any Capital Stock of the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Capital Stock or of any option, warrant or other right to acquire any such Capital Stock, or any setting apart of funds or Property for any of the foregoing.

" Revolving Commitment " means, as to each Revolving Lender, its obligation to (a) make Revolving Loans to the Borrower pursuant to Section 2.01 , (b) purchase participations in L/C Obligations, and (c) purchase participations in Swing Line Loans, in an aggregate principal amount at any one time outstanding not to exceed the amount set forth opposite such Lender's name on Schedule 2.01 or in the Assignment and Assumption pursuant to which such Lender becomes a party hereto, as applicable, as such amount may be adjusted from time to time in accordance with this Agreement.

" Revolving Lender " means any Lender with a Revolving Commitment.

" Revolving Loan " has the meaning specified in Section 2.01(a) .

" Revolving Note " has the meaning specified in Section 2.11(a) .

" S&P " means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. and any successor thereto.

" Sale and Leaseback Transaction " means, with respect to the Borrower or any Subsidiary, any arrangement, directly or indirectly, with any Person whereby the Borrower or such Subsidiary shall sell or

transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property being sold or transferred.

" SEC " means the Securities and Exchange Commission, or any Governmental Authority succeeding to any of its principal functions.

" Securitization Transaction " means, with respect to any Person, any financing transaction or series of financing transactions (including factoring arrangements, whether recourse or non-recourse) pursuant to which such Person or any Subsidiary of such Person may sell, convey or otherwise transfer, or grant a security interest in, accounts, payments, receivables, rights to future lease payments or residuals or similar rights to payment to a special purpose subsidiary or affiliate of such Person.

" Security Agreement " means the security agreement dated as of the Effective Date executed in favor of the Administrative Agent by each of the Loan Parties, as amended, modified and supplemented from time to time.

" Seller Financing Indebtedness " means seller financing obligations of the Borrower or any Subsidiary incurred in connection with any Permitted Acquisition.

" Solvent " means, with respect to any Person or group of Persons taken together as a group on a consolidated basis as of a particular date, that on such date (a) such Person or group is able to pay its debts and other liabilities, contingent obligations and other commitments as they mature in the ordinary course of business, (b) such Person or group does not intend to, and does not believe that it will, incur debts or liabilities beyond such Person's or group's ability to pay as such debts and liabilities mature in their ordinary course, (c) such Person or group is not engaged in a business or a transaction, and is not about to engage in a business or a transaction, for which such Person's or group's Property would constitute unreasonably small capital after giving due consideration to the prevailing practice in the industry in which such Person or group is engaged or is to engage, (d) the fair value of the Property of such Person or group is greater than the total amount of liabilities, including, without limitation, contingent liabilities, of such Person or group and (e) the present fair salable value of the assets of such Person or group is not less than the amount that will be required to pay the probable liability of such Person or group on its debts as they become absolute and matured. In computing the amount of contingent liabilities at any time, it is intended that such liabilities will be computed at the amount which, in light of all the facts and circumstances existing at such time, represents the amount that can reasonably be expected to become an actual or matured liability.

" Specified Real Property " means the real property located in Dayton, Ohio owned by the Borrower (or one of its Subsidiaries) on the Closing Date.

" Subsidiary " of a Person means a corporation, partnership, joint venture, limited liability company or other business entity of which a majority of the shares of Voting Stock is at the time beneficially owned, or the management of which is otherwise controlled, directly, or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise specified, all references herein to a "Subsidiary" or to "Subsidiaries" shall refer to a Subsidiary or Subsidiaries of the Borrower.

" Subordinated Seller Financing Indebtedness " means Seller Financing Indebtedness that by its terms is subordinated to the Obligations in a manner and to an extent acceptable to the Administrative Agent.

" Swap Contract " means (a) any and all rate swap transactions, basis swaps, credit derivative transactions, forward rate transactions, commodity swaps, commodity options, forward commodity contracts, equity or equity index swaps or options, bond or bond price or bond index swaps or options or

forward bond or forward bond price or forward bond index transactions, interest rate options, forward foreign exchange transactions, cap transactions, floor transactions, collar transactions, currency swap transactions, cross-currency rate swap transactions, currency options, spot contracts, or any other similar transactions or any combination of any of the foregoing (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement, and (b) any and all transactions of any kind, and the related confirmations, which are subject to the terms and conditions of, or governed by, any form of master agreement published by the International Swaps and Derivatives Association, Inc., any International Foreign Exchange Master Agreement, or any other master agreement (any such master agreement, together with any related schedules, a " Master Agreement "), including any such obligations or liabilities under any Master Agreement.

" Swap Termination Value " means, in respect of any one or more Swap Contracts, after taking into account the effect of any legally enforceable netting agreement relating to such Swap Contracts, (a) for any date on or after the date such Swap Contracts have been closed out and termination value(s) determined in accordance therewith, such termination value(s) and (b) for any date prior to the date referenced in clause (a), the amount(s) determined as the mark-to-market value(s) for such Swap Contracts, as determined based upon one or more mid-market or other readily available quotations provided by any recognized dealer in such Swap Contracts (which may include a Lender or any Affiliate of a Lender).

" Swing Line Lender " means Bank of America in its capacity as provider of Swing Line Loans, or any successor swing line lender hereunder.

" Swing Line Loan " has the meaning specified in Section 2.04(a) .

" Swing Line Loan Notice " means a notice of a Borrowing of Swing Line Loans pursuant to Section 2.04(b) , which, if in writing, shall be substantially in the form of Exhibit 2.04 .

" Swing Line Note " has the meaning specified in Section 2.11(a) .

" Swing Line Sublimit " means an amount equal to the lesser of (a) $20 million and (b) the Aggregate Revolving Commitments. The Swing Line Sublimit is part of, and not in addition to, the Aggregate Revolving Commitments.

" Synthetic Lease " means any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing arrangement whereby the arrangement is considered borrowed money indebtedness for tax purposes but is classified as an operating lease or does not otherwise appear on a balance sheet under GAAP.

" Term Lender " means any Lender with a Term Loan Commitment.

" Term Loan " has the meaning specified in Section 2.01(b) .

" Term Loan Commitment " means, as to each Term Lender, its obligation to make its portion of the Term Loan to the Borrower pursuant to Section 2.01(b) in the principal amount set forth opposite such Lender's name on Schedule 2.01 ; provided that, at any time after the funding of the Term Loan, the "Term Loan Commitment" of any Term Lender shall be the outstanding principal amount of the Term Loan held by such Lender. The aggregate principal amount of the Term Loan Commitments of all of the Term Lenders as in effect on the Effective Date is THREE HUNDRED FIFTY MILLION DOLLARS ($350,000,000).

" Term Note " has the meaning specified in Section 2.11(a) .

" Threshold Amount " means $5,000,000.

" Total Revolving Outstandings " means the aggregate Outstanding Amount of all Revolving Loans, all Swing Line Loans and all L/C Obligations.

" Transaction " means the acquisition by the Borrower of the Acquired Business.

" Transaction Documents " means the Purchase Agreement and all other documents, agreements and instruments delivered in connection therewith (in each case including schedules and exhibits thereto).

" Treasury Management Agreement " means any agreement governing the provision of treasury or cash management services, including deposit accounts, funds transfer, automated clearinghouse, zero balance accounts, returned check concentration, controlled disbursement, lockbox, account reconciliation and reporting and trade finance services.

" Type " means, with respect to any Loan, its character as a Base Rate Loan or a Eurodollar Rate Loan.

" Unfunded Pension Liability " means the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding that Pension Plan pursuant to Section 412 of the Internal Revenue Code for the applicable plan year.

" United States " and " U.S. " mean the United States of America.

" Unreimbursed Amount " has the meaning specified in Section 2.03(c)(i) .

" Voting Stock " means, with respect to any Person, Capital Stock issued by such Person the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even though the right so to vote has been suspended by the happening of such a contingency.

" Wholly Owned Subsidiary " means any Person 100% of whose Capital Stock is at the time owned by the Borrower directly or indirectly through other Persons 100% of whose Capital Stock is at the time owned, directly or indirectly, by the Borrower.

1.02 Other Interpretive Provisions .

With reference to this Agreement and each other Loan Document, unless otherwise specified herein or in such other Loan Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) (i) The words " herein ," " hereto ," " hereof " and " hereunder " and words of similar import when used in any Loan Document shall refer to such Loan Document as a whole and not to any particular provision thereof.

(ii) Article, Section, Exhibit and Schedule references are to the Loan Document in which such reference appears.

(iii) The term " including " is by way of example and not limitation.

(iv) The term " documents " includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(c) In the computation of periods of time from a specified date to a later specified date, the word " from " means " from and including ;" the words " to " and " until " each mean " to but excluding ;" and the word " through " means " to and including ."

(d) Section headings herein and in the other Loan Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Loan Document.

1.03 Accounting Terms .

(a) Except as otherwise specifically prescribed herein, all accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP applied on a consistent basis, as in effect from time to time, applied in a manner consistent with that used in preparing the Audited Financial Statements (subject, in any event, to changes required by GAAP or by applicable Laws); provided, however, that calculations of Attributable Indebtedness under any Synthetic Lease or the implied interest component of any Synthetic Lease shall be made by the Borrower in accordance with accepted financial practice and consistent with the terms of such Synthetic Lease.

(b) The Borrower will provide a written summary of any changes in GAAP that materially impact the calculation of the financial covenants in Section 8.11 with each annual and quarterly Compliance Certificate delivered in accordance with Section 7.02(b) . If at any time any change in GAAP would affect the computation of any financial ratio or requirement set forth in any Loan Document, and either the Borrower or the Required Lenders shall so request, the Administrative Agent, the Lenders and the Borrower shall negotiate in good faith to amend such ratio or requirement to preserve the original intent thereof in light of such change in GAAP (subject to the approval of the Required Lenders); provided that , until so amended, such ratio or requirement shall continue to be computed in accordance with GAAP prior to such change therein.

(c) Notwithstanding the above, the parties hereto acknowledge and agree that all calculations of the financial covenants (other than the calculation of Consolidated Fixed Charges for purposes of the Consolidated Fixed Charges Coverage Ratio) set forth in Section 8.11 (including for purposes of determining the Applicable Rate) shall be made on a Pro Forma Basis.

1.04 Rounding .

Any financial ratios required to be maintained by the Borrower pursuant to this Agreement shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.05 References to Agreements and Laws .

Unless otherwise expressly provided herein, (a) references to Organization Documents, agreements (including the Loan Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, extensions, supplements and other modifications are not prohibited by any Loan Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.06 Times of Day .

Unless otherwise specified, all references herein to times of day shall be references to Eastern time (daylight or standard, as applicable).

1.07 Letter of Credit Amounts .

Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Issuer Documents related thereto, whether or not such maximum face amount is in effect at such time (other than any portion of the face amount of such Letter of Credit that has been permanently reduced).

ARTICLE II

THE COMMITMENTS AND CREDIT EXTENSIONS

2.01 Revolving Loans and Term Loan .

(a) Revolving Loans .

(i) Subject to the terms and conditions set forth herein, each Revolving Lender severally agrees to make loans (each such loan, a " Revolving Loan ") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any time outstanding the amount of such Lender's Revolving Commitment; provided , however , that after giving effect to any Borrowing of Revolving Loans, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Revolving Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment. Within the limits of each Revolving Lender's Revolving Commitment, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.01 , prepay under Section 2.05 , and reborrow under this Section 2.01 . Revolving Loans may be Base Rate Loans or Eurodollar Rate Loans, as further provided herein, provided, however, all Borrowings made on the Effective Date shall be made as Base Rate Loans.

(ii) The Borrower may at any time and from time to time, upon prior written notice by the Borrower to the Administrative Agent, increase the Aggregate Revolving Commitments by up to FIFTY MILLION DOLLARS ($50,000,000) with additional Revolving Commitments from any existing Revolving Lender or new Revolving Commitments from any other Person selected by the Borrower and approved by the Administrative Agent in its reasonable discretion; provided that:

(A) any such increase shall be in a minimum principal amount of $5 million and in integral multiples of $5 million in excess thereof;

(B) no Default shall be continuing at the time of any such increase;

(C) no existing Lender shall be under any obligation to increase its Revolving Commitment and any such decision whether to increase its Revolving Commitment shall be in such Lender's sole and absolute discretion;

(D) any new Lender shall join this Agreement by executing such joinder documents reasonably required by the Administrative Agent; and

(E) the Borrower will provide such supporting resolutions, legal opinions and other items as the Administrative Agent may request in its reasonable discretion.

In connection with any such increase in the Aggregate Revolving Commitments, Schedule 2.01 shall be revised by the Administrative Agent to reflect the new Revolving Commitments and distributed to the Lenders.

(b) Term Loan . Subject to the terms and conditions set forth herein, each Term Lender severally agrees to make its portion of a term loan (the " Term Loan ") to the Borrower in Dollars in a single advance on the Effective Date in an amount not to exceed such Lender's Term Loan Commitment. Amounts repaid on the Term Loan may not be reborrowed. The Term Loan may consist of Base Rate Loans or Eurodollar Rate Loans, as further provided herein, provided , however , all Borrowings made on the Effective Date shall be made as Base Rate Loans.

2.02 Borrowings, Conversions and Continuations of Loans .

(a) Each Borrowing, each conversion of Loans from one Type to the other, and each continuation of Eurodollar Rate Loans shall be made upon the Borrower's irrevocable notice to the Administrative Agent, which may be given by telephone. Each such notice must be received by the Administrative Agent not later than 11:00 a.m. (i) three Business Days prior to the requested date of any Borrowing of, conversion to or continuation of, Eurodollar Rate Loans or of any conversion of Eurodollar Rate Loans to Base Rate Loans, and (ii) on the requested date of any Borrowing of Base Rate Loans. Each telephonic notice by the Borrower pursuant to this Section 2.02(a) must be confirmed promptly by delivery to the Administrative Agent of a written Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Each Borrowing of, conversion to or continuation of Eurodollar Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Except as provided in Sections 2.03(c) and 2.04(c) , each Borrowing of or conversion to Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof. Each Loan Notice (whether telephonic or written) shall specify (i) whether the Borrower is requesting a Borrowing, a conversion of Loans from one Type to the other, or a continuation of Eurodollar Rate Loans, (ii) the requested date of the Borrowing, conversion or continuation, as the case may be (which shall be a Business Day), (iii) the principal amount of Loans to be borrowed, converted or continued, (iv) the Type of Loans to be borrowed or to which existing Loans are to be converted, and (v) if applicable, the duration of the Interest Period with respect thereto. If the Borrower fails to specify a Type of a Loan in a Loan Notice or if the Borrower fails to give a timely notice requesting a conversion or continuation, then the applicable Loans shall be made as, or converted to, Base Rate Loans. Any such automatic conversion to Base Rate Loans shall be effective as of the last day of the Interest Period then in effect with respect to the applicable Eurodollar Rate Loans. If the Borrower requests a Borrowing of, conversion to, or

continuation of Eurodollar Rate Loans in any Loan Notice, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

(b) Following receipt of a Loan Notice, the Administrative Agent shall promptly notify each Lender of the amount of its Pro Rata Share of the applicable Loans, and if no timely notice of a conversion or continuation is provided by the Borrower, the Administrative Agent shall notify each Lender of the details of any automatic conversion to Base Rate Loans as described in the preceding subsection. In the case of a Borrowing, each Lender shall make the amount of its Loan available to the Administrative Agent in immediately available funds at the Administrative Agent's Office not later than 1:00 p.m. on the Business Day specified in the applicable Loan Notice. Upon satisfaction of the applicable conditions set forth in Section 5.03 (and, if such Borrowing is the initial Credit Extension, Section 5.01 and Section 5.02), the Administrative Agent shall make all funds so received available to the Borrower in like funds as received by the Administrative Agent by no later than 3:00 p.m. (or, if the Loan Notice is not timely delivered to the Administrative Agent, as soon as practicable) on the Business Day specified in the applicable Loan Notice, then either by (i) crediting the account of the Borrower on the books of Bank of America with the amount of such funds or (ii) wire transfer of such funds, in each case in accordance with instructions provided to (and reasonably acceptable to) the Administrative Agent by the Borrower; provided , however , that if, on the date of a Borrowing of Revolving Loans there are L/C Borrowings outstanding, then the proceeds of such Borrowing, first , shall be applied to the payment in full of any such L/C Borrowings and second , shall be made available to the Borrower as provided above.

(c) Except as otherwise provided herein, a Eurodollar Rate Loan may be continued or converted only on the last day of the Interest Period for such Eurodollar Rate Loan. During the existence of a Default, no Loans may be requested as, converted to or continued as Eurodollar Rate Loans without the consent of the Required Lenders, and, during the existence of an Event of Default, the Required Lenders may demand that any or all of the then outstanding Eurodollar Rate Loans be converted immediately to Base Rate Loans.

(d) The Administrative Agent shall promptly notify the Borrower and the Lenders of the interest rate applicable to any Interest Period for Eurodollar Rate Loans upon determination of such interest rate. The determination of the Eurodollar Rate by the Administrative Agent shall be conclusive in the absence of manifest error. At any time that Base Rate Loans are outstanding, the Administrative Agent shall notify the Borrower and the Lenders of any change in Bank of America's prime rate used in determining the Base Rate promptly following the public announcement of such change.

(e) After giving effect to all Borrowings, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than ten (10) Interest Periods in effect with respect to Revolving Loans and ten (10) Interest Periods in effect with respect to the Term Loan.

2.03 Letters of Credit .

(a) The Letter of Credit Commitment .

(i) Subject to the terms and conditions set forth herein, (A) the L/C Issuer agrees, in reliance upon the agreements of the Revolving Lenders set forth in this Section 2.03 , (1) from time to time on any Business Day during the period from the Effective Date until the Letter of Credit Expiration Date, to issue Letters of Credit in Dollars for the account of the Borrower or any of its Subsidiaries, and to amend or extend Letters of Credit previously issued by it, in accordance with subsection (b) below, and (2) to honor drawings under the Letters of Credit; and (B) the Revolving Lenders severally agree to participate in Letters of Credit issued for the

account of the Borrower or any Subsidiary and any drawings thereunder; provided that after giving effect to any L/C Credit Extension with respect to any Letter of Credit, (x) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, (y) the aggregate Outstanding Amount of the Revolving Loans of any Revolving Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment and (z) the Outstanding Amount of the L/C Obligations shall not exceed the Letter of Credit Sublimit. Each request by the Borrower for the issuance or amendment of a Letter of Credit shall be deemed to be a representation by the Borrower that the L/C Credit Extension so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the Borrower's ability to obtain Letters of Credit shall be fully revolving, and accordingly the Borrower may, during the foregoing period, obtain Letters of Credit to replace Letters of Credit that have expired or that have been drawn upon and reimbursed. All Existing Letters of Credit shall be deemed to have been issued pursuant hereto, and from and after the Effective Date shall be subject to and governed by the terms and conditions hereof.

(ii) The L/C Issuer shall not issue any Letter of Credit if:

(A) subject to Section 2.03(b)(iii) , the expiry date of such requested Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Required Revolving Lenders have approved such expiry date; or

(B) the expiry date of such requested Letter of Credit would occur after the Letter of Credit Expiration Date, unless all the Revolving Lenders have approved such expiry date.

(iii) The L/C Issuer shall not be under any obligation to issue any Letter of Credit if:

(A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the L/C Issuer from issuing such Letter of Credit, or any Law applicable to the L/C Issuer or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the L/C Issuer shall prohibit, or request that the L/C Issuer refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the L/C Issuer with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the L/C Issuer is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the L/C Issuer any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the L/C Issuer in good faith deems material to it;

(B) the issuance of such Letter of Credit would violate any Laws or one or more policies of the L/C Issuer applicable to borrowers generally;

(C) except as otherwise agreed by the Administrative Agent and the L/C Issuer, such Letter of Credit is in an initial face amount less than $100,000 in the case of a standby Letter of Credit;

(D) such Letter of Credit is to be denominated in a currency other than Dollars; or

(E) a default of any Revolving Lender's obligations to fund under Section 2.03(c) exists or any Revolving Lender is at such time a Defaulting Lender hereunder, unless the L/C Issuer has entered into satisfactory arrangements with the Borrower or such Lender to eliminate the L/C Issuer's risk with respect to such Lender.

(iv) The L/C Issuer shall not amend any Letter of Credit if the L/C Issuer would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof.

(v) The L/C Issuer shall be under no obligation to amend any Letter of Credit if (A) the L/C Issuer would have no obligation at such time to issue such Letter of Credit in its amended form under the terms hereof, or (B) the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(b) Procedures for Issuance and Amendment of Letters of Credit; Extension Letters of Credit .

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Borrower delivered to the L/C Issuer (with a copy to the Administrative Agent) in the form of a Letter of Credit Application, appropriately completed and signed by a Responsible Officer of the Borrower. Such Letter of Credit Application must be received by the L/C Issuer and the Administrative Agent not later than 11:00 a.m. at least five (5) Business Days (or such later date and time as the Administrative Agent and the L/C Issuer may agree in a particular instance in their sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the L/C Issuer may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the L/C Issuer (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the L/C Issuer may reasonably require. Additionally, the Borrower shall furnish to the L/C Issuer and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the L/C Issuer or the Administrative Agent may reasonably require.

(ii) Promptly after receipt of any Letter of Credit Application, the L/C Issuer will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has received a copy of such Letter of Credit Application from the Borrower and, if not, the L/C Issuer will provide the Administrative Agent with a copy thereof. Unless the L/C Issuer has received written notice from the Administrative Agent, at least one Business Day prior to the requested date of issuance or amendment of the applicable Letter of Credit, that one or more applicable conditions contained in Article V shall not be satisfied, then, subject to the terms and conditions hereof, the L/C Issuer shall, on the requested date, issue a Letter of Credit for the account of the Borrower or the applicable Subsidiary or enter into the applicable amendment, as the case may be, in each case in accordance with the L/C Issuer's usual and customary business practices. Immediately upon the issuance of each Letter of Credit, each Revolving Lender shall

be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the L/C Issuer a risk participation in such Letter of Credit in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Letter of Credit.

(iii) If the Borrower so requests in any applicable Letter of Credit Application, the L/C Issuer may, in its sole and absolute discretion, agree to issue a Letter of Credit that has automatic extension provisions (each, an " Auto-Extension Letter of Credit "); provided that any such Auto-Extension Letter of Credit must permit the L/C Issuer to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the " Non-Extension Notice Date ") in each such twelve-month period to be agreed upon at the time such Letter of Credit is issued. Unless otherwise directed by the L/C Issuer, the Borrower shall not be required to make a specific request to the L/C Issuer for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the L/C Issuer to permit the extension of such Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided , however , that the L/C Issuer shall not permit any such extension if (A) the L/C Issuer has determined that it would not be permitted, or would have no obligation, at such time to issue such Letter of Credit in its revised form (as extended) under the terms hereof (by reason of the provisions of clause (ii) or (iii) of Section 2.03(a) or otherwise), or (B) it has received notice (which may be by telephone or in writing) on or before the day that is five Business Days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent, any Lender or any Loan Party that one or more of the applicable conditions specified in Section 5.03 is not then satisfied, and in each case directing the L/C Issuer not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the L/C Issuer will also deliver to the Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(c) Drawings and Reimbursements; Funding of Participations .

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of drawing under such Letter of Credit, the L/C Issuer shall notify the Borrower and the Administrative Agent thereof. Not later than 11:00 a.m. on the date of any payment by the L/C Issuer under a Letter of Credit (each such date, an " Honor Date "), the Borrower shall reimburse the L/C Issuer through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrower fails to so reimburse the L/C Issuer by such time, the Administrative Agent shall promptly notify each Revolving Lender of the Honor Date, the amount of the unreimbursed drawing (the " Unreimbursed Amount "), and the amount of such Lender's Pro Rata Share thereof. In such event, the Borrower shall be deemed to have requested a Borrowing of Base Rate Loans to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount, without regard to the minimum and multiples specified in Section 2.02 for the principal amount of Base Rate Loans, but subject to the amount of the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.03 (other than the delivery of a Loan Notice). Any notice given by the L/C Issuer or the Administrative Agent pursuant to this Section 2.03(c)(i) may be given by telephone if immediately confirmed in writing; provided that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice.

(ii) Each Revolving Lender (including the Revolving Lender acting as L/C Issuer) shall upon any notice pursuant to Section 2.03(c)(i) make funds available to the Administrative Agent for the account of the L/C Issuer at the Administrative Agent's Office in an amount equal to its Pro Rata Share of the Unreimbursed Amount not later than 1:00 p.m. on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.03(c)(iii), each Revolving Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the L/C Issuer.

(iii) With respect to any Unreimbursed Amount that is not fully refinanced by a Borrowing of Base Rate Loans because the conditions set forth in Section 5.03 cannot be satisfied or for any other reason, the Borrower shall be deemed to have incurred from the L/C Issuer an L/C Borrowing in the amount of the Unreimbursed Amount that is not so refinanced, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at the Default Rate. In such event, each Revolving Lender's payment to the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Lender in satisfaction of its participation obligation under this Section 2.03.

(iv) Until a Revolving Lender funds its Revolving Loan or L/C Advance pursuant to this Section 2.03(c) to reimburse the L/C Issuer for any amount drawn under any Letter of Credit, interest in respect of such Lender's Pro Rata Share of such amount shall be solely for the account of the L/C Issuer.

(v) Each Revolving Lender's obligation to make Revolving Loans or L/C Advances to reimburse the L/C Issuer for amounts drawn under Letters of Credit, as contemplated by this Section 2.03(c), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right which such Lender may have against the L/C Issuer, the Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided, however, that each Revolving Lender's obligation to make Revolving Loans pursuant to this Section 2.03(c) is subject to the conditions set forth in Section 5.03 (other than delivery by the Borrower of a Loan Notice). No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrower to reimburse the L/C Issuer for the amount of any payment made by the L/C Issuer under any Letter of Credit, together with interest as provided herein.

(vi) If any Revolving Lender fails to make available to the Administrative Agent for the account of the L/C Issuer any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.03(c) by the time specified in Section 2.03(c)(ii), the L/C Issuer shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the L/C Issuer at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the L/C Issuer submitted to any Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(d) Repayment of Participations.

(i) At any time after the L/C Issuer has made a payment under any Letter of Credit and has received from any Revolving Lender such Lender's L/C Advance in respect of such

payment in accordance with Section 2.03(c) , if the Administrative Agent receives for the account of the L/C Issuer any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrower or otherwise, including proceeds of cash collateral applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Pro Rata Share thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the L/C Issuer pursuant to Section 2.03(c)(i) is required to be returned under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the L/C Issuer in its discretion), each Revolving Lender shall pay to the Administrative Agent for the account of the L/C Issuer its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Federal Funds Rate from time to time in effect.

(e) Obligations Absolute . The obligation of the Borrower to reimburse the L/C Issuer for each drawing under each Letter of Credit and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, any other Loan Document or any other Loan Document;

(ii) the existence of any claim, counterclaim, set-off, defense or other right that the Borrower or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the L/C Issuer or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the L/C Issuer under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the L/C Issuer under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any proceeding under any Debtor Relief Law; or

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower or any Subsidiary.

The Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Borrower's instructions or other irregularity, the Borrower will immediately notify the L/C Issuer. The Borrower shall be conclusively

deemed to have waived any such claim against the L/C Issuer and its correspondents unless such notice is given as aforesaid.

(f) Role of L/C Issuer . Each Lender and the Borrower agree that, in paying any drawing under a Letter of Credit, the L/C Issuer shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by such Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the L/C Issuer, any Agent-Related Person or any of the respective correspondents, participants or assignees of the L/C Issuer shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Required Lenders, as applicable; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Letter of Credit Application. The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided , however , that this assumption is not intended to, and shall not, preclude the Borrower's pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the L/C Issuer, any Agent-Related Person or any of the respective correspondents, participants or assignees of the L/C Issuer, shall be liable or responsible for any of the matters described in clauses (i) through (v) of Section 2.03(e) ; provided , however , that anything in such clauses to the contrary notwithstanding, the Borrower may have a claim against the L/C Issuer, and the L/C Issuer may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by the L/C Issuer's willful misconduct or gross negligence or the L/C Issuer's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit unless the L/C Issuer is prevented or prohibited from so paying as a result of any order or directive of any court or other Governmental Authority. In furtherance and not in limitation of the foregoing, the L/C Issuer may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, and the L/C Issuer shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(g) Cash Collateral . Upon the request of the Administrative Agent, if, as of the Letter of Credit Expiration Date, any Letter of Credit for any reason remains outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the then Outstanding Amount of all L/C Obligations (in an amount equal to such Outstanding Amount determined as of the date of such L/C Borrowing or the Letter of Credit Expiration Date, as the case may be). Sections 2.05 and 9.02(c) set forth certain additional requirements to deliver Cash Collateral hereunder. For purposes of this Section 2.03 , Section 2.05 and Section 9.02(c) , " Cash Collateralize " means to pledge and deposit with or deliver to the Administrative Agent, for the benefit of the L/C Issuer and the Revolving Lenders, as collateral for the L/C Obligations, cash or deposit account balances pursuant to documentation in form and substance reasonably satisfactory to the Administrative Agent and the L/C Issuer (which documents are hereby consented to by the Lenders). Derivatives of such term have corresponding meanings. The Borrower hereby grants to the Administrative Agent, for the benefit of the L/C Issuer and the Revolving Lenders, a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, deposit accounts at Bank of America and shall bear interest based upon investment of the Cash Collateral as agreed between the Administrative Agent and the Borrower.

(h) Applicability of ISP and UCP . Unless otherwise expressly agreed by the L/C Issuer and the Borrower when a Letter of Credit is issued (including any such agreement applicable to an Existing Letter of Credit), (i) the rules of the ISP shall apply to each standby Letter of Credit, and (ii) the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce at the time of issuance, shall apply to each commercial Letter of Credit.

(i) Letter of Credit Fees . The Borrower shall pay to the Administrative Agent for the account of each Revolving Lender in accordance with its Pro Rata Share a Letter of Credit fee (the " Letter of Credit Fee ") for each Letter of Credit equal to the Applicable Rate times the actual daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit (other than any portion of the face amount of such Letter of Credit that has been permanently reduced)). Letter of Credit Fees shall be (i) computed on a quarterly basis in arrears and (ii) due and payable on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. If there is any change in the Applicable Rate during any quarter, the daily maximum amount of each Letter of Credit shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. Notwithstanding anything to the contrary contained herein, while any Event of Default exists, all Letter of Credit Fees shall accrue at the Default Rate.

(j) Fronting Fee and Documentary and Processing Charges Payable to L/C Issuer . The Borrower shall pay directly to the L/C Issuer, for its own account, a fronting fee with respect to each Letter of Credit in the amount specified in the Fee Letter, payable on the actual daily maximum amount available to be drawn under such Letter of Credit (whether or not such maximum amount is then in effect under such Letter of Credit (other than any portion of the face amount of such Letter of Credit that has been permanently reduced)). Such fronting fee shall be computed on a quarterly basis in arrears. Such fronting fee shall be due and payable on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the issuance of such Letter of Credit, on the Letter of Credit Expiration Date and thereafter on demand. In addition, the Borrower shall pay directly to the L/C Issuer for its own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the L/C Issuer relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(k) Conflict with Letter of Credit Application . In the event of any conflict between the terms hereof and the terms of any Letter of Credit Application, the terms hereof shall control.

(l) Letters of Credit Issued for Subsidiaries . Notwithstanding that a Letter of Credit issued or outstanding hereunder is in support of any obligations of, or is for the account of, a Subsidiary, the Borrower shall be obligated to reimburse the L/C Issuer hereunder for any and all drawings under such Letter of Credit and shall be obligated for all other obligations of such Subsidiary under such Letter of Credit. The Borrower hereby acknowledges that the issuance of Letters of Credit for the account of Subsidiaries inures to the benefit of the Borrower, and that the Borrower's business derives substantial benefits from the businesses of such Subsidiaries.

2.04 Swing Line Loans .

(a) Swing Line Facility . Subject to the terms and conditions set forth herein, the Swing Line Lender agrees to make loans (each such loan, a " Swing Line Loan ") to the Borrower in Dollars from time to time on any Business Day during the Availability Period in an aggregate amount not to exceed at any

time outstanding the amount of the Swing Line Sublimit, notwithstanding the fact that such Swing Line Loans, when aggregated with the Pro Rata Share of the Outstanding Amount of Revolving Loans and L/C Obligations of the Swing Line Lender in its capacity as a Lender of Revolving Loans, may exceed the amount of such Lender's Revolving Commitment; provided , however , that after giving effect to any Swing Line Loan, (i) the Total Revolving Outstandings shall not exceed the Aggregate Revolving Commitments, and (ii) the aggregate Outstanding Amount of the Revolving Loans of any Revolving Lender, plus such Lender's Pro Rata Share of the Outstanding Amount of all L/C Obligations, plus such Lender's Pro Rata Share of the Outstanding Amount of all Swing Line Loans shall not exceed such Lender's Revolving Commitment, and provided , further , that the Borrower shall not use the proceeds of any Swing Line Loan to refinance any outstanding Swing Line Loan. Within the foregoing limits, and subject to the other terms and conditions hereof, the Borrower may borrow under this Section 2.04 , prepay under Section 2.05 , and reborrow under this Section 2.04 . Each Swing Line Loan shall be a Base Rate Loan or a Quoted Rate Swing Line Loan, as the Borrower may elect. Immediately upon the making of a Swing Line Loan, each Revolving Lender shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from the Swing Line Lender a risk participation in such Swing Line Loan in an amount equal to the product of such Lender's Pro Rata Share times the amount of such Swing Line Loan.

(b) Borrowing Procedures . Each Borrowing of Swing Line Loans shall be made upon the Borrower's irrevocable notice to the Swing Line Lender and the Administrative Agent, which may be given by telephone. Each such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the requested borrowing date, and shall specify (i) the amount to be borrowed, which shall be a minimum principal amount of $100,000 and integral multiples of $100,000 in excess thereof, (ii) the requested borrowing date, which shall be a Business Day and (iii) whether such Swing Line Loan shall be a Base Rate Loan or Quoted Rate Swing Line Loan. Each such telephonic notice must be confirmed promptly by delivery to the Swing Line Lender and the Administrative Agent of a written Swing Line Loan Notice, appropriately completed and signed by a Responsible Officer of the Borrower. Promptly after receipt by the Swing Line Lender of any telephonic Swing Line Loan Notice, the Swing Line Lender will confirm with the Administrative Agent (by telephone or in writing) that the Administrative Agent has also received such Swing Line Loan Notice and, if not, the Swing Line Lender will notify the Administrative Agent (by telephone or in writing) of the contents thereof. Unless the Swing Line Lender has received notice (by telephone or in writing) from the Administrative Agent (including at the request of any Lender) prior to 2:00 p.m. on the date of the proposed Borrowing of Swing Line Loans (A) directing the Swing Line Lender not to make such Swing Line Loan as a result of the limitations set forth in the proviso to the first sentence of Section 2.04(a) , or (B) that one or more of the applicable conditions specified in Article V is not then satisfied, then, subject to the terms and conditions hereof, the Swing Line Lender will, not later than 3:00 p.m. on the borrowing date specified in such Swing Line Loan Notice, make the amount of its Swing Line Loan available to the Borrower.

(c) Refinancing of Swing Line Loans .

(i) The Swing Line Lender at any time in its sole and absolute discretion may request, on behalf of the Borrower (which hereby irrevocably requests and authorizes the Swing Line Lender to so request on its behalf), that each Revolving Lender make a Base Rate Loan in an amount equal to such Lender's Pro Rata Share of the amount of Swing Line Loans then outstanding. Such request shall be made in writing (which written request shall be deemed to be a Loan Notice for purposes hereof) and in accordance with the requirements of Section 2.02 , without regard to the minimum and multiples specified therein for the principal amount of Base Rate Loans, but subject to the unutilized portion of the Aggregate Revolving Commitments and the conditions set forth in Section 5.03 . The Swing Line Lender shall furnish the Borrower with a copy of the applicable Loan Notice promptly after delivering such notice to the Administrative

Agent. Each Revolving Lender shall make an amount equal to its Pro Rata Share of the amount specified in such Loan Notice available to the Administrative Agent in immediately available funds for the account of the Swing Line Lender at the Administrative Agent's Office not later than 1:00 p.m. on the day specified in such Loan Notice, whereupon, subject to Section 2.04(c)(ii) , each Revolving Lender that so makes funds available shall be deemed to have made a Base Rate Loan to the Borrower in such amount. The Administrative Agent shall remit the funds so received to the Swing Line Lender.

(ii) If for any reason any Swing Line Loan cannot be refinanced by such a Borrowing of Revolving Loans in accordance with Section 2.04(c)(i) , the request for Base Rate Loans submitted by the Swing Line Lender as set forth herein shall be deemed to be a request by the Swing Line Lender that each of the Revolving Lenders fund its risk participation in the relevant Swing Line Loan and each Revolving Lender's payment to the Administrative Agent for the account of the Swing Line Lender pursuant to Section 2.04(c)(i) shall be deemed payment in respect of such participation.

(iii) If any Revolving Lender fails to make available to the Administrative Agent for the account of the Swing Line Lender any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.04(c) by the time specified in Section 2.04(c)(i) , the Swing Line Lender shall be entitled to recover from such Lender (acting through the Administrative Agent), on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available to the Swing Line Lender at a rate per annum equal to the Federal Funds Rate from time to time in effect. A certificate of the Swing Line Lender submitted to any Revolving Lender (through the Administrative Agent) with respect to any amounts owing under this clause (iii) shall be conclusive absent manifest error.

(iv) Each Revolving Lender's obligation to make Revolving Loans or to purchase and fund risk participations in Swing Line Loans pursuant to this Section 2.04(c) shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any set-off, counterclaim, recoupment, defense or other right that such Lender may have against the Swing Line Lender, the Borrower or any other Person for any reason whatsoever, (B) the occurrence or continuance of a Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing; provided , however , that each Revolving Lender's obligation to make Revolving Loans pursuant to this Section 2.04(c) is subject to the conditions set forth in Section 5.03 . No such purchase or funding of risk participations shall relieve or otherwise impair the obligation of the Borrower to repay Swing Line Loans, together with interest as provided herein.

(d) Repayment of Participations .

(i) At any time after any Revolving Lender has purchased and funded a risk participation in a Swing Line Loan, if the Swing Line Lender receives any payment on account of such Swing Line Loan, the Swing Line Lender will distribute to such Lender its Pro Rata Share of such payment (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's risk participation was funded) in the same funds as those received by the Swing Line Lender.

(ii) If any payment received by the Swing Line Lender in respect of principal or interest on any Swing Line Loan is required to be returned by the Swing Line Lender under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the Swing Line Lender in its discretion), each Revolving Lender shall pay to the Swing Line

Lender its Pro Rata Share thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned, at a rate per annum equal to the Federal Funds Rate. The Administrative Agent will make such demand upon the request of the Swing Line Lender.

(e) Interest for Account of Swing Line Lender . The Swing Line Lender shall be responsible for invoicing the Borrower for interest on the Swing Line Loans. Until a Revolving Lender funds its Revolving Loans that are Base Rate Loans or risk participation pursuant to this Section 2.04 to refinance such Lender's Pro Rata Share of any Swing Line Loan, interest in respect of such Pro Rata Share shall be solely for the account of the Swing Line Lender.

(f) Payments Directly to Swing Line Lender . The Borrower shall make all payments of principal and interest in respect of the Swing Line Loans directly to the Swing Line Lender.

2.05 Prepayments .

(a) Voluntary Prepayments of Loans .

(i) Revolving Loans and Term Loans . The Borrower may, upon notice from the Borrower to the Administrative Agent, at any time or from time to time voluntarily prepay Revolving Loans and the Term Loan in whole or in part without premium or penalty; provided that (A) such notice must be received by the Administrative Agent not later than 11:00 a.m. (1) three Business Days prior to any date of prepayment of Eurodollar Rate Loans and (2) on the date of prepayment of Base Rate Loans; (B) any such prepayment of Eurodollar Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); (C) any prepayment of Base Rate Loans shall be in a principal amount of $500,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal amount thereof then outstanding); and (D) any prepayment of the Term Loan shall be applied ratably to the remaining principal amortization payments. Each such notice shall specify the date and amount of such prepayment and the Type(s) of Loans to be prepaid. The Administrative Agent will promptly notify each Lender of its receipt of each such notice, and of the amount of such Lender's Pro Rata Share of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein. Any prepayment of a Eurodollar Rate Loan shall be accompanied by all accrued interest thereon, together with any additional amounts required pursuant to Section 3.05 . Each such prepayment shall be applied to the Loans of the Lenders in accordance with their respective Pro Rata Shares.

(ii) Swing Line Loans . The Borrower may, upon notice to the Swing Line Lender (with a copy to the Administrative Agent), at any time or from time to time, voluntarily prepay Swing Line Loans in whole or in part without premium or penalty; provided that (i) such notice must be received by the Swing Line Lender and the Administrative Agent not later than 1:00 p.m. on the date of the prepayment, and (ii) any such prepayment shall be in a minimum principal amount of $100,000 or a whole multiple of $100,000 in excess thereof (or, if less, the entire principal thereof then outstanding). Each such notice shall specify the date and amount of such prepayment. If such notice is given by the Borrower, the Borrower shall make such prepayment and the payment amount specified in such notice shall be due and payable on the date specified therein.

(b) Mandatory Prepayments of Loans .

(i) Revolving Commitments . If for any reason the Total Revolving Outstandings at any time exceed the Aggregate Revolving Commitments then in effect, the Borrower shall immediately prepay Revolving Loans and/or the Swing Line Loans and/or Cash Collateralize the L/C Obligations in an aggregate amount equal to such excess; provided , however , that the Borrower shall not be required to Cash Collateralize the L/C Obligations pursuant to this Section 2.05(b)(i) unless after the prepayment in full of the Revolving Loans and Swing Line Loans the Total Revolving Outstandings exceed the Aggregate Revolving Commitments then in effect.

(ii) Dispositions and Involuntary Dispositions . The Borrower shall prepay the Loans as hereafter provided in an aggregate amount equal to 100% of the Net Cash Proceeds of each Disposition (other than (A) sales of government contracts that are required by law or by any government agency to be sold as a result of an organizational conflict of interest in an aggregate amount of up to $10 million in any fiscal year and (B) the sale of the Specified Real Property) and Involuntary Disposition to the extent (x) such Net Cash Proceeds are not reinvested in Property useful in the business of the Borrower and its Subsidiaries within 180 days of the date of such Disposition or such Involuntary Disposition and (y) the aggregate amount of such Net Cash Proceeds not reinvested in accordance with the foregoing clause (x) shall exceed $1,000,000 in any fiscal year. Such prepayment shall be due immediately upon the expiration of the 180 day period set forth in clause (A) (to the extent such prepayment exceeds the threshold in clause (B)) and shall be applied as set forth in clause (vi) below.

(iii) Consolidated Excess Cash Flow . Within ninety-three (93) days after the end of each fiscal year commencing with the fiscal year ending June 30, 2005, the Borrower shall prepay the Loans as hereafter provided in an aggregate amount equal to 50% of Consolidated Excess Cash Flow for such fiscal year; provided , however , if the Consolidated Leverage Ratio as of the last day of such fiscal year is less than 2.75 to 1.0, then the Borrower shall not be required to make the foregoing payment for such fiscal year. Any prepayment pursuant to this clause (iii) shall be applied as set forth in clause (vi) below).

(iv) Debt Issuances . Immediately upon receipt by the Borrower or any Subsidiary of the Net Cash Proceeds of any Debt Issuance, the Borrower shall prepay the Loans as hereafter provided in an aggregate amount equal to 100% of such Net Cash Proceeds (such prepayment to be applied as set forth in clause (vi) below).

(v) Equity Issuances . Immediately upon the receipt by the Borrower or any Subsidiary of the Net Cash Proceeds of any Equity Issuance, the Borrower shall prepay the Loans in an aggregate amount equal to 50% of such Net Cash Proceeds (such prepayment to be applied as set forth in clause (vi) below).

(vi) Application of Mandatory Prepayments . All amounts required to be paid pursuant to this Section 2.05(b) shall be applied as follows:

(A) with respect to all amounts prepaid pursuant to Section 2.05(b)(i) , to Revolving Loans and Swing Line Loans and (after all Revolving Loans and all Swing Line Loans have been repaid) to Cash Collateralize L/C Obligations;

(B) with respect to all amounts prepaid pursuant to Section 2.05(b)(ii) , pro rata to the Term Loan (ratably to the remaining principal amortization payments thereof) and the Revolving Loans and Swing Line Loans; and

(C) with respect to all amounts prepaid pursuant to Sections 2.05(b)(iii) , (iv) and (v) , first to the Term Loan (ratably to the remaining principal amortization payments thereof), then (after the Term Loans have been paid in full) to the Revolving Loans and Swing Line Loans;

provided that, notwithstanding the foregoing, (x) one or more holders of the Term Loan may decline to accept a mandatory prepayment under Sections 2.05(b)(ii) , (iii) , (iv) or (v) , in which case such declined prepayment(s) shall be allocated to the Revolving Loans and Swing Line Loans and (y) the Borrower shall not be required to prepay the Revolving Loans and Swing Line Loans to an amount less than the lesser of $50 million or the amount of the Revolving Loans and Swing Line Loans that is subject to one or more interest rate protections agreements.

Within the parameters of the applications set forth above, prepayments shall be applied first to Base Rate Loans and then to Eurodollar Rate Loans in direct order of Interest Period maturities. All prepayments under this Section 2.05(b) shall be subject to Section 3.05 , but otherwise without premium or penalty, and shall be accompanied by interest on the principal amount prepaid through the date of prepayment.

2.06 Termination or Reduction of Aggregate Revolving Commitments .

The Borrower may, upon notice to the Administrative Agent, terminate the Aggregate Revolving Commitments, or from time to time permanently reduce the Aggregate Revolving Commitments to an amount not less than the Outstanding Amount of Revolving Loans, Swing Line Loans and L/C Obligations; provided that (i) any such notice shall be received by the Administrative Agent not later than 12:00 noon three (3) Business Days prior to the date of termination or reduction, (ii) any such partial reduction shall be in an aggregate amount of $5,000,000 or any whole multiple of $1,000,000 in excess thereof and (iii) if, after giving effect to any reduction of the Aggregate Revolving Commitments, the Letter of Credit Sublimit or the Swing Line Sublimit exceeds the amount of the Aggregate Revolving Commitments, such sublimit shall be automatically reduced by the amount of such excess. The Administrative Agent will promptly notify the Lenders of any such notice of termination or reduction of the Aggregate Revolving Commitments. Any reduction of the Aggregate Revolving Commitments shall be applied to the Revolving Commitment of each Lender according to its Pro Rata Share. All fees accrued with respect thereto until the effective date of any termination of the Aggregate Revolving Commitments shall be paid on the effective date of such termination.

2.07 Repayment of Loans .

(a) Revolving Loans . The Borrower shall repay to the Revolving Lenders on the Maturity Date the aggregate principal amount of all Revolving Loans outstanding on such date.

(b) Swing Line Loans . The Borrower shall repay each Swing Line Loan on the earlier to occur of (i) demand by the Swing Line Lender and (ii) the Maturity Date.

(c) Term Loan . The Borrower shall repay the outstanding principal amount of the Term Loan in consecutive quarterly installments as follows (as such installments may hereafter be adjusted as a result of prepayments made pursuant to Section 2.05), unless accelerated sooner pursuant to Section 9.02 : (i) on the last day of each calendar quarter of the Borrower, commencing with the first calendar quarter ending after the Effective Date, the Borrower shall repay a portion of the outstanding principal of the Term Loan in an amount equal to one-fourth of one percent (0.25%) of the aggregate principal amount of

the Term Loan made on the Effective Date and (ii) on the Maturity Date, the Borrower shall repay the then outstanding principal amount of the Term Loan.

2.08 Interest .

(a) Subject to the provisions of subsection (b) below, (i) each Eurodollar Rate Loan shall bear interest on the outstanding principal amount thereof for each Interest Period at a rate per annum equal to the sum of (A) the Eurodollar Rate for such Interest Period plus (B) the Applicable Rate; (ii) each Base Rate Loan (including any Swing Line Loan that is a Base Rate Loan) shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Base Rate plus the Applicable Rate; and (iii) each Swing Line Loan that is a Quoted Rate Swing Line Loan shall bear interest on the outstanding principal amount thereof from the applicable borrowing date at a rate per annum equal to the Quoted Rate applicable thereto.

(b) Upon the occurrence and during the continuation of an Event of Default, the Borrower shall pay interest on the principal amount of all outstanding Obligations hereunder at a fluctuating interest rate per annum at all times equal to the Default Rate to the fullest extent permitted by applicable Laws.

(c) Interest on each Loan shall be due and payable in arrears on each Interest Payment Date applicable thereto and at such other times as may be specified herein. Interest hereunder shall be due and payable in accordance with the terms hereof before and after judgment, and before and after the commencement of any proceeding under any Debtor Relief Law.

2.09 Fees .

In addition to certain fees described in subsections (i) and (j) of Section 2.03 :

(a) Commitment Fee . The Borrower shall pay to the Administrative Agent, for the account of each Revolving Lender in accordance with its Pro Rata Share, a commitment fee equal to the product of (i) the Applicable Rate times (ii) the actual daily amount by which the Aggregate Revolving Commitments (as they made be reduced from time to time under this Agreement) exceed the sum of (y) the Outstanding Amount of Revolving Loans and (z) the Outstanding Amount of L/C Obligations. The commitment fee shall accrue at all times during the Availability Period, including at any time during which one or more of the conditions in Article V is not met, and shall be due and payable quarterly in arrears on the last Business Day of each March, June, September and December, commencing with the first such date to occur after the Effective Date, and on the Maturity Date. The commitment fee shall be calculated quarterly in arrears, and if there is any change in the Applicable Rate during any quarter, the actual daily amount shall be computed and multiplied by the Applicable Rate separately for each period during such quarter that such Applicable Rate was in effect. For purposes of clarification, Swing Line Loans (other than Swing Line Loans that have been refinanced with Revolving Loans pursuant to Section 2.04(c)) shall not be considered outstanding for purposes of determining the unused portion of the Aggregate Revolving Commitments.

(b) Fee Letter . The Borrower shall pay to BAS and the Administrative Agent for their own respective accounts fees in the amounts and at the times specified in the Fee Letter. Such fees shall be fully earned when paid and, except as expressly provided in the Fee Letter, shall be non-refundable for any reason whatsoever.

2.10 Computation of Interest and Fees .

All computations of interest for Base Rate Loans when the Base Rate is determined by Bank of America's "prime rate" shall be made on the basis of a year of 365 or 366 days, as the case may be, and actual days elapsed. All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed. Interest shall accrue on each Loan for the day on which the Loan is made, and shall not accrue on a Loan, or any portion thereof, for the day on which the Loan or such portion is paid, provided that any Loan that is repaid on the same day on which it is made shall, subject to Section 2.12(a) , bear interest for one day.

2.11 Evidence of Debt .

(a) The Credit Extensions made by each Lender shall be evidenced by one or more accounts or records maintained by such Lender and by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent and each Lender shall be conclusive absent manifest error of the amount of the Credit Extensions made by the Lenders to the Borrower and the interest and payments thereon. Any failure to so record or any error in doing so shall not, however, limit or otherwise affect the obligation of the Borrower hereunder to pay any amount owing with respect to the Obligations. In the event of any conflict between the accounts and records maintained by any Lender and the accounts and records of the Administrative Agent in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error. Upon the request of any Lender made through the Administrative Agent, the Borrower shall execute and deliver to such Lender (through the Administrative Agent) a promissory note, which shall evidence such Lender's Loans in addition to such accounts or records. Each such promissory note shall (i) in the case of Revolving Loans, be in the form of Exhibit 2.11(a) (a " Revolving Note "), (ii) in the case of Swing Line Loans, be in the form of Exhibit 2.11(b) (a " Swing Line Note ") and (iii) in the case of the Term Loan, be in the form of Exhibit 2.11(c) (a " Term Note "). Each Lender may attach schedules to its Note and endorse thereon the date, Type (if applicable), amount and maturity of its Loans and payments with respect thereto.

(b) In addition to the accounts and records referred to in subsection (a), each Lender and the Administrative Agent shall maintain in accordance with its usual practice accounts or records evidencing the purchases and sales by such Lender of participations in Letters of Credit and Swing Line Loans. In the event of any conflict between the accounts and records maintained by the Administrative Agent and the accounts and records of any Lender in respect of such matters, the accounts and records of the Administrative Agent shall control in the absence of manifest error.

2.12 Payments Generally .

(a) All payments to be made by the Borrower shall be made without condition or deduction for any counterclaim, defense, recoupment or setoff. Except as otherwise expressly provided herein, all payments by the Borrower hereunder shall be made to the Administrative Agent, for the account of the respective Lenders to which such payment is owed, at the Administrative Agent's Office in Dollars and in immediately available funds not later than 2:00 p.m. on the date specified herein. The Administrative Agent will promptly distribute to each Lender its Pro Rata Share (or other applicable share as provided herein) of such payment in like funds as received by wire transfer to such Lender's Lending Office. All payments received by the Administrative Agent after 2:00 p.m. shall be deemed received on the next succeeding Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the definition of "Interest Period", if any payment to be made by the Borrower shall come due on a day other than a Business Day, payment shall be made on the next following

Business Day, and such extension of time shall be reflected in computing interest or fees, as the case may be.

(c) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, L/C Borrowings, interest and fees then due hereunder, such funds shall be applied (i) first , toward costs and expenses (including Attorney Costs and amounts payable under Article III) incurred by the Administrative Agent and each Lender, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, (ii) second , toward repayment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (iii) third , toward repayment of principal and L/C Borrowings then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and L/C Borrowings then due to such parties.

(d) Unless the Borrower or any Lender has notified the Administrative Agent, prior to the date any payment is required to be made by it to the Administrative Agent hereunder, that the Borrower or such Lender, as the case may be, will not make such payment, the Administrative Agent may assume that the Borrower or such Lender, as the case may be, has timely made such payment and may (but shall not be so required to), in reliance thereon, make available a corresponding amount to the Person entitled thereto. If and to the extent that such payment was not in fact made to the Administrative Agent in immediately available funds, then:

(i) if the Borrower failed to make such payment, each Lender shall forthwith on demand repay to the Administrative Agent the portion of such assumed payment that was made available to such Lender in immediately available funds, together with interest thereon in respect of each day from and including the date such amount was made available by the Administrative Agent to such Lender to the date such amount is repaid to the Administrative Agent in immediately available funds at the Federal Funds Rate from time to time in effect; and

(ii) if any Lender failed to make such payment, such Lender shall forthwith on demand pay to the Administrative Agent the amount thereof in immediately available funds, together with interest thereon for the period from the date such amount was made available by the Administrative Agent to the Borrower to the date such amount is recovered by the Administrative Agent (the " Compensation Period ") at a rate per annum equal to the Federal Funds Rate from time to time in effect. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in the applicable Borrowing. If such Lender does not pay such amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent may make a demand therefor upon the Borrower, and the Borrower shall pay such amount to the Administrative Agent, together with interest thereon for the Compensation Period at a rate per annum equal to the rate of interest applicable to the applicable Borrowing. Nothing herein shall be deemed to relieve any Lender from its obligation to fulfill its Commitment or to prejudice any rights which the Administrative Agent or the Borrower may have against any Lender as a result of any default by such Lender hereunder.

A notice of the Administrative Agent to any Lender or the Borrower with respect to any amount owing under this subsection (d) shall be conclusive, absent manifest error.

(e) If any Lender makes available to the Administrative Agent funds for any Loan to be made by such Lender as provided in the foregoing provisions of this Article II , and such funds are not made available to the Borrower by the Administrative Agent because the conditions to the applicable Credit Extension set forth in Article V are not satisfied or waived in accordance with the terms hereof, the

Administrative Agent shall promptly return such funds (in like funds as received from such Lender) to such Lender, without interest.

(f) The obligations of the Lenders hereunder to make Loans and to fund participations in Letters of Credit and Swing Line Loans are several and not joint. The failure of any Lender to make any Loan or to fund any such participation on any date required hereunder shall not relieve any other Lender of its corresponding obligation to do so on such date, and no Lender shall be responsible for the failure of any other Lender to so make its Loan or purchase its participation.

(g) Nothing herein shall be deemed to obligate any Lender to obtain the funds for any Loan in any particular place or manner or to constitute a representation by any Lender that it has obtained or will obtain the funds for any Loan in any particular place or manner.

2.13 Sharing of Payments .

If, other than as expressly provided elsewhere herein, any Lender shall obtain on account of the Loans made by it, or the participations in L/C Obligations or in Swing Line Loans held by it (but not including any amounts applied by the Swing Line Lender to outstanding Swing Line Loans), any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its ratable share (or other share contemplated hereunder) thereof, such Lender shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Lenders such participations in the Loans made by them and/or such subparticipations in the participations in L/C Obligations or Swing Line Loans held by them, as the case may be, as shall be necessary to cause such purchasing Lender to share the excess payment in respect of such Loans or such participations, as the case may be, pro rata with each of them; provided , however , that if all or any portion of such excess payment is thereafter recovered from the purchasing Lender under any of the circumstances described in Section 11.06 (including pursuant to any settlement entered into by the purchasing Lender in its discretion), such purchase shall to that extent be rescinded and each other Lender shall repay to the purchasing Lender the purchase price paid therefor, together with an amount equal to such paying Lender's ratable share (according to the proportion of (i) the amount of such paying Lender's required repayment to (ii) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered, without further interest thereon. The Borrower agrees that any Lender so purchasing a participation from another Lender may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.09) with respect to such participation as fully as if such Lender were the direct creditor of the Borrower in the amount of such participation. The Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Lenders following any such purchases or repayments. Each Lender that purchases a participation pursuant to this Section shall from and after such purchase have the right to give all notices, requests, demands, directions and other communications under this Agreement with respect to the portion of the Obligations purchased to the same extent as though the purchasing Lender were the original owner of the Obligations purchased.

ARTICLE III

TAXES, YIELD PROTECTION AND ILLEGALITY

3.01 Taxes .

(a) Subject to Section 11.15 , any and all payments by any Loan Party to or for the account of the Administrative Agent or any Lender under any Loan Document shall be made free and clear of and without deduction for any and all present or future taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and all liabilities with respect thereto, excluding , in the case of the Administrative Agent and each Lender, taxes imposed on or measured by its overall net income, back-up withholding taxes imposed by the Internal Revenue Code and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the Laws of which the Administrative Agent or such Lender, as the case may be, (i) is organized, (ii) maintains a lending office or (iii) was previously organized or previously maintained a lending office to the extent such taxes relate to the period the Administrative Agent or such Lender, as the case may be, was previously organized or previously maintained a lending office in such jurisdiction (all such non-excluded taxes, duties, levies, imposts, deductions, assessments, fees, withholdings or similar charges, and liabilities being hereinafter referred to as " Taxes "). If any Loan Party shall be required by any Laws to deduct any Taxes from or in respect of any sum payable under any Loan Document to the Administrative Agent or any Lender, (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section), each of the Administrative Agent and such Lender receives an amount equal to the sum it would have received had no such deductions been made, (ii) such Loan Party shall make such deductions, (iii) such Loan Party shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable Laws, and (iv) within thirty days after the date of such payment, such Loan Party shall furnish to the Administrative Agent (which shall forward the same to such Lender) the original or a certified copy of a receipt evidencing payment thereof.

(b) In addition, the Borrower agrees to pay any and all present or future stamp, court or documentary taxes and any other excise or property taxes or charges or similar levies which arise from any payment made under any Loan Document or from the execution, delivery, performance, enforcement or registration of, or otherwise with respect to, any Loan Document (hereinafter referred to as " Other Taxes ").

(c) The Borrower agrees to indemnify the Administrative Agent and each Lender for (i) the full amount of Taxes and Other Taxes (including any Taxes or Other Taxes imposed or asserted by any jurisdiction on amounts payable under this Section) paid by the Administrative Agent and such Lender and (ii) any liability (including additions to tax, penalties, interest and expenses) arising therefrom or with respect thereto, in each case whether or not such Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Payment under this subsection (c) shall be made within thirty days after the date the Lender or the Administrative Agent makes a demand therefor.

(d) If the Borrower is required to pay additional amounts to or for the account of any Lender pursuant to this Section 3.01 , then such Lender agrees to use reasonable efforts to change the jurisdiction of its applicable Lending Office so as to eliminate or reduce any such additional payment that may thereafter accrue if such change, in the judgment of such Lender, is not otherwise materially disadvantageous to such Lender.

3.02 Illegality .

If any Lender determines that any Law has made it unlawful, or that any Governmental Authority has asserted that it is unlawful, for any Lender or its applicable Lending Office to make, maintain or fund Eurodollar Rate Loans, or to determine or charge interest rates based upon the Eurodollar Rate, then, on notice thereof by such Lender to the Borrower through the Administrative Agent, any obligation of such Lender to make or continue Eurodollar Rate Loans or to convert Base Rate Loans to Eurodollar Rate Loans shall be suspended until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist. Upon receipt of such notice, the Borrower shall, upon demand from such Lender (with a copy to the Administrative Agent), prepay or, if applicable, convert all Eurodollar Rate Loans of such Lender to Base Rate Loans, either on the last day of the Interest Period therefor, if such Lender may lawfully continue to maintain such Eurodollar Rate Loans to such day, or immediately, if such Lender may not lawfully continue to maintain such Eurodollar Rate Loans. Upon any such prepayment or conversion, the Borrower shall also pay accrued interest on the amount so prepaid or converted. Each Lender agrees to designate a different Lending Office if such designation will avoid the need for such notice and will not, in the good faith judgment of such Lender, otherwise be materially disadvantageous to such Lender.

3.03 Inability to Determine Rates .

If the Administrative Agent determines that for any reason adequate and reasonable means do not exist for determining the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan, or that the Eurodollar Base Rate for any requested Interest Period with respect to a proposed Eurodollar Rate Loan does not adequately and fairly reflect the cost to the Lenders of funding such Loan, the Administrative Agent will promptly notify the Borrower and all Lenders. Thereafter, the obligation of the Lenders to make or maintain Eurodollar Rate Loans shall be suspended until the Administrative Agent revokes such notice. Upon receipt of such notice, the Borrower may revoke any pending request for a Borrowing of, conversion to or continuation of Eurodollar Rate Loans or, failing that, will be deemed to have converted such request into a request for a Borrowing of Base Rate Loans in the amount specified therein.

3.04 Increased Cost and Reduced Return; Capital Adequacy .

(a) If any Lender determines that as a result of the introduction of or any change in or in the interpretation of any Law (in each case after the Closing Date), or such Lender's compliance therewith, there shall be any increase in the cost to such Lender of agreeing to make or making, funding or maintaining Eurodollar Rate Loans or (as the case may be) issuing or participating in Letters of Credit, or a reduction in the amount received or receivable by such Lender in connection with any of the foregoing (excluding for purposes of this subsection (a) any such increased costs or reduction in amount resulting from (i) Taxes or Other Taxes (as to which Section 3.01 shall govern), (ii) changes in the basis of taxation of the overall net income or overall gross income by the United States or any foreign jurisdiction or any political subdivision of either thereof under the Laws of which such Lender is organized or has its Lending Office, and (iii) reserve requirements utilized, as to Eurodollar Rate Loans, in the determination of the Eurodollar Rate), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such increased cost or reduction.

(b) If any Lender determines that the introduction of any Law regarding capital adequacy or any change therein or in the interpretation thereof (in each case after the Closing Date), or compliance by such Lender (or its Lending Office) therewith, has the effect of reducing the rate of return on the capital of such Lender or any corporation controlling such Lender as a consequence of such Lender's obligations

hereunder (taking into consideration its policies with respect to capital adequacy and such Lender's desired return on capital), then from time to time upon demand of such Lender (with a copy of such demand to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender for such reduction.

(c) The Lenders agree to notify the Borrower of any event occurring after the Closing Date entitling the Lender to compensation under any of the preceding subsections of this Section 3.04 as promptly as practicable, provided , however , that no Lender shall be entitled to claim any compensation under any of the preceding subsections of this Section if such Lender fails to provide such notice to the Borrower within 180 days of the date such Lender becomes aware of the occurrence of the event giving rise to the claim for such compensation.

3.05 Compensation for Losses .

Upon demand of any Lender (with a copy to the Administrative Agent) from time to time, the Borrower shall promptly compensate such Lender for and hold such Lender harmless from any loss, cost or expense incurred by it as a result of:

(a) any continuation, conversion, payment or prepayment of any Loan other than a Base Rate Loan on a day other than the last day of the Interest Period for such Loan (whether voluntary, mandatory, automatic, by reason of acceleration, or otherwise);

(b) any failure by the Borrower (for a reason other than the failure of such Lender to make a Loan) to prepay, borrow, continue or convert any Loan other than a Base Rate Loan on the date or in the amount notified by the Borrower; or

(c) any assignment of a Eurodollar Rate Loan on a day other than the last day of the Interest Period therefor as a result of:

(i) a request by the Borrower pursuant to Section 11.16 ; or

(ii) an assignment by Bank of America pursuant to Section 11.07(b) as part of the primary syndication of the Commitments and Loans during the 180-day period immediately following the Effective Date, provided that Bank of America agrees to use reasonable efforts to reduce the breakage costs payable by the Borrower in connection therewith (including, without limitation, to the extent reasonably practical, closing such assignments at the end of Interest Periods of outstanding Eurodollar Rate Loans);

including any loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain such Loan or from fees payable to terminate the deposits from which such funds were obtained (but specifically excluding any loss of anticipated profits or Applicable Margin). The Borrower shall also pay any customary administrative fees charged by such Lender in connection with the foregoing.

For purposes of calculating amounts payable by the Borrower to the Lenders under this Section 3.05 , each Lender shall be deemed to have funded each Eurodollar Rate Loan made by it at the Eurodollar Base Rate used in determining the Eurodollar Rate for such Loan by a matching deposit or other borrowing in the London interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Eurodollar Rate Loan was in fact so funded.

3.06 Matters Applicable to all Requests for Compensation .

(a) A certificate of the Administrative Agent or any Lender claiming compensation under this Article III and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive in the absence of demonstrable error. In determining such amount, the Administrative Agent or such Lender may use any reasonable averaging and attribution methods.

(b) Upon any Lender's making a claim for compensation under Section 3.01 (including in the circumstances contemplated by Section 11.15(a)(iii)) or 3.04 , the Borrower may replace such Lender in accordance with Section 11.16 .

3.07 Survival .

All of the Borrower's obligations under this Article III shall survive termination of the Commitments and repayment of all Obligations.

ARTICLE IV

GUARANTY

4.01 The Guaranty .

Each of the Guarantors hereby jointly and severally guarantees to each Lender, each Affiliate of a Lender that enters into a Swap Contract or a Treasury Management Agreement with a Loan Party, each Indemnitee and the Administrative Agent as hereinafter provided, as primary obligor and not as surety, the prompt payment of the Obligations in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) strictly in accordance with the terms thereof. The Guarantors hereby further agree that if any of the Obligations are not paid in full when due (whether at stated maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise), the Guarantors will, jointly and severally, promptly pay the same, without any demand or notice whatsoever, and that in the case of any extension of time of payment or renewal of any of the Obligations, the same will be promptly paid in full when due (whether at extended maturity, as a mandatory prepayment, by acceleration, as a mandatory cash collateralization or otherwise) in accordance with the terms of such extension or renewal.

Notwithstanding any provision to the contrary contained herein or in any other of the Loan Documents, Swap Contracts or Treasury Management Agreements, the obligations of each Guarantor under this Agreement and the other Loan Documents shall be limited to an aggregate amount equal to the largest amount that would not render such obligations subject to avoidance under the Debtor Relief Laws (including fraudulent conveyance laws) or any comparable provisions of any applicable state law.

4.02 Obligations Unconditional .

The obligations of the Guarantors under Section 4.01 are joint and several, absolute and unconditional, irrespective of the value, genuineness, validity, regularity or enforceability of any of the Loan Documents, Swap Contracts or Treasury Management Agreements, or any other agreement or instrument referred to therein, or any substitution, release, impairment or exchange of any other guarantee of or security for any of the Obligations, and, to the fullest extent permitted by applicable law, irrespective of any other circumstance whatsoever which might otherwise constitute a legal or equitable discharge or defense of a surety or guarantor, it being the intent of this Section 4.02 that the obligations of the Guarantors hereunder shall be absolute and unconditional under any and all circumstances. Each Guarantor agrees that such

Guarantor shall have no right of subrogation, indemnity, reimbursement or contribution against the Borrower or any other Guarantor for amounts paid under this Article IV until such time as the Obligations have been paid in full and the Commitments have expired or terminated. Without limiting the generality of the foregoing, it is agreed that, to the fullest extent permitted by law, the occurrence of any one or more of the following shall not alter or impair the liability of any Guarantor hereunder, which shall remain absolute and unconditional as described above:

(a) at any time or from time to time, without notice to any Guarantor, the time for any performance of or compliance with any of the Obligations shall be extended, or such performance or compliance shall be waived;

(b) any of the acts mentioned in any of the provisions of any of the Loan Documents, any Swap Contract or Treasury Management Agreement between any Loan Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts or such Treasury Management Agreements shall be done or omitted;

(c) the maturity of any of the Obligations shall be accelerated, or any of the Obligations shall be modified, supplemented or amended in any respect, or any right under any of the Loan Documents, any Swap Contract or Treasury Management Agreement between any Loan Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts or such Treasury Management Agreements shall be waived or any other guarantee of any of the Obligations or any security therefor shall be released, impaired or exchanged in whole or in part or otherwise dealt with;

(d) any Lien granted to, or in favor of, the Administrative Agent or any Lender or Lenders as security for any of the Obligations shall fail to attach or be perfected; or

(e) any of the Obligations shall be determined to be void or voidable (including, without limitation, for the benefit of any creditor of any Guarantor) or shall be subordinated to the claims of any Person (including, without limitation, any creditor of any Guarantor).

With respect to its obligations hereunder, each Guarantor hereby expressly waives diligence, presentment, demand of payment, protest and all notices whatsoever, and any requirement that the Administrative Agent or any Lender exhaust any right, power or remedy or proceed against any Person under any of the Loan Documents, any Swap Contract or any Treasury Management Agreement between any Loan Party and any Lender, or any Affiliate of a Lender, or any other agreement or instrument referred to in the Loan Documents, such Swap Contracts or such Treasury Management Agreements, or against any other Person under any other guarantee of, or security for, any of the Obligations.

4.03 Reinstatement .

The obligations of the Guarantors under this Article IV shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of any Person in respect of the Obligations is rescinded or must be otherwise restored by any holder of any of the Obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and each Guarantor agrees that it will indemnify the Administrative Agent and each Lender on demand for all reasonable costs and expenses (including, without limitation, fees and expenses of counsel) incurred by the Administrative Agent or such Lender in connection with such rescission or restoration, including any such costs and expenses incurred in defending against any claim alleging that such payment constituted a preference, fraudulent transfer or similar payment under any bankruptcy, insolvency or similar law.

4.04 Certain Additional Waivers .

Each Guarantor agrees that such Guarantor shall have no right of recourse to security for the Obligations, except through the exercise of rights of subrogation pursuant to Section 4.02 and through the exercise of rights of contribution pursuant to Section 4.06 .

4.05 Remedies .

The Guarantors agree that, to the fullest extent permitted by law, as between the Guarantors, on the one hand, and the Administrative Agent and the Lenders, on the other hand, the Obligations may be declared to be forthwith due and payable as provided in Section 9.02 (and shall be deemed to have become automatically due and payable in the circumstances provided in said Section 9.02) for purposes of Section 4.01 notwithstanding any stay, injunction or other prohibition preventing such declaration (or preventing the Obligations from becoming automatically due and payable) as against any other Person and that, in the event of such declaration (or the Obligations being deemed to have become automatically due and payable), the Obligations (whether or not due and payable by any other Person) shall forthwith become due and payable by the Guarantors for purposes of Section 4.01 . The Guarantors acknowledge and agree that their obligations hereunder are secured in accordance with the terms of the Collateral Documents and that the Lenders may exercise their remedies thereunder in accordance with the terms thereof.

4.06 Rights of Contribution .

The Guarantors agree among themselves that, in connection with payments made hereunder, each Guarantor shall have contribution rights against the other Guarantors as permitted under applicable law. Such contribution rights shall be subordinate and subject in right of payment to the obligations of such Guarantors under the Loan Documents and no Guarantor shall exercise such rights of contribution until all Obligations have been paid in full and the Commitments have terminated.

4.07 Guarantee of Payment; Continuing Guarantee .

The guarantee in this Article IV is a guaranty of payment and not of collection, is a continuing guarantee, and shall apply to all Obligations whenever arising.

ARTICLE V

CONDITIONS PRECEDENT TO CREDIT EXTENSIONS

5.01 Conditions Precedent to Closing .

This Agreement shall close as of the Closing Date upon satisfaction of each of the following conditions precedent (provided that the effectiveness of this Agreement and each other Loan Document shall be subject to the satisfaction of the conditions precedent set forth in Section 5.02):

(a) Credit Agreement . Receipt by the Administrative Agent of executed counterparts of this Agreement, each properly executed by a Responsible Officer of the signing Loan Party and each Lender as of the Closing Date.

(b) Transaction Documents . Each of the Transaction Documents shall be in form and substance satisfactory to the Administrative Agent in its reasonable discretion. The Purchase Agreement and each of the material Transaction Documents shall have been executed and delivered by all parties thereto. The Transaction Documents shall provide for an aggregate

purchase price not in excess of $450 million. The Borrower shall have delivered to the Administrative Agent a copy, certified to be true and correct, of each of the Purchase Agreement and all other material Transaction Documents.

(c) Financial Statements . The Administrative Agent shall have received:

(i) the Audited Financial Statements;

(ii) the Interim Financial Statements;

(iii) the projections of the Borrower's financial condition, results of operations and cash flows for (A) the fiscal quarters of the Borrower ending March 31, 2004, June 30, 2004, September 30, 2004, December 31, 2004, March 31, 2005 and June 30, 2005 and (y) the fiscal years ending June 30, 2006, June 30, 2007, June 30, 2008 and June 30, 2009; and

(iv) such other information relating to the Borrower and its Subsidiaries and/or the Transaction as the Administrative Agent may reasonably request.

(d) No Material Adverse Change .

(i) No change, occurrence or development shall have occurred or become known to the Administrative Agent that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Borrower and its Subsidiaries, taken as a whole, since June 30, 2003.

(ii) No change, occurrence or development shall have occurred or become known to the Administrative Agent that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Acquired Business.

(e) Judgments; Litigation . There shall not exist (a) any order, decree, judgment, ruling or injunction which restrains the consummation of the Transaction in the manner contemplated by the Transaction Documents, and (b) any pending or threatened action, suit, investigation or proceeding which is reasonably likely to be adversely determined and, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(f) Organization Documents, Resolutions, Etc. Receipt by the Administrative Agent of the following, each of which shall be originals or facsimiles (followed promptly by originals), in form and substance reasonably satisfactory to the Administrative Agent and its legal counsel:

(i) copies of the Organization Documents of each Loan Party certified to be true and complete as of a recent date by the appropriate Governmental Authority of the state or other jurisdiction of its incorporation or organization, where applicable, and certified by a secretary or assistant secretary of such Loan Party to be true and correct as of the Closing Date;

(ii) such certificates of resolutions or other action, incumbency certificates and/or other certificates of Responsible Officers of each Loan Party as the Administrative Agent may reasonably require evidencing the identity, authority and capacity of each

Responsible Officer thereof authorized to act as a Responsible Officer in connection with this Agreement and the other Loan Documents to which such Loan Party is a party; and

(iii) such documents and certifications as the Administrative Agent may reasonably require to evidence that each Loan Party is duly organized or formed, and is validly existing, in good standing and qualified to engage in business in its state of organization or formation and the state of its principal place of business.

(g) Perfection and Priority of Liens . Receipt by the Administrative Agent of the following:

(i) searches of Uniform Commercial Code filings in the jurisdiction of formation of each Loan Party, the jurisdiction of the chief executive office of each Loan Party and, to the extent required by the Administrative Agent, each jurisdiction where any material Collateral is located or where a filing would need to be made in order to perfect the Administrative Agent's security interest in the Collateral, copies of the financing statements on file in such jurisdictions and evidence that no Liens exist other than Permitted Liens; and

(ii) searches of ownership of, and Liens on, intellectual property of each Loan Party in the appropriate governmental offices.

(h) Financial Needs of Borrower . The Administrative Agent shall be satisfied in its reasonable discretion that the amount of committed financing available to the Borrower and its Subsidiaries shall be sufficient to meet the ongoing financial needs of the Borrower and its Subsidiaries after giving effect to the Transaction.

(i) Closing Certificate . Receipt by the Administrative Agent of a certificate signed by a Responsible Officer of the Borrower certifying that the conditions specified in Sections 5.01(b) (the second sentence), (d)(i) and (e) have been satisfied.

5.02 Conditions Precedent to Effectiveness and Initial Credit Extensions .

The effectiveness of this Agreement and the obligation of each Lender to make its initial Credit Extension is subject to satisfaction of each of the following conditions precedent:

(a) Notes . Receipt by the Administrative Agent of an executed Revolving Note for each Lender with a Revolving Commitment on the Effective Date, an executed Term Note for each Lender with a Term Loan Commitment on the Effective Date (if requested by such Lender) and an executed Swing Line Note for the Swing Line Lender, each dated as of the Effective Date and executed by an authorized officer of the Borrower.

(b) Collateral Documents . Receipt by the Administrative Agent of executed counterparts of the Pledge Agreement substantially in the form of Exhibit 7.14(a) (with completed schedules thereto) and the Security Agreement substantially in the form of Exhibit 7.14(b) (with completed schedules thereto), each dated as of the Effective Date and executed by an authorized officer of each signing Loan Party (it being understood that the execution of the Security Agreement and the Pledge Agreement by the Administrative Agent is not a condition precedent).

(c) Legal Opinions . Receipt by the Administrative Agent of the following, each dated as of the Effective Date:

(i) a legal opinion of Foley Hoag LLP, special counsel for the Loan Parties substantially in the form of Exhibit 5.02(c)(i) ;

(ii) a legal opinion of special local counsel in the State of New York and the Commonwealth of Virginia for the Loan Parties substantially in the form of Exhibit 5.02(c)(ii) ; and

(iii) reliance letters (or their equivalent) from counsel to Arrow permitting the Administrative Agent to rely on the legal opinion of such counsel given to the Borrower in connection with the Transaction.

(d) Stock Certificates; Intellectual Property Filings . Receipt by the Administrative Agent of the following:

(i) all certificates evidencing any certificated Capital Stock pledged to the Administrative Agent pursuant to the Pledge Agreement, together with duly executed in blank, undated stock powers attached thereto; and

(ii) duly executed notices of grant of security interest in the form required by the Security Agreement for each IP Right identified on Schedule 6.17 .

(e) Transaction Documents . Neither the Purchase Agreement nor any other material Transaction Document shall have been altered, amended or otherwise changed or supplemented or any condition therein waived without the prior written consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed (the Administrative Agent agrees that it will respond to any request for such a consent within two (2) days of such request or, if the initial funding date is scheduled to occur less than two (2) days from such request, the Administrative Agent agrees that it will respond to such request as soon as reasonably practicable)). The Borrower shall have delivered to the Administrative Agent copies of all amendments, modifications, supplements and waivers to the Purchase Agreement and any other material Transaction Document certified by the Borrower to be true and complete.

(f) Consummation of Transaction . The Transaction shall have been consummated (or substantially contemporaneously with the advances of the initial Loans will be consummated) substantially in accordance with the terms of the Transaction Documents and substantially in compliance with applicable law and regulatory approvals.

(g) No Change in Capital Markets . No material adverse change in or material disruption of conditions in the market for syndicated bank credit facilities or the financial, banking or capital markets generally shall have occurred that, in the reasonable judgment of Bank of America and BAS, would impair the syndication of the Commitments and Loans.

(h) No Material Adverse Change .

(i) No change, occurrence or development shall have occurred or become known to the Administrative Agent that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of

operations or prospects of the Borrower, its Subsidiaries and the Acquired Business, taken as a whole, since June 30, 2003.

(ii) No change, occurrence or development shall have occurred or become known to the Administrative Agent that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Acquired Business since March 10, 2004.

(iii) No new or additional information shall have been received or discovered after the Closing Date by Bank of America or BAS regarding the Acquired Business (including any such information relating to events, circumstances or conditions existing prior to the Closing Date) that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Acquired Business.

(iv) The Administrative Agent shall have received all information regarding the Borrower and its subsidiaries and/or the Acquired Business as it may reasonably request to the extent the delivery of such information by the Borrower prior to the date of the initial Credit Extensions is reasonably practicable.

(i) Pro Forma Statements . Receipt by the Administrative Agent of a pro forma balance sheet and income statement of the Borrower and its Subsidiaries giving effect to the Transaction and the other transactions contemplated hereby on a Pro Forma Basis and reflecting estimated purchase accounting adjustments (" Pro Forma Statements "), which Pro Forma Statements shall demonstrate that (A) Consolidated EBITDA for the twelve months ended December 31, 2003 was not less than $140 million and (B) the ratio of Consolidated Funded Indebtedness as of the Effective Date (after giving effect to the Credit Extensions to be made on the Effective Date) to Consolidated EBITDA for the twelve months ended December 31, 2003 is not greater than 3.50:1.0.

(j) Accuracy of Representations and Covenants in Commitment Letter . The representations, warranties and covenants made by the Borrower in the Commitment Letter regarding the Information (as defined in the Commitment Letter) and the Projections (as defined in the Commitment Letter) shall be true and correct in all material respects.

(k) Consents . All governmental, shareholder and material third party consents and approvals (including, but not limited to, Hart-Scott-Rodino clearance but excluding (i) government or other customer consents to the assignment of the contracts of the Acquired Business acquired in the Transaction, (ii) any actions under the Federal Assignment of Claims Act or any similar federal or state law required in connection with the grant or perfection of the Liens under the Collateral Documents and (iii) landlord consents to the assignment of leases acquired in the Transaction and consents to the assignment of intellectual property licenses and leased equipment in the Transaction) necessary in connection with the Transaction, this Agreement and the other transactions contemplated hereby shall have been obtained (or appropriate waivers obtained); all such consents and approvals shall be in force and effect; and all applicable waiting periods shall have expired without any action being taken by any Government Authority that could restrain, prevent or impose any material adverse conditions on the Transaction or such other transactions or that could seek or threaten any of the foregoing.

(l) [Reserved .]

(m) Termination of Existing Credit Agreement . The Existing Credit Agreement and all related agreements, documents and instruments shall have been terminated and the Borrower shall have repaid in full (or will repay with the initial Loans) all outstanding obligations under the Existing Credit Agreement and such related agreements, documents and instruments.

(n) Availability . After giving effect to the Transaction, including the Credit Extensions to be made on the Effective Date, the Aggregate Revolving Commitments shall exceed the Total Revolving Outstandings by at least $75 million.

(o) Amendments to Loan Documents . The Borrower and the Guarantors shall have entered one or more amendments to the Loan Documents to the extent (i) required by Bank of America and BAS in connection with the exercise of their rights under the Fee Letter and (ii) presented in writing by Bank of America and BAS to the Borrower at least three (3) days prior to the Effective Date.

(p) Funding Certificate . Receipt by the Administrative Agent of a certificate substantially in the form of Exhibit 5.02(p) signed by a Responsible Officer of the Borrower.

(q) [Reserved].

(r) Evidence of Insurance . Receipt by the Administrative Agent of copies of certificates of insurance of the Loan Parties evidencing liability and casualty insurance meeting the requirements set forth in the Loan Documents, including, but not limited to, naming the Administrative Agent as additional insured (in the case of liability insurance) or loss payee (in the case of hazard insurance) on behalf of the Lenders.

(s) Fees . Receipt by the Administrative Agent and the Lenders of any fees required to be paid on or before the date of the initial Credit Extensions shall have been paid.

(t) Attorney Costs . Unless waived by the Administrative Agent, the Borrower shall have paid all Attorney Costs of the Administrative Agent to the extent invoiced at least one (1) day prior to the date of the initial Credit Extensions, plus such additional amounts of Attorney Costs as shall constitute its reasonable estimate of Attorney Costs incurred or to be incurred by it through the initial funding (provided that such estimate shall not thereafter preclude a final settling of accounts between the Borrower and the Administrative Agent).

(u) Section 5.03 Conditions . Each of the conditions precedent set forth in Section 5.03 shall have been satisfied.

(v) Joinder of Domestic Subsidiaries . The Borrower shall have caused each Domestic Subsidiary that is formed after the Closing Date and prior to the Effective Date (including, without limitation, any Domestic Subsidiary that is party to the Purchase Agreement but excluding any subsidiary of Arrow to be acquired by the Borrower and/or any Subsidiary in the Transaction) to (i) become a Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement or such other documents as the Administrative Agent shall deem appropriate for such purpose, and (ii) deliver to the Administrative Agent documents of the types referred to in Sections 5.01(g) and (h) and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (i)), all in form, content and scope reasonably satisfactory to the Administrative Agent.

(w) Effective Date Limitation . The Borrower shall have satisfied each of the conditions precedent set forth in this Section 5.02 on or before July 8, 2004 (being the date one hundred twenty (120) days following the date of the Commitment Letter).

5.03 Conditions to all Credit Extensions .

The obligation of each Lender to honor any Request for Credit Extension (including the initial Request for Credit Extension but excluding any request to convert or continue any Loan) is subject to the following conditions precedent:

(a) The representations and warranties of each Loan Party contained in Article VI or any other Loan Document, or which are contained in any document furnished at any time under or in connection herewith or therewith, shall be true and correct in all material respects on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct as of such earlier date; provided that (i) the representation and warranty set forth in Section 6.05(f) shall be the only representation and warranty made by any Loan Party as to the Acquired Business, Arrow or Crossbow on and as of the date of the initial Credit Extension hereunder and (ii) such representation and warranty shall not be made or deemed made on or as of the date of any subsequent Credit Extension hereunder or any other subsequent date.

(b) No Default shall exist, or would result from such proposed Credit Extension.

(c) The Administrative Agent and, if applicable, the L/C Issuer or the Swing Line Lender shall have received a Request for Credit Extension in accordance with the requirements hereof.

Each Request for Credit Extension (but excluding any request to convert or continue any Loan) submitted by the Borrower shall be deemed to be a representation and warranty that the conditions specified in Sections 5.03(a) and (b) have been satisfied on and as of the date of the applicable Credit Extension.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Loan Parties represent and warrant to the Administrative Agent and the Lenders that:

6.01 Existence, Qualification and Power .

Each Loan Party (a) is duly organized or formed, validly existing and in good standing under the Laws of the jurisdiction of its incorporation or organization, (b) has all requisite power and authority and all requisite governmental licenses, authorizations, consents and approvals to (i) own its assets and carry on its business and (ii) execute, deliver and perform its obligations under the Loan Documents to which it is a party, and (c) is duly qualified and is licensed and in good standing under the Laws of each jurisdiction where its ownership, lease or operation of properties or the conduct of its business requires such qualification or license; except in each case referred to in clause (b)(i) or (c), to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect.

6.02 Authorization; No Contravention .

The execution, delivery and performance by each Loan Party of each Loan Document to which it is party have been duly authorized by all necessary corporate or other organizational action, and do not (a) contravene the terms of any of such Loan Party's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under (i) except as set forth in Schedule 6.02 and except for anti-assignment provisions in Government Contracts, any Contractual Obligation to which such Loan Party is a party (other than the Loan Documents) or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law (including, without limitation, Regulation U or Regulation X issued by the FRB).

6.03 Governmental Authorization; Other Consents .

No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority or any other Person is necessary or required in connection with the execution, delivery or performance by, or enforcement against, any Loan Party of this Agreement or any other Loan Document other than (i) those that have already been obtained and are in full force and effect, (ii) filings to perfect the Liens created by the Collateral Documents and (iii) the enforcement of Liens in any Government Contract may require the consent of the counterparty thereto to the extent of any anti-assignment provisions therein that are not rendered ineffective by applicable law.

6.04 Binding Effect .

Each Loan Document has been duly executed and delivered by each Loan Party that is party thereto. Each Loan Document constitutes a legal, valid and binding obligation of each Loan Party that is party thereto, enforceable against each such Loan Party in accordance with its terms, except (i) as enforceability may be limited by applicable Debtor Relief Laws, by fraudulent conveyance laws or by equitable principles relating to enforceability and (ii) as enforceability of the Liens granted under the Loan Documents may be limited by anti-assignment provisions in Government Contracts that are not rendered ineffective by applicable law.

6.05 Financial Statements; No Material Adverse Effect .

(a) The Audited Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present the financial condition of the Borrower and its Subsidiaries (taken as a whole) as of the date thereof and their results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) The Interim Financial Statements (i) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present the financial condition of the Borrower and its Subsidiaries (taken as a whole) as of the date thereof and their results of operations for the period covered thereby, subject, in the case of clauses (i) and (ii), to the absence of footnotes and to normal year-end audit adjustments.

(c) From the date of the Interim Financial Statements to and including the Effective Date, there has been no Disposition by the Borrower or any Subsidiary, or any material Involuntary Disposition, of any material part of the business or Property of the Borrower and its Subsidiaries, taken as a whole, and no purchase or other acquisition by any of them of any business or property (including any Capital Stock of any other Person) material in relation to the consolidated financial condition of the Borrower and its Subsidiaries, taken as a whole, in each case, which is outside of the ordinary course of business of the Borrower and its

Subsidiaries and which is not reflected in the foregoing financial statements or in the notes thereto and has not otherwise been disclosed in writing to the Lenders on or prior to the Effective Date.

(d) The financial statements delivered pursuant to Section 7.01(a) and (b) have been prepared in accordance with GAAP (except as may otherwise be permitted under Section 7.01(a) and (b)) and present fairly (on the basis disclosed in the footnotes to such financial statements) the consolidated and, in the case of annual financial statements delivered pursuant to Section 7.01(a) , consolidating, financial condition, results of operations and cash flows of the Borrower and its Subsidiaries as of the dates thereof and for the periods covered thereby.

(e) Since the date of the Audited Financial Statements, there has been no event or circumstance that has had or could reasonably be expected to have a Material Adverse Effect.

(f) To the Borrower's knowledge, (i) no change, occurrence or development has occurred or become known that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Acquired Business since March 10, 2004; and (ii) no new or additional information shall have been received or discovered by the Borrower after March 10, 2004 (including any such information relating to events, circumstances or conditions existing prior to March 10, 2004) that could reasonably be expected to have a material adverse effect on the financial condition, business, operations, assets, results of operations or prospects of the Acquired Business).

6.06 Litigation .

There are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Loan Parties, threatened, at law, in equity, in arbitration or before any Governmental Authority, by or against the Borrower or any of its Subsidiaries or against any of their properties or revenues that (a) purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby, (b) restrains the consummation of the Transaction in the manner contemplated by the Transaction Documents or (b) that has a reasonable probability of an adverse determination and, if determined adversely, could reasonably be expected to have a Material Adverse Effect.

6.07 No Default .

No Default has occurred and is continuing.

6.08 Ownership of Property; Liens .

Each of the Borrower and its Subsidiaries has good record and marketable title in fee simple to, or valid leasehold interests in, all real property material to the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Borrower and its Subsidiaries is subject to no Liens, other than Permitted Liens.

6.09 Environmental Compliance .

Except as could not reasonably be expected to have a Material Adverse Effect:

(a) Each of the Facilities and all operations at the Facilities are in compliance with all applicable Environmental Laws, and there is no violation of any Environmental Law with respect to

the Facilities or the Businesses, and there are no conditions relating to the Facilities or the Businesses that could give rise to liability under any applicable Environmental Laws.

(b) None of the Facilities contains, or has previously contained, any Hazardous Materials at, on or under the Facilities in amounts or concentrations that constitute or constituted a violation of, or could give rise to liability under, Environmental Laws.

(c) Neither the Borrower nor any Subsidiary has received any written or verbal notice of, or inquiry from any Governmental Authority regarding, any violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Facilities or the Businesses, nor does any Responsible Officer of any Loan Party have knowledge or reason to believe that any such notice will be received or is being threatened.

(d) Hazardous Materials have not been transported or disposed of from the Facilities, or generated, treated, stored or disposed of at, on or under any of the Facilities or any other location, in each case by or on behalf the Borrower or any Subsidiary in violation of, or in a manner that would be reasonably likely to give rise to liability under, any applicable Environmental Law.

(e) No judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Responsible Officers of the Loan Parties, threatened, under any Environmental Law to which the Borrower or any Subsidiary is or will be named as a party, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Borrower, any Subsidiary, the Facilities or the Businesses.

(f) There has been no release or threat of release of Hazardous Materials at or from the Facilities, or arising from or related to the operations (including, without limitation, disposal) of the Borrower or any Subsidiary in connection with the Facilities or otherwise in connection with the Businesses, in violation of or in amounts or in a manner that reasonably could give rise to liability under Environmental Laws.

6.10 Insurance .

The properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates. The insurance coverage of the Loan Parties as in effect on the Effective Date is outlined in the certificate(s) of insurance delivered pursuant to Section 5.02(r) .

6.11 Taxes .

Except as set forth on Schedule 8.01 , the Borrower and its Subsidiaries have filed all material federal, state and other material tax returns and reports required to be filed, and have paid all material federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any Subsidiary that would, if made, have a Material Adverse Effect.

6.12 ERISA Compliance .

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state Laws. Each Plan that is intended to qualify under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the IRS or an application for such a letter is currently being processed by the IRS with respect thereto and, to the best knowledge of the Loan Parties, nothing has occurred which would prevent, or cause the loss of, such qualification. Each Loan Party and each ERISA Affiliate have made all required contributions to each Plan subject to Section 412 of the Internal Revenue Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Internal Revenue Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Loan Parties, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan that could be reasonably be expected to have a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) No ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) no Loan Party or any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) no Loan Party or any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Sections 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) no Loan Party or any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) of ERISA.

6.13 Subsidiaries .

Set forth on Schedule 6.13 is a complete and accurate list as of the Closing Date of each Subsidiary, together with (i) jurisdiction of formation, (ii) number of shares of each class of Capital Stock outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the Borrower or any Subsidiary and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto. The outstanding Capital Stock of each Subsidiary is validly issued, fully paid and non-assessable.

6.14 Margin Regulations; Investment Company Act; Public Utility Holding Company Act .

(a) The Borrower is not engaged and will not engage, principally or as one of its important activities, in the business of purchasing or carrying margin stock (within the meaning of Regulation U issued by the FRB), or extending credit for the purpose of purchasing or carrying margin stock. Following the application of the proceeds of each Borrowing or drawing under each Letter of Credit, not more than 25% of the value of the assets (either of the Borrower only or of the Borrower and its Subsidiaries on a consolidated basis) subject to the provisions of Section 8.01 or Section 8.05 or subject to any restriction contained in any agreement or instrument between the Borrower and any Lender or any Affiliate of any Lender relating to Indebtedness and within the scope of Section 9.01(e) will be margin stock.

(b) None of the Borrower, any Person Controlling the Borrower, or any Subsidiary (i) is a “holding company,” or a “subsidiary company” of a “holding company,” or an “affiliate” of a “holding company” or of a “subsidiary company” of a “holding company,” within the meaning of the Public Utility

Holding Company Act of 1935, or (ii) is or is required to be registered as an "investment company" under the Investment Company Act of 1940.

6.15 Disclosure .

(a) All reports, financial statements, certificates and other information, other than Projections (as defined below), that have been made available to the Administrative Agent or any Lender by or on behalf of the Borrower or any of its Subsidiaries in connection with the Transaction, this Agreement or any other Loan Document (the " Information ") is complete and correct in all material respects when taken as a whole and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading when taken as a whole in light of the circumstances under which they were made; provided , however , that with respect to any Information regarding the Acquired Business, Arrow or Crossbow, the Loan Parties represent and warrant only that, to the Borrower's knowledge, such Information is and will be complete and correct in all material respects when taken as a whole and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein not materially misleading when taken as a whole in light of the circumstances under which they were made.

(b) All financial projections concerning the Borrower and its Subsidiaries and the Acquired Business that have been made available to the Administrative Agent or any Lender by or on behalf of the Borrower or any of its Subsidiaries (the " Projections ") have been prepared in good faith based upon reasonable assumptions; provided , however , that with respect to any Projections regarding the Acquired Business, Arrow or Crossbow, the Loan Parties represent and warrant only that, to the Borrower's knowledge, such Projections have been or will be prepared in good faith based upon reasonable assumptions.

6.16 Compliance with Laws .

Each of the Borrower and each Subsidiary is in compliance with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

6.17 Intellectual Property; Licenses, Etc .

The Borrower and its Subsidiaries own, or possess the legal right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, " IP Rights ") that are reasonably necessary for the operation of their respective businesses. Set forth on Schedule 6.17 is a list of (i) all IP Rights (excluding licensed IP Rights) registered or pending registration by any Loan Party with the United States Copyright Office or the United States Patent and Trademark Office and owned by any Loan Party as of the Closing Date and (ii) all licensed IP Rights as to which any Loan Party is an exclusive licensee and has recorded its interest with the United States Copyright Office or the United States Patent and Trademark Office as of the Closing Date. Except for such claims and infringements that could not reasonably be expected to have a Material Adverse Effect, no claim has been asserted and is pending by any Person challenging or questioning the use by the Borrower or any Subsidiary of any IP Rights or the validity or effectiveness of any IP Rights owned by the Borrower or any Subsidiary, nor does any Loan Party know of any such claim, and, to the knowledge of the Responsible Officers of the Loan Parties, the use of any IP Rights by the Borrower or any Subsidiary or the granting of a right or a license in respect of any IP Rights from the Borrower or any Subsidiary does not infringe on the rights of any Person.

6.18 [Reserved].

6.19 Perfection of Security Interests in the Collateral .

At all times from and after the Effective Date and prior to the Collateral Termination Date, the Collateral Documents create valid Liens on the Collateral (subject to anti-assignment provisions in Government Contracts that are not rendered ineffective by applicable law) and such Liens are currently perfected (to the extent such perfection may be effected under the Uniform Commercial Code) and prior to all other Liens other than Permitted Liens.

6.20 Business Locations .

Set forth on Schedule 6.20(a) is a list of all material real property located in the United States that is owned or leased by any Loan Party as of the Closing Date. Set forth on Schedule 6.20(b) is a list of all locations (other than the locations set forth on Schedule 6.20(a)) where any material tangible personal property of any Loan Party is located as of the Closing Date. Set forth on Schedule 6.20(c) is the chief executive office, tax payer identification number and, if applicable, organizational identification number of each Loan Party as of the Closing Date. The exact legal name and state of organization of each Loan Party is as set forth on the signature pages hereto. Except as set forth on Schedule 6.20 (d) , no Loan Party has during the five years preceding the Closing Date (or, in the case of any Loan Party acquired by the Borrower or any Subsidiary in the five years preceding the Closing Date, during the period from the date of such acquisition to the Closing Date) changed its legal name, changed its state of formation or been party to a merger, consolidation or other change in structure.

6.21 Labor Matters .

There are no collective bargaining agreements or Multiemployer Plans covering the employees of the Borrower or any Subsidiary as of the Closing Date, and as of the Closing Date neither the Borrower nor any Subsidiary has suffered any strikes, walkouts, work stoppages or other material labor difficulty within the five years preceding the Closing Date.

6.22 Solvency .

The Loan Parties are Solvent taken together on a consolidated basis.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, the Loan Parties shall and shall cause each Subsidiary to:

7.01 Financial Statements .

Deliver to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within ninety-three (93) days after the end of each fiscal year of the Borrower, consolidated and consolidating balance sheets of the Borrower and its Subsidiaries as at the end of such fiscal year, and the related consolidated and

consolidating statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, and, in the case of the consolidated financial statements, audited and accompanied by a report and opinion of Ernst & Young or any other independent certified public accountant of nationally recognized standing reasonably acceptable to the Required Lenders, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) as soon as available, but in any event within forty-eight (48) days after the end of each of the first three fiscal quarters of each fiscal year of the Borrower, a consolidated balance sheet of the Borrower and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity (substantially in the form provided in the Borrower's 10Q for the fiscal quarter then ended) and cash flows for such fiscal quarter and for the portion of the Borrower's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by a Responsible Officer of the Borrower as fairly presenting the financial condition, results of operations, shareholders' equity and cash flows of the Borrower and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

As to any information contained in materials furnished pursuant to Section 7.02(f) , the Borrower shall not be separately required to furnish such information under clause (a) or (b) above, but the foregoing shall not be in derogation of the obligation of the Borrower to furnish the information and materials described in subsections (a) and (b) above at the times specified therein.

7.02 Certificates; Other Information .

Deliver to the Administrative Agent and each Lender:

(a) concurrently with the delivery of the financial statements referred to in Section 7.01(a) , a certificate of its independent certified public accountants stating that in making the examination necessary therefor no knowledge was obtained of any Default under any of the financial covenants in Section 8.11 or, if any such Default shall exist, stating the nature and status of such event, which certificate may be limited or omitted to the extent required by such accountants under applicable accounting rules or guidelines;

(b) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b) , a duly completed Compliance Certificate signed by a Responsible Officer of the Borrower;

(c) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) , beginning with such financial statements for the fiscal year ending June 30, 2005, an annual business plan and budget of the Borrower and its Subsidiaries containing, among other things, pro forma financial statements for each quarter of the next fiscal year;

(d) concurrently with the delivery of the financial statements referred to in Sections 7.01(a) and (b) , a report detailing the aggregate amount and current age status of accounts receivable of the Borrower and its Subsidiaries and a report describing the current status

of backlog of the Borrower or any Subsidiary, in each case as of the end of such fiscal quarter and in form reasonably acceptable to the Administrative Agent (the Administrative Agent agrees that the form of backlog report delivered under the Existing Credit Agreement is acceptable);

(e) copies of any detailed audit reports, management letters or recommendations submitted to the board of directors (or the audit committee of the board of directors) of the Borrower by independent accountants in connection with the accounts or books of the Borrower or any Subsidiary, or any audit of any of them;

(f) (i) within five (5) days after the same are filed with the SEC, copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, (ii) copies of each annual report or proxy sent by the Borrower to its shareholders and (iii) upon the request of the Administrative Agent or any Lender, any other communication sent by the Borrower to its shareholders generally;

(g) promptly, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary, or compliance with the terms of the Loan Documents, as the Administrative Agent or any Lender may from time to time reasonably request; and

(h) concurrently with the delivery of the financial statements for each fiscal year referred to in Section 7.01(a) and for the second fiscal quarter of each fiscal year referred to in Section 7.01(b) (commencing with the financial statements for the fiscal year ending June 30, 2004 but only prior to the Collateral Termination Date), a certificate of an authorized officer of the Borrower listing (i) all applications, if any, for Copyrights, Patents or Trademarks (each such term as defined in the Security Agreement) owned by any Loan Party made with the U.S. Copyright Office or the U.S. Patent and Trademark Office since the date of the prior certificate (or, in the case of the first such certificate, the Closing Date), (ii) all issuances of registrations or letters on existing applications with the U.S. Copyright Office or the U.S. Patent and Trademark Office for Copyrights, Patents and Trademarks (each such term as defined in the Security Agreement) owned by any Loan Party received since the date of the prior certificate (or, in the case of the first such certificate, the Closing Date), and (iii) all Trademark Licenses, Copyright Licenses and Patent Licenses (each such term as defined in the Security Agreement) entered into since the date of the prior certificate (or, in the case of the first such certificate, the Closing Date) as to which a Loan Party is an exclusive licensee and has recorded its license with the U.S. Copyright Office or the U.S. Patent and Trademark Office.

Documents required to be delivered pursuant to Section 7.01(a) or (b) or Section 7.02(f) (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) the Borrower shall deliver paper copies of such documents to the Administrative Agent or any Lender that requests the Borrower to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) at the Administrative Agent's request, the Borrower shall provide to the Administrative Agent by electronic mail electronic versions (i.e. , soft copies) of such documents. Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper copies of the Compliance Certificates required by Section 7.02(b) to the Administrative

Agent. Except for such Compliance Certificates, the Administrative Agent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have no responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for requesting delivery to it or maintaining its copies of such documents.

7.03 Notices .

(a) Promptly (and in any event, within three Business Days after any Loan Party obtains knowledge thereof) notify the Administrative Agent and each Lender of the occurrence of any Default.

(b) Promptly after any Loan Party obtains knowledge thereof, notify the Administrative Agent and each Lender of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) Promptly after any Loan Party obtains knowledge thereof, notify the Administrative Agent and each Lender of the occurrence of any ERISA Event.

(d) Promptly notify the Administrative Agent and each Lender of any material change in accounting policies or financial reporting practices by the Borrower or any Subsidiary.

Each notice pursuant to this Section 7.03(a) through (d) shall be accompanied by a statement of a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein and stating what action the Borrower has taken and proposes to take with respect thereto. Each notice pursuant to Section 7.03(a) shall describe with particularity any and all provisions of this Agreement and any other Loan Document that have been breached.

7.04 Payment of Taxes .

Pay and discharge, as the same shall become due and payable, all material tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary.

7.05 Preservation of Existence, Etc .

(a) Preserve, renew and maintain in full force and effect its legal existence under the Laws of the jurisdiction of its organization except in a transaction permitted by Section 8.04 or 8.05 .

(b) Preserve, renew and maintain in full force and effect its good standing under the Laws of the jurisdiction of its organization, except to the extent the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except to the extent that the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(d) Preserve or renew all of its material registered patents, copyrights, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

7.06 Maintenance of Properties .

(a) Maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted.

(b) Make all necessary repairs thereto and renewals and replacements thereof, except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

(c) Use the standard of care typical in the industry in the operation and maintenance of its facilities.

7.07 Maintenance of Insurance .

Maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or the applicable Subsidiary operates. Prior to the Collateral Termination Date, the Administrative Agent shall be named as loss payee or mortgagee, as its interest may appear, and/or additional insured with respect to any such insurance (excluding larceny, embezzlement, criminal misappropriation or other crime coverage) providing coverage in respect of any Collateral, and each provider of any such insurance shall agree, by endorsement upon the policy or policies issued by it or by independent instruments furnished to the Administrative Agent, that it will give the Administrative Agent thirty (30) days prior written notice before any such policy or policies shall be canceled (other than upon expiration thereof).

7.08 Compliance with Laws .

Comply with the requirements of all Laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of Law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect.

7.09 Books and Records .

(a) Maintain proper books of record and account, in which materially full, true and correct entries in material conformity with GAAP consistently applied shall be made of all material financial transactions and matters involving the assets and business of the Borrower or such Subsidiary, as the case may be.

(b) Maintain such books of record and account in material conformity with all applicable requirements of any Governmental Authority having regulatory jurisdiction over the Borrower or such Subsidiary, as the case may be.

7.10 Inspection Rights .

(a) Permit representatives and independent contractors of the Administrative Agent and each Lender to visit and inspect any of its properties, to examine its corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, all at the expense of the Lenders and at such

reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided , however , that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

(b) If requested by the Administrative Agent in its sole discretion at any time prior to the Collateral Termination Date, permit the Administrative Agent, and its representatives, upon reasonable advance notice to the Borrower, to conduct an annual audit of the Collateral at the expense of the Lenders (provided that if an Event of Default then exists, such audit shall be at the expense of the Borrower).

7.11 Use of Proceeds .

Use the proceeds of the Credit Extensions (a) to finance all or a portion of the purchase price of the Transaction, (b) to pay fees and expenses incurred in connection with the Transaction, (c) to refinance existing Indebtedness of the Borrower and its Subsidiaries and (d) to finance working capital and other general corporate purposes of the Borrower and its Subsidiaries, provided that in no event shall the proceeds of the Credit Extensions be used in contravention of any Law or of any Loan Document.

7.12 Additional Subsidiaries .

Within thirty (30) days after the acquisition or formation of any Subsidiary:

(a) notify the Administrative Agent thereof in writing, together with the (i) jurisdiction of formation, (ii) number of shares of each class of Capital Stock outstanding, (iii) number and percentage of outstanding shares of each class owned (directly or indirectly) by the Borrower or any Subsidiary and (iv) number and effect, if exercised, of all outstanding options, warrants, rights of conversion or purchase and all other similar rights with respect thereto; and

(b) if such Subsidiary is a Domestic Subsidiary, cause such Person to (i) become a Guarantor by executing and delivering to the Administrative Agent a Joinder Agreement or such other documents as the Administrative Agent shall deem appropriate for such purpose, and (ii) deliver to the Administrative Agent documents of the types referred to in Sections 5.01(f) and (g) and favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to in clause (i)), all in form, content and scope reasonably satisfactory to the Administrative Agent.

7.13 ERISA Compliance .

Do, and cause each of its ERISA Affiliates to do, each of the following: (a) maintain each Plan in compliance in all material respects with the applicable provisions of ERISA, the Internal Revenue Code and other federal or state law; (b) cause each Plan that is qualified under Section 401(a) of the Internal Revenue Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Internal Revenue Code.

7.14 Pledged Assets .

At all times prior to the Collateral Termination Date:

(a) Capital Stock.

(i) Domestic Subsidiaries . Cause 100% of the issued and outstanding Capital Stock of each Domestic Subsidiary to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent (subject to Permitted Liens) pursuant to the terms and conditions of the Collateral Documents.

(ii) Foreign Subsidiaries . At any time that the Foreign Subsidiaries directly owned by the Borrower or by any Domestic Subsidiary (the " First Tier Foreign Subsidiaries ") shall in the aggregate account for more than ten percent (10%) of total assets of the Borrower and its Subsidiaries on a consolidated basis as of the last day of the most recent fiscal quarter end or more than ten percent (10%) of consolidated revenues of the Borrower and its Subsidiaries on a consolidated basis for the period of four consecutive fiscal quarters ending as of the most recent fiscal quarter end (the " Foreign Subsidiary Threshold "), then the Borrower shall within thirty (30) days after delivery of the financial statements for such fiscal quarter end (or fiscal year end if such fiscal quarter is the last quarter of the Borrower's fiscal year) pursuant to Section 7.01 , cause 65% (or such greater percentage that, due to a change in an applicable tax laws after the date hereof, could not reasonably be expected to (A) cause the undistributed earnings of such Foreign Subsidiary as determined for United States federal income tax purposes to be treated as a deemed dividend to such Foreign Subsidiary's United States parent and (B) otherwise cause any material adverse tax consequences to the Borrower) of the issued and outstanding Capital Stock entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) and 100% of the issued and outstanding Capital Stock not entitled to vote (within the meaning of Treas. Reg. Section 1.956-2(c)(2)) in one or more First Tier Foreign Subsidiaries to be subject at all times to a first priority, perfected Lien in favor of the Administrative Agent (subject to Permitted Liens) pursuant to the terms and conditions of the Collateral Documents, such that immediately after such pledge, the First Foreign Subsidiaries whose Capital Stock is not subject to such a Lien shall not exceed the Foreign Subsidiary Threshold.

(b) Other Property . (i) Cause all of the owned and leased real and personal Property, other than Excluded Property, of each Loan Party to be subject at all times to first priority, perfected and, in the case of real Property (whether leased or owned), title insured Liens in favor of the Administrative Agent to secure the Obligations pursuant to the terms and conditions of the Collateral Documents or, with respect to any such Property acquired subsequent to the Closing Date, such other additional security documents as the Administrative Agent shall reasonably request, subject in any case to Permitted Liens, and (ii) deliver such other documentation as the Administrative Agent may reasonably request in connection with the foregoing, including, without limitation, appropriate UCC-1 financing statements, real estate title insurance policies, surveys, environmental reports, certified resolutions and other organizational and authorizing documents of such Person, favorable opinions of counsel to such Person (which shall cover, among other things, the legality, validity, binding effect and enforceability of the documentation referred to above and the perfection of the Administrative Agent's Liens thereunder) and other items of the types required to be delivered pursuant to Section 5.01(g) , all in form, content and scope reasonably satisfactory to the Administrative Agent;

provided that, notwithstanding the foregoing:

(i) in the case of Property (including Property acquired in the Transaction) acquired by any Loan Party on or after the Closing Date or any new Subsidiary formed after the Closing Date, the Loan Parties shall comply with clauses (a) and (b) above at all times after the date thirty (30) days following the acquisition of such Property or the formation of such Subsidiary (until the Collateral Termination Date);

(ii) in the case of IP Rights obtained by any Loan Party after the Closing Date (other than IP Rights acquired in connection with the Transaction which shall be subject to the foregoing clause (i)), such Loan Party shall comply with clause (b) above at all times after the date thirty (30) days following delivery by the Borrower to the Administrative Agent of notice of such IP Rights pursuant to Section 7.02(h) ;

(iii) in the case of landlord lien waivers, leasehold mortgages, bailee acknowledgments and similar third party waivers, consents or actions, if such items are requested by the Administrative Agent, the Loan Parties shall be required only to use commercially reasonable efforts to obtain such items from the relevant third parties;

(iv) so long as no Event of Default has occurred and is continuing, no Loan Party shall be required to take any action under the Federal Assignment of Claims Act or any comparable federal or state law (provided that after the occurrence and during the continuation of an Event of Default, the Loan Parties shall take such actions under the Federal Assignment of Claims Act or any comparable federal or state law as requested by the Administrative Agent);

(v) so long as no Event of Default has occurred and is continuing, if the assignment of any Government Contract is prohibited by the terms of such Government Contract or by Law, then no Loan Party shall be required to obtain the consent of the counterparty to such Government Contract to the grant of a Lien in such Government Contract pursuant to the Loan Documents (provided that after the occurrence and during the continuation of an Event of Default, the Loan Parties shall use commercially reasonable efforts to obtain such consents as requested by the Administrative Agent); and

(vi) so long as no Event of Default has occurred and is continuing, no Loan Party shall be required to deliver account control agreements with respect to any deposit account or securities account (provided that after the occurrence and during the continuation of an Event of Default, the Loan Parties shall deliver such account control agreements with respect to any deposit account or securities account as requested by the Administrative Agent in order to give the Administrative Agent “control” over such deposit account or securities account under the Uniform Commercial Code).

7.15 Landlord Lien Waivers .

At all times prior to the Collateral Termination Date:

(a) use commercially reasonable efforts to obtain a landlord lien waiver, in form and substance reasonably satisfactory to the Administrative Agent, for the location of each Loan Party’s chief executive office (i.e., the location where such Loan Party maintains its books and records necessary to collect its accounts receivable) (other than such location for CACI Products Company California) within sixty (60) days following the Effective Date; and

(b) prior to the date any Loan Party changes the location of such Loan Party’s chief executive office (i.e., the location where such Loan Party maintains its books and records necessary to collect its accounts receivable), use commercially reasonable efforts to obtain a landlord lien waiver, in form and substance reasonably satisfactory to the Administrative Agent, for such new location.

7.16 Interest Rate Protection .

Within one year following the Effective Date, the Borrower shall have entered into interest rate protection agreements protecting against fluctuations in interest rates as to which the material terms are

reasonably satisfactory to the Administrative Agent, which agreements shall provide coverage in an amount equal to at least fifty percent (50%) of the outstanding principal amount of the Term Loan and for a duration reasonably satisfactory to the Administrative Agent.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Lender shall have any Commitment hereunder, any Loan or other Obligation hereunder shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, no Loan Party shall, nor shall it permit any Subsidiary to, directly or indirectly:

8.01 Liens .

Create, incur, assume or suffer to exist any Lien upon any of its property, assets or revenues, whether now owned or hereafter acquired, other than the following:

(a) Liens pursuant to any Loan Document;

(b) Liens existing on the date hereof and listed on Schedule 8.01 and any renewals or extensions thereof, provided that the property covered thereby is not increased and any renewal or extension of the obligations secured or benefited thereby is permitted by Section 8.03 (b) ;

(c) Liens (other than Liens imposed under ERISA) for taxes, assessments or governmental charges or levies not yet due or which are being contested in good faith and by appropriate proceedings diligently conducted, if adequate reserves with respect thereto are maintained on the books of the applicable Person in accordance with GAAP;

(d) contractual Liens of landlords, provided that (i) such Liens secure amounts not yet due and payable with respect to leased locations other than the location of the chief executive office of any Loan Party and (ii) such Liens shall be limited to tangible personal Property;

(e) statutory Liens of landlords and Liens of carriers, warehousemen, mechanics, materialmen and suppliers and other Liens imposed by law or pursuant to customary reservations or retentions of title arising in the ordinary course of business, provided that such Liens secure only amounts not yet due and payable or, if due and payable, are unfiled and no other action has been taken to enforce the same or are being contested in good faith by appropriate proceedings for which adequate reserves determined in accordance with GAAP have been established;

(f) pledges or deposits in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation, other than any Lien imposed by ERISA;

(g) deposits to secure the performance of bids, trade contracts and leases (other than Indebtedness), statutory obligations, surety bonds (other than bonds related to judgments or litigation), performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(h) easements, rights-of-way, restrictions and other similar encumbrances affecting real property which, in the aggregate, are not substantial in amount, and which do not in any case

materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the applicable Person;

(i) Liens securing judgments for the payment of money (or appeal or other surety bonds relating to such judgments) not in excess of the Threshold Amount (except to the extent covered by independent third-party insurance as to which the insurer has acknowledged in writing its obligation to cover), unless any such judgment remains undischarged for a period of more than thirty consecutive days during which execution is not effectively stayed;

(j) Liens securing Indebtedness permitted under Section 8.03(e) ; provided that (i) such Liens do not at any time encumber any Property other than the Property financed by such Indebtedness, (ii) the Indebtedness secured thereby does not exceed the purchase price of the Property being acquired on the date of acquisition and (iii) such Liens attach to such Property concurrently with or within ninety days after the acquisition thereof;

(k) leases or subleases granted to others not interfering in any material respect with the business of the Borrower or any of its Subsidiaries;

(l) Liens on the interest of any Person (other than the Borrower or any Subsidiary) in any Property leased by such Person to the Borrower or any Subsidiary;

(m) any interest of title of a lessor under, and Liens arising from UCC financing statements (or equivalent filings, registrations or agreements in foreign jurisdictions) relating to, leases permitted by this Agreement;

(n) Liens deemed to exist in connection with Investments in repurchase agreements permitted under Section 8.02 ;

(o) normal and customary rights of setoff upon deposits of cash in favor of banks or other depository institutions;

(p) Liens of a collection bank arising under Section 4-210 of the Uniform Commercial Code on items in the course of collection;

(q) rights of licensors and licensees under licenses of IP Rights entered into in the ordinary course of business or under the Transaction Documents or in connection with any Permitted Acquisition;

(r) Liens of sellers of goods to the Borrower and any of its Subsidiaries arising under Article 2 of the Uniform Commercial Code or similar provisions of applicable law in the ordinary course of business, covering only the goods sold and securing only the unpaid purchase price for such goods and related expenses;

(s) Liens in any funds of the Borrower or any of its affiliates that are subject to the escrow arrangements contemplated by the subcontract agreements entered into by Arrow, Crossbow, the Borrower and/or certain of their affiliates in connection with the transactions contemplated by the Transaction Documents; and

(t) Liens (other than Liens described in the foregoing clauses) securing obligations not exceeding $250,000 in an aggregate principal amount outstanding at any time; provided that such Liens shall be limited to specific Property and shall not be blanket Liens.

8.02 Investments .

Make any Investments, except:

(a) Investments held by the Borrower or such Subsidiary in the form of cash or Cash Equivalents;

(b) Investments existing as of the Closing Date and set forth in Schedule 8.02 (and renewals, refinancings and extensions thereof);

(c) Investments in any Domestic Subsidiary;

(d) Investments consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors to the extent reasonably necessary in order to prevent or limit loss;

(e) Guarantees permitted by Section 8.03 ;

(f) the Transaction and Investments in Domestic Subsidiaries necessary to complete the Transaction;

(g) Permitted Acquisitions;

(h) Investments by any Foreign Subsidiary in another Foreign Subsidiary;

(i) Investments by the Borrower or any Domestic Subsidiary in any Foreign Subsidiary, provided that the aggregate principal amount of such Investments made after the Effective Date shall not exceed $5 million at any time outstanding;

(j) travel, relocation, tuition reimbursement, 401(k) account transition and other advances made to officers, directors and employees in the ordinary course of the business to the extent such advances do not violate applicable Law;

(k) loans to any officer of the Borrower for the purpose of enabling such officer to purchase Capital Stock of the Borrower issued under a stock incentive plan; provided that the aggregate principal amount of all such loans shall not exceed $500,000 at any time outstanding;

(l) Investments in the form of the ownership of the Capital Stock of any Subsidiary, or the formation of a Subsidiary in compliance with Section 7.12 ; and

(m) Investments of a nature not contemplated in the foregoing clauses in an amount not to exceed $8,000,000 in the aggregate at any time outstanding.

8.03 Indebtedness .

Create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness under the Loan Documents;

(b) Indebtedness of the Borrower and its Subsidiaries set forth in Schedule 8.03 (and renewals, refinancings and extensions thereof on terms and conditions not materially less favorable to the applicable debtor(s));

(c) intercompany Indebtedness permitted under Section 8.02 ;

(d) obligations (contingent or otherwise) of the Borrower or any Subsidiary existing or arising under any Swap Contract, provided that (i) such obligations are (or were) entered into by such Person pursuant to Section 7.16 or otherwise in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments, investments, assets, or property held or reasonably anticipated by such Person, or changes in the value of securities issued by such Person, and not for purposes of speculation or taking a "market view;" and (ii) such Swap Contract does not contain any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party;

(e) purchase money Indebtedness (including obligations in respect of Capital Leases or Synthetic Leases) hereafter incurred by the Borrower or any of its Subsidiaries to finance the purchase of fixed assets, and renewals, refinancings and extensions thereof, provided that (i) the total of all such Indebtedness for all such Persons taken together shall not exceed an aggregate principal amount of $12,500,000 at any one time outstanding; (ii) such Indebtedness when incurred shall not exceed the purchase price of the asset(s) financed; and (iii) no such Indebtedness shall be refinanced for a principal amount in excess of the principal balance outstanding thereon at the time of such refinancing;

(f) other secured Indebtedness not otherwise permitted under this Section 8.03 in an aggregate principal amount not to exceed $250,000 at any time outstanding;

(g) other unsecured Indebtedness (including Seller Financing Indebtedness that is not Subordinated Seller Financing Indebtedness) not otherwise permitted under this Section 8.03 in an aggregate principal amount not to exceed $5,000,000 at any time outstanding;

(h) Subordinated Seller Financing Indebtedness, provided that the aggregate principal amount thereof shall not exceed $15,000,000 at any time outstanding;

(i) Indebtedness under surety bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(j) Indebtedness that may be deemed to exist under the agreements relating to any Acquisition (including the Transaction) or Disposition as a result of the obligation of the Borrower or such Subsidiary to pay indemnification, contingent purchase price payments or other purchase price adjustments or similar obligations;

(k) Indebtedness incurred by CACI Limited in an aggregate principal amount not to exceed 2,500,000 Pounds Sterling; and

(l) Guarantees with respect to Indebtedness permitted under clauses (a) through (j) of this Section 8.03 .

8.04 Fundamental Changes .

Merge, dissolve, liquidate, consolidate with or into another Person, or Dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person; provided that, notwithstanding the foregoing provisions of this Section 8.04 but subject to the terms of Sections 7.12 and 7.14 , (a) the Borrower may merge or consolidate with any of its Subsidiaries provided that the Borrower shall be the continuing or surviving corporation, (b) any Guarantor may merge or consolidate with any other Guarantor, (c) any Foreign Subsidiary may be merged or consolidated with or into any Guarantor provided that such Guarantor shall be the continuing or surviving corporation, (d) any Foreign Subsidiary may be merged or consolidated with or into any other Foreign Subsidiary, (e) any Subsidiary of the Borrower may merge or consolidate with any Person that is not a Loan Party in connection with a Permitted Acquisition, (f) any Wholly Owned Subsidiary may dissolve, liquidate or wind up its affairs at any time provided that such dissolution, liquidation or winding up, as applicable, could not reasonably be expected to have a Material Adverse Effect and (g) any Disposition permitted under Section 8.05 is permitted under this Section 8.04 .

8.05 Dispositions .

Make any Disposition unless (a) the consideration paid in connection therewith shall be cash or Cash Equivalents paid substantially contemporaneously with consummation of the transaction and shall be in an amount not less than the fair market value of the Property disposed of, (b) if such transaction is a Sale and Leaseback Transaction, such transaction is not prohibited by the terms of Section 8.15 , (c) such transaction does not involve the sale or other disposition of a minority equity interest in any Subsidiary, (d) such transaction does not involve a sale or other disposition of receivables other than receivables owned by or attributable to other Property concurrently being disposed of in a transaction otherwise permitted under this Section 8.05 (including as specified in clause (e)(i) below) and (e) the aggregate net book value of all of the assets sold or otherwise disposed of by the Borrower and its Subsidiaries in all Dispositions (other than (i) sales of government contracts that are required by law or by any government agency to be sold as a result of an organizational conflict of interest, (ii) the sale of the Specified Real Property and (iii) the sale of the Borrower's UK business) in any fiscal year of the Borrower shall not exceed $5 million.

8.06 Restricted Payments .

Declare or make, directly or indirectly, any Restricted Payment, or incur any obligation (contingent or otherwise) to do so, except that:

(a) each Subsidiary may make Restricted Payments (directly or indirectly) to the Borrower or any Subsidiary;

(b) the Borrower and each Subsidiary may declare and make dividend payments or other distributions payable solely in the Capital Stock of such Person;

(c) the Borrower may repurchase shares of its Capital Stock pursuant to or in connection with any of its employee stock purchase plans, stock incentive plans, stock options plans and other stock plans, provided that (i) the aggregate amount of all such repurchases shall not exceed $10 million during the term of this Agreement and (ii) no such repurchase may be made at any time that a Default exists; and

(d) if the maximum Consolidated Leverage Ratio permitted under Section 8.11 is equal to or less than 3.0 to 1.0, the Borrower may make Restricted Payments provided that at least three (3) Business Days prior to making such Restricted Payment the Borrower shall have

delivered to the Administrative Agent a certificate, executed by a Responsible Officer of the Borrower, (i) demonstrating in reasonable detail that the Loan Parties would be in compliance with the financial covenants contained in Section 8.11 after giving effect to such Restricted Payment on a Pro Forma Basis and (ii) representing and warranting that (A) after giving effect to such Restricted Payment, no Default shall exist and (B) no event or circumstance has occurred that has had or could reasonably be expected to have a Material Adverse Effect since the date of the Audited Financial Statements.

8.07 Change in Nature of Business .

Engage in any material line of business substantially different from those lines of business conducted by the Borrower and its Subsidiaries on the Closing Date or any business substantially related or incidental thereto.

8.08 Transactions with Affiliates and Insiders .

Enter into or permit to exist any transaction or series of transactions with any officer, director or Affiliate of such Person other than (a) transactions between Loan Parties, (b) intercompany transactions permitted by Section 8.02 , Section 8.03 , Section 8.04 , Section 8.05 or Section 8.06 or the other provisions of this Agreement, (c) normal and reasonable compensation and reimbursement of expenses of officers and directors and (d) except as otherwise specifically limited in this Agreement, other transactions which are entered into in the ordinary course of such Person's business on terms and conditions substantially as favorable to such Person as would be obtainable by it in a comparable arms-length transaction with a Person other than an officer, director or Affiliate.

8.09 Burdensome Agreements .

Enter into, or permit to exist, any Contractual Obligation that encumbers or restricts the ability of the Borrower or any Subsidiary to (a) pay dividends or make any other distributions to any Loan Party on its Capital Stock or with respect to any other interest or participation in, or measured by, its profits, (b) pay any Indebtedness or other obligation owed to any Loan Party, (c) make loans or advances to any Loan Party, (d) sell, lease or transfer any of its Property to any Loan Party, (e) grant Liens in its Property to secure the Obligations pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof or (f) act as a Guarantor pursuant to the Loan Documents or any renewals, refinancings, exchanges, refundings or extension thereof, except (in respect of any of the matters referred to in clauses (a)-(e) above) for (i) this Agreement and the other Loan Documents, (ii) any document or instrument governing Indebtedness incurred pursuant to Section 8.03(e) , provided that any such restriction contained therein relates only to the asset or assets constructed or acquired in connection therewith, (iii) any Permitted Lien or any document or instrument governing any Permitted Lien, provided that any such restriction contained therein relates only to the asset or assets subject to such Permitted Lien, (iv) customary restrictions and conditions contained in any agreement relating to the sale of any Property permitted under Section 8.05 pending the consummation of such sale and (v) anti-assignment provisions in Government Contracts.

8.10 Margin Stock .

Use the proceeds of any Credit Extension, whether directly or indirectly, and whether immediately, incidentally or ultimately, to purchase or carry margin stock (within the meaning of Regulation U of the FRB) or to extend credit to others for the purpose of purchasing or carrying margin stock or to refund indebtedness originally incurred for such purpose.

8.11 Financial Covenants .

(a) Consolidated Net Worth . Permit Consolidated Net Worth at any time to be less than the sum of $420 million, increased on a cumulative basis as of the end of each fiscal quarter of the Borrower, commencing with the fiscal quarter ending March 31, 2004 by an amount equal to 50% of Consolidated Net Income (to the extent positive) for the fiscal quarter then ended plus 100% of the Net Cash Proceeds of all Equity Issuances after the Closing Date.

(b) Consolidated Leverage Ratio . Permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower to be greater than (i) for each fiscal quarter ending during the period from the Effective Date to (but not including) June 30, 2005, 3.50:1.0, (ii) for the fiscal quarters ending June 30, 2005, September 30, 2005, December 31, 2005 and March 31, 2006, 3.25:1.0 and (iii) for the fiscal quarter ending June 30, 2006 and each fiscal quarter ending thereafter, 3.00:1.0.

Notwithstanding the foregoing, if no Default has occurred and is continuing and the actual Consolidated Leverage Ratio for the most recently ended period of four consecutive fiscal quarters for which the Borrower has delivered financial statements pursuant to Section 7.01(a) or (b) is less than or equal to 3.0: 1.0, then the Borrower may, by delivery of written notice (the " Leverage Step-Down Notice ") to the Administrative Agent, elect to step-down the maximum Consolidated Leverage Ratio permitted under this Section 8.11(b) to 3.0:1.0 for each fiscal quarter ending after the date such notice is delivered to the Administrative Agent. The Leverage Step-Down Notice shall be irrevocable and effective upon delivery to the Administrative Agent. For each fiscal quarter ending after the date Leverage Step-Down Notice is delivered to the Administrative Agent the Borrower shall not permit the Consolidated Leverage Ratio as of the end of any fiscal quarter of the Borrower to be greater than 3.0:1.0.

(c) Consolidated Fixed Charges Coverage Ratio . Permit the Consolidated Fixed Charges Coverage Ratio as of the end of any fiscal quarter of the Borrower to be less than 2.0:1.0.

8.12 Prepayment of Other Indebtedness, Etc.

(a) Amend or modify any of the terms of any Subordinated Seller Financing Indebtedness if such amendment or modification would add or change any terms in a manner adverse to the Borrower or any Subsidiary, or shorten the final maturity or average life to maturity or require any payment to be made sooner than originally scheduled or increase the interest rate applicable thereto.

(b) Make (or give any notice with respect thereto) any voluntary or optional payment or prepayment or redemption or acquisition for value of (including without limitation, by way of depositing money or securities with the trustee with respect thereto before due for the purpose of paying when due), refund, refinance or exchange of any Subordinated Seller Financing Indebtedness.

8.13 Organization Documents; Fiscal Year; Legal Name, State of Formation and Form of Entity .

(a) Amend, modify or change its Organization Documents in a manner adverse to the Lenders.

(b) Change its fiscal year.

(c) Without providing ten (10) days prior written notice to the Administrative Agent, change its name, state of formation or form of organization.

8.14 Ownership of Subsidiaries .

Notwithstanding any other provisions of this Agreement to the contrary, permit any Person (other than the Borrower or any Wholly Owned Subsidiary) to own any Capital Stock of any Subsidiary, provided up to three percent (3%) of the Capital Stock of any Foreign Subsidiary may be held by Persons other than the Borrower.

8.15 Sale Leasebacks .

Enter into any Sale and Leaseback Transaction, other than a Sale and Leaseback Transaction with respect to the Specified Real Property.

ARTICLE IX

EVENTS OF DEFAULT AND REMEDIES

9.01 Events of Default .

Any of the following shall constitute an Event of Default:

(a) Non-Payment . The Borrower or any other Loan Party fails to pay (i) when and as required to be paid herein, any amount of principal of any Loan or any L/C Obligation (other than any L/C Obligation that is refinanced with a Revolving Loan pursuant to Section 2.03(c)), or (ii) within three days after the same becomes due, any interest on any Loan or on any L/C Obligation, or any fee due hereunder, or (iii) within five days after the same becomes due, any other amount payable hereunder or under any other Loan Document; or

(b) Specific Covenants .

(i) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 7.01 , 7.02 or 7.03 and such failure continues for five Business Days; or

(ii) Any Loan Party fails to perform or observe any term, covenant or agreement contained in any of Section 7.05(a) , 7.10 , 7.11 , 7.12 , or Article VIII ; or

(c) Other Defaults . Any Loan Party fails to perform or observe any other covenant or agreement (not specified in subsection (a) or (b) above) contained in any Loan Document on its part to be performed or observed and such failure continues for thirty days after the earlier of (i) a Responsible Officer of any Loan Party becoming aware of such failure or (ii) notice thereof to any Loan Party by the Administrative Agent; or

(d) Representations and Warranties . Any representation, warranty, certification or statement of fact made or deemed made by or on behalf of the Borrower or any other Loan Party herein, in any other Loan Document, or in any document delivered in connection herewith or therewith shall be incorrect or misleading in any material respect when made or deemed made; or

(e) Cross-Default .

(i) The Borrower or any Subsidiary fails to make any payment of principal or interest when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise), after giving effect to any applicable grace periods, in respect of any Indebtedness (other than Indebtedness hereunder and Indebtedness under Swap Contracts or Treasury Management Agreements) having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than the Threshold Amount; or

(ii) The Borrower or any Subsidiary fails to observe or perform any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event occurs, the effect of which default or other event, after giving effect to any applicable grace periods, is to cause, or to permit the holder or holders of such Indebtedness (or a trustee or agent on behalf of such holder or holders) to cause, with the giving of notice if required, such Indebtedness to be demanded or to become due or to be repurchased, prepaid, defeased or redeemed (automatically or otherwise), or an offer to repurchase, prepay, defease or redeem such Indebtedness to be made, prior to its stated maturity; or

(iii) There occurs under any Swap Contract an Early Termination Date (as defined in such Swap Contract) resulting from (A) any event of default under such Swap Contract as to which the Borrower or any Subsidiary is the Defaulting Party (as defined in such Swap Contract) or (B) any Termination Event (as so defined) under such Swap Contract as to which the Borrower or any Subsidiary is an Affected Party (as so defined) and, in either event, the Swap Termination Value owed by the Borrower or such Subsidiary as a result thereof is greater than the Threshold Amount; or

(f) Insolvency Proceedings, Etc. Any Loan Party or any of its material Subsidiaries institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer for it or for all or any material part of its property; or any receiver, trustee, custodian, conservator, liquidator, rehabilitator or similar officer is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property is instituted without the consent of such Person and continues undismissed or unstayed for sixty calendar days, or an order for relief is entered in any such proceeding; or

(g) Inability to Pay Debts; Attachment . (i) Any Loan Party or any material Subsidiary becomes unable or admits in writing its inability or fails generally to pay its debts as they become due, or (ii) any writ or warrant of attachment or execution or similar process is issued or levied against all or any material part of the property of any such Person and is not released, vacated or fully bonded within thirty days after its issue or levy; or

(h) Judgments . There is entered against the Borrower or any Subsidiary (i) one or more final judgments or orders for the payment of money in an aggregate amount exceeding the Threshold Amount (to the extent not covered by independent third-party insurance as to which the insurer has acknowledged in writing its obligation to cover), or (ii) any one or more non-monetary final judgments that have, or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, and, in either case, (A) enforcement proceedings are commenced by any creditor upon such judgment or order, or (B) there is a period of thirty (30)

consecutive days during which such judgment or order remains undischarged and a stay of enforcement of such judgment, by reason of a pending appeal or otherwise, is not in effect; or

(i) ERISA . (i) An ERISA Event occurs with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of the Threshold Amount, or (ii) the Borrower or any ERISA Affiliate fails to pay when due, after the expiration of any applicable grace period, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of the Threshold Amount; or

(j) Invalidity of Loan Documents . Any Loan Document, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect or ceases to give the Administrative Agent, for the benefit of itself and the Lenders, any material part of the Liens purported to be created thereby; or any Loan Party or Subsidiary contests in any manner the validity or enforceability of any Loan Document; or any Loan Party denies that it has any or further liability or obligation under any Loan Document, or purports to revoke, terminate or rescind any Loan Document; or

(k) Change of Control . There occurs any Change of Control; or

(l) Contract Matters . (i) The Borrower or any Subsidiary shall be suspended or debarred from contracting with the United States Government and such suspension or debarment shall not have been lifted within thirty (30) days after the imposition thereof, or (ii) the United States Government shall have terminated any contract to which the Borrower or any Subsidiary is a party and such termination would have a Material Adverse Effect; provided , however , that such termination shall not constitute an Event of Default so long as the Borrower or any Subsidiary is contesting such termination in good faith.

9.02 Remedies Upon Event of Default .

If any Event of Default occurs and is continuing, the Administrative Agent shall, at the request of, or may, with the consent of, the Required Lenders, take any or all of the following actions:

(a) declare the commitment of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions to be terminated, whereupon such commitments and obligation shall be terminated;

(b) declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower;

(c) require that the Borrower Cash Collateralize the L/C Obligations (in an amount equal to the then Outstanding Amount thereof); and

(d) exercise on behalf of itself and the Lenders all rights and remedies available to it and the Lenders under the Loan Documents or applicable law;

provided , however , that upon the occurrence of an actual or deemed entry of an order for relief with respect to the Borrower under the Bankruptcy Code of the United States, the obligation of each Lender to make Loans and any obligation of the L/C Issuer to make L/C Credit Extensions shall automatically terminate, the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable, and the obligation of the Borrower to Cash Collateralize the L/C Obligations as aforesaid shall automatically become effective, in each case without further act of the Administrative Agent or any Lender.

9.03 Application of Funds .

After the exercise of remedies provided for in Section 9.02 (or after the Loans have automatically become immediately due and payable and the L/C Obligations have automatically been required to be Cash Collateralized as set forth in the proviso to Section 9.02), any amounts received on account of the Obligations shall be applied by the Administrative Agent in the following order:

First , to payment of that portion of the Obligations constituting fees, indemnities, expenses and other amounts (including Attorney Costs and amounts payable under Article III) payable to the Administrative Agent in its capacity as such;

Second , to payment of that portion of the Obligations constituting fees, indemnities and other amounts (other than principal and interest) payable to the Lenders (including Attorney Costs and amounts payable under Article III), ratably among them in proportion to the amounts described in this clause Second payable to them;

Third , to payment of that portion of the Obligations constituting accrued and unpaid interest on the Loans and L/C Borrowings and fees, premiums and scheduled periodic payments, and any interest accrued thereon, due under any Swap Contract between any Loan Party and any Lender, or any Affiliate of a Lender, to the extent such Swap Contract is permitted by Section 8.03(d) , ratably among the Lenders (and, in the case of such Swap Contracts, Affiliates of Lenders) in proportion to the respective amounts described in this clause Third held by them;

Fourth , to (a) payment of that portion of the Obligations constituting unpaid principal of the Loans and L/C Borrowings, (b) payment of breakage, termination or other payments, and any interest accrued thereon, due under any Swap Contract between any Loan Party and any Lender or any Affiliate of a Lender, to the extent such Swap Contract is permitted by Section 8.03(d) , (c) payments of amounts due under any Treasury Management Agreement between any Loan Party and any Lender or any Affiliate of a Lender and (d) Cash Collateralize that portion of L/C Obligations comprised of the aggregate undrawn amount of Letters of Credit, ratably among the Lenders (and, in the case of such Swap Contracts and Treasury Management Agreements, Affiliates of Lenders) in proportion to the respective amounts described in this clause Fourth held by them; and

Last , the balance, if any, after all of the Obligations have been indefeasibly paid in full, to the Borrower or as otherwise required by Law.

Subject to Section 2.03(c) , amounts used to Cash Collateralize the aggregate undrawn amount of Letters of Credit pursuant to clause Fourth above shall be applied to satisfy drawings under such Letters of Credit as they occur. If any amount remains on deposit as Cash Collateral after all Letters of Credit have either been fully drawn or expired, such remaining amount shall be applied to the other Obligations, if any, in the order set forth above.

ARTICLE X

ADMINISTRATIVE AGENT

10.01 Appointment and Authorization of Administrative Agent .

(a) Each Lender hereby irrevocably appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere herein or in any other Loan Document, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Administrative Agent have or be deemed to have any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "agent" herein and in the other Loan Documents with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) The L/C Issuer shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith, and the L/C Issuer shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by the L/C Issuer in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Administrative Agent" as used in this Article X and in the definition of "Agent-Related Person" included the L/C Issuer with respect to such acts or omissions, and (ii) as additionally provided herein with respect to the L/C Issuer.

10.02 Delegation of Duties .

The Administrative Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel and other consultants or experts concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects in the absence of gross negligence or willful misconduct.

10.03 Liability of Administrative Agent .

No Agent-Related Person shall (a) be liable to any Lender or participant for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct in connection with its duties expressly set forth herein), or (b) be responsible in any manner to any Lender or participant for any recital, statement, representation or warranty made by any Loan Party or any officer thereof, contained herein or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of any Loan Party or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Lender or participant to

ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party or any Affiliate thereof.

10.04 Reliance by Administrative Agent .

(a) The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, communication, signature, resolution, representation, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, electronic mail message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to any Loan Party), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under any Loan Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Required Lenders (or such greater number of Lenders as may be expressly required hereby in any instance) and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders.

(b) For purposes of determining compliance with the conditions specified in Section 5.01 , each Lender that has signed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter required thereunder to be consented to or approved by or acceptable or satisfactory to a Lender unless the Administrative Agent shall have received notice from such Lender prior to the proposed Closing Date specifying its objection thereto.

10.05 Notice of Default .

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default and stating that such notice is a “notice of default.” The Administrative Agent will notify the Lenders of its receipt of any such notice. The Administrative Agent shall take such action with respect to such Default as may be directed by the Required Lenders in accordance with Article IX ; provided , however , that unless and until the Administrative Agent has received any such direction, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default as it shall deem advisable or in the best interest of the Lenders.

10.06 Credit Decision; Disclosure of Information by Administrative Agent .

Each Lender acknowledges that no Agent-Related Person has made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any consent to and acceptance of any assignment or review of the affairs of any Loan Party or any Affiliate thereof, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Lender as to any matter, including whether Agent-Related Persons have disclosed material information in their possession. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial

and other condition and creditworthiness of the Loan Parties and their respective Subsidiaries, and all applicable bank or other regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the other Loan Parties. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent herein, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of any of the Loan Parties or any of their respective Affiliates which may come into the possession of any Agent-Related Person.

10.07 Indemnification of Administrative Agent .

Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand each Agent-Related Person (to the extent not reimbursed by or on behalf of any Loan Party and without limiting the obligation of any Loan Party to do so), pro rata, and hold harmless each Agent-Related Person from and against any and all Indemnified Liabilities incurred by it; provided , however , that no Lender shall be liable for the payment to any Agent-Related Person of any portion of such Indemnified Liabilities to the extent determined in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Agent-Related Person's own gross negligence or willful misconduct; provided , however , that no action taken in accordance with the directions of the Required Lenders shall be deemed to constitute gross negligence or willful misconduct for purposes of this Section. Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive termination of the Commitments, the payment of all other Obligations and the resignation of the Administrative Agent.

10.08 Administrative Agent in its Individual Capacity .

Bank of America and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with each of the Loan Parties and their respective Affiliates as though Bank of America were not the Administrative Agent or the L/C Issuer hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, Bank of America or its Affiliates may receive information regarding any Loan Party or its Affiliates (including information that may be subject to confidentiality obligations in favor of such Loan Party or such Affiliate) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. With respect to its Loans, Bank of America shall have the same rights and powers under this Agreement as any other Lender and may exercise such rights and powers as though it were not the Administrative Agent or the L/C Issuer, and the terms "Lender" and "Lenders" include Bank of America in its individual capacity.

10.09 Successor Administrative Agent .

The Administrative Agent may resign as Administrative Agent upon thirty days' notice to the Lenders and the Borrower; provided that any such resignation by Bank of America shall also constitute its resignation as L/C Issuer and Swing Line Lender. If the Administrative Agent resigns under this Agreement, the Required Lenders shall appoint from among the Lenders a successor administrative agent for the Lenders, which successor administrative agent shall be consented to by the Borrower at all times other than during the existence of an Event of Default (which consent of the Borrower shall not be unreasonably withheld or delayed). If no successor administrative agent is appointed prior to the effective date of the resignation of the Administrative Agent, the Administrative Agent may appoint, after consulting with the Lenders and the Borrower, a successor administrative agent from among the Lenders. Upon the acceptance of its appointment as successor administrative agent hereunder, the Person acting as such successor administrative agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent, L/C Issuer and Swing Line Lender and the respective terms "Administrative Agent", "L/C Issuer" and "Swing Line Lender" shall mean such successor administrative agent, Letter of Credit issuer and swing line lender, and the retiring Administrative Agent's appointment, powers and duties in such capacities shall be terminated without any other further act or deed on its behalf. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor administrative agent has accepted appointment as Administrative Agent by the date thirty days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above.

10.10 Administrative Agent May File Proofs of Claim .

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other similar judicial proceeding relative to any Loan Party, the Administrative Agent (irrespective of whether the principal of any Loan or L/C Obligation shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on the Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans, L/C Obligations and all other Obligations (other than obligations under Swap Contracts or Treasury Management Agreements to which the Administrative Agent is not a party) that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Sections 2.03(i) and (j) , 2.09 and 11.04) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative

Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Administrative Agent and its agents and counsel, and any other amounts due the Administrative Agent under Sections 2.09 and 11.04 .

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

10.11 Collateral and Guaranty Matters .

The Lenders irrevocably authorize the Administrative Agent, at its option and in its discretion,

(a) to release any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (ii) on the Collateral Termination Date, (iii) that is transferred or to be transferred as part of or in connection with any Disposition or other disposition of Property permitted hereunder or under any other Loan Document or any Involuntary Disposition, or (iv) as approved in accordance with Section 11.01 ;

(b) to subordinate any Lien on any Property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such Property that is permitted by Section 8.01(j) ; and

(c) to release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

Upon request by the Administrative Agent at any time, the Required Lenders will confirm in writing the Administrative Agent's authority to release or subordinate its interest in particular types or items of Property, or to release any Guarantor from its obligations under the Guaranty, pursuant to this Section 10.11 .

10.12 Other Agents; Arrangers and Managers .

None of the Lenders or other Persons identified on the facing page or signature pages of this Agreement as a "syndication agent," "documentation agent," "co-agent," "book manager," "lead manager," "arranger," "lead arranger" or "co-arranger" shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than, in the case of such Lenders, those applicable to all Lenders as such. Without limiting the foregoing, none of the Lenders or other Persons so identified shall have or be deemed to have any fiduciary relationship with any Lender. Each Lender acknowledges that it has not relied, and will not rely, on any of the Lenders or other Persons so identified in deciding to enter into this Agreement or in taking or not taking action hereunder.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments, Etc .

No amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent to any departure by the Borrower or any other Loan Party therefrom, shall be effective unless in writing signed by the Required Lenders and the Borrower or the applicable Loan Party, as the case may be, and acknowledged by the Administrative Agent, and each such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided , however , that:

(a) without the written consent of each Lender directly affected thereby, no such amendment, waiver or consent shall:

(i) extend or increase the Commitment of any Lender (or reinstate any Commitment terminated pursuant to Section 9.02), it being understood and agreed that a waiver of any condition precedent set forth in Section 5.02 or Section 5.03 or of any Default or a mandatory reduction in Commitments is not considered an extension or increase in Commitments of any Lender;

(ii) waive non-payment of or postpone any date fixed by this Agreement or any other Loan Document for any payment of principal (excluding mandatory prepayments), interest, fees or other amounts due to the Lenders (or any of them) hereunder or under any other Loan Document;

(iii) reduce the principal of, or the rate of interest specified herein on, any Loan or L/C Borrowing, or (subject to clause (iv) of the final proviso to this Section 11.01) any fees or other amounts payable hereunder or under any other Loan Document; provided , however , that only the consent of the Required Lenders shall be necessary (i) to amend the definition of "Default Rate" or to waive any obligation of the Borrower to pay interest or Letter of Credit Fees at the Default Rate or (ii) to amend any financial covenant hereunder (or any defined term used therein) even if the effect of such amendment would be to reduce the rate of interest on any Loan or L/C Borrowing or to reduce any fee payable hereunder;

(iv) change Section 2.13 or Section 9.03 in a manner that would alter the pro rata sharing of payments required thereby;

(v) change any provision of this Section 11.01(a) or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder;

(vi) except in connection with a Disposition permitted under Section 8.05 and except on the Collateral Release Date, release all or substantially all of the Collateral;

(vii) release the Borrower or, except in connection with a merger or consolidation permitted under Section 8.04 or a Disposition permitted under Section 8.05 , all or substantially all of the Guarantors, from its or their obligations under the Loan Documents;

(viii) amend the definition of "Interest Period" to permit interest periods longer than six months; or

(b) without the consent of Lenders (other than Defaulting Lenders) holding in the aggregate at least a majority of the Revolving Commitments (or if the Revolving Commitments have been terminated, the outstanding Revolving Loans (and participations in any Swing Line Loans and L/C Obligations)), (i) waive any Default or Event of Default for purposes of Section 5.03 for purposes of any Revolving Loan borrowing or L/C Credit Extension and (ii) amend, change, waive, discharge or terminate Section 2.01(a) , 2.02 , 2.03 , 2.05(b)(i) , 2.06 , Article VIII or Article IX , or this Section 11.01(b) ; or

(c) without the consent of Lenders (other than Defaulting Lenders) holding in the aggregate at least a majority of the outstanding Term Loan Commitments (and participations therein), amend, change, waive, discharge or terminate this Section 11.01(c) or Section 2.05 (b)(vi) so as to alter the manner of application of proceeds of any mandatory prepayment required by Section 2.05(b)(ii) , (iii) , (iv) or (v) hereof;

and, provided further , that (i) no amendment, waiver or consent shall, unless in writing and signed by the L/C Issuer in addition to the Lenders required above, affect the rights or duties of the L/C Issuer under this Agreement or any Letter of Credit Application relating to any Letter of Credit issued or to be issued by it; (ii) no amendment, waiver or consent shall, unless in writing and signed by the Swing Line Lender in addition to the Lenders required above, affect the rights or duties of the Swing Line Lender under this Agreement; (iii) no amendment, waiver or consent shall, unless in writing and signed by the Administrative Agent in addition to the Lenders required above, affect the rights or duties of the Administrative Agent under this Agreement or any other Loan Document; and (iv) the Fee Letter may be amended, or rights or privileges thereunder waived, in a writing executed only by the parties thereto. Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender.

Notwithstanding the fact that the consent of all the Lenders is required in certain circumstances as set forth above, (x) each Lender is entitled to vote as such Lender sees fit on any bankruptcy reorganization plan that affects the Loans, and each Lender acknowledges that the provisions of Section 1126(c) of the Bankruptcy Code supersedes the unanimous consent provisions set forth herein and (y) the Required Lenders shall determine whether or not to allow a Loan Party to use cash collateral in the context of a bankruptcy or insolvency proceeding and such determination shall be binding on all of the Lenders.

11.02 Notices and Other Communications; Facsimile Copies .

(a) General . Unless otherwise expressly provided herein, all notices and other communications provided for hereunder shall be in writing (including by facsimile transmission). All such written notices shall be mailed certified or registered mail, faxed or delivered to the applicable address, facsimile number or (subject to subsection (b) below) electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(i) if to the Borrower, the Administrative Agent, the L/C Issuer or the Swing Line Lender, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 11.02 or to such other address, facsimile number, electronic mail

address or telephone number as shall be designated by such party in a notice to the other parties; and

(ii) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrower, the Administrative Agent, the L/C Issuer and the Swing Line Lender.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in subsection (b) below, shall be effective as provided in such subsection (b).

(b) Electronic Communications . Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower (on behalf of itself and the other Loan Parties) may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it, provided that approval of such procedures may be limited to particular notices or communications.

(c) Effectiveness of Facsimile Documents and Signatures . Loan Documents may be transmitted and/or signed by facsimile. The effectiveness of any such documents and signatures shall, subject to applicable Law, have the same force and effect as manually-signed originals and shall be binding on all Loan Parties, the Administrative Agent and the Lenders. The Administrative Agent may also require that any such documents and signatures be confirmed by a manually-signed original thereof; provided , however , that the failure to request or deliver the same shall not limit the effectiveness of any facsimile document or signature.

(d) Reliance by Administrative Agent and Lenders . The Administrative Agent and the Lenders shall be entitled to rely and act upon any notices (including telephonic Loan Notices and Swing Line Loan Notices) purportedly given by or on behalf of the Borrower even if (i) such notices were not made in a manner specified herein, were incomplete or were not preceded or followed by any other form of notice specified herein, or (ii) the terms thereof, as understood by the recipient, varied from any confirmation thereof. The Borrower shall indemnify each Agent-Related Person and each Lender from all losses, costs, expenses and liabilities resulting from the reliance by such Person on each notice purportedly given by or on behalf of the Borrower. All telephonic notices to and other communications with the Administrative Agent may be recorded by the Administrative Agent, and each of the parties hereto hereby consents to such recording.

11.03 No Waiver; Cumulative Remedies .

No failure by any Lender or the Administrative Agent to exercise, and no delay by any such Person in exercising, any right, remedy, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights,

remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.04 Attorney Costs, Expenses and Taxes .

The Borrower agrees (a) to pay or reimburse Bank of America and BAS for all costs and expenses incurred in connection with the due diligence and syndication of the Commitments and Loans (with a limitation on such due diligence and syndication expenses as agreed among Bank of America, BAS and the Borrower), (b) to pay or reimburse the Administrative Agent for all costs and expenses incurred in connection with the preparation, negotiation and execution of this Agreement and the other Loan Documents and any amendment, waiver, consent or other modification of the provisions hereof and thereof (whether or not the transactions contemplated hereby or thereby are consummated), and the consummation of the transactions contemplated hereby and thereby, including all Attorney Costs and costs and expenses in connection with the use of Intralinks, Inc. or other similar information transmission systems in connection with this Agreement, and (c) to pay or reimburse the Administrative Agent and each Lender for all costs and expenses incurred in connection with the enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or the other Loan Documents (including all such costs and expenses incurred during any "workout" or restructuring in respect of the Obligations and during any legal proceeding, including any proceeding under any Debtor Relief Law), including all Attorney Costs. The foregoing costs and expenses shall include all search, filing, recording, title insurance and appraisal charges and fees and taxes related thereto, and other out-of-pocket expenses incurred by the Administrative Agent and the cost of independent public accountants and other outside experts retained by the Administrative Agent or any Lender. All amounts due under this Section 11.04 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the termination of the Aggregate Revolving Commitments and repayment of all other Obligations.

11.05 Indemnification by the Borrower .

Whether or not the transactions contemplated hereby are consummated, the Borrower agrees to indemnify and hold harmless each Agent-Related Person, each Lender and their respective Affiliates, directors, officers, employees, counsel, trustees, advisors, agents and attorneys-in-fact (collectively the " Indemnitees ") from and against any and all liabilities, obligations, losses, damages, penalties, claims, demands, actions, judgments and suits of any kind or nature whatsoever, and all costs, expenses and disbursements (including Attorney Costs and settlement costs) incurred in connection therewith, which may at any time be imposed on, incurred by or asserted against any such Indemnitee in any way relating to or arising out of or in connection with (a) the Transaction, (b) the execution, delivery, enforcement, performance or administration of any Loan Document or any other agreement, letter or instrument delivered in connection with the transactions contemplated thereby or the consummation of the transactions contemplated thereby, (c) any Commitment, Loan or Letter of Credit or the use or proposed use of the proceeds therefrom (including any refusal by the L/C Issuer to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (d) any actual or alleged presence or release of Hazardous Materials on or from any property currently or formerly owned or operated by the Borrower, any Subsidiary or any other Loan Party, or any Environmental Liability related in any way to the Borrower, any Subsidiary or any other Loan Party, or (e) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory (including any investigation of, preparation for, or defense of any pending or threatened claim, investigation, litigation or proceeding) and regardless of whether any Indemnitee is a party thereto (all the foregoing, collectively, the " Indemnified Liabilities "); provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such liabilities, obligations, losses, damages, penalties, claims,

demands, actions, judgments, suits, costs, expenses or disbursements are (i) determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, willful misconduct or bad faith of such Indemnitee or (ii) asserted by or awarded in favor of any other Indemnified Party. No Indemnitee shall be liable for any damages arising from the use by others of any information or other materials obtained through IntraLinks or other similar information transmission systems in connection with this Agreement, except to the extent such damages are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence, willful misconduct or bad faith of such Indemnitee (it being understood that this sentence does not affect the confidentiality obligations of the Administrative Agent and the Lenders under Section 11.08). Neither any Indemnitee nor any Loan Party shall have any liability for any indirect, punitive or consequential damages relating to this Agreement or any other Loan Document or arising out of its activities in connection herewith or therewith (whether before or after the Closing Date). All amounts due under this Section 11.05 shall be payable within ten Business Days after demand therefor. The agreements in this Section shall survive the resignation of the Administrative Agent, the replacement of any Lender, the termination of the Commitments and the repayment, satisfaction or discharge of all Obligations.

11.06 Payments Set Aside .

To the extent that any payment by or on behalf of any Loan Party is made to the Administrative Agent or any Lender, or the Administrative Agent or any Lender exercises its right of set-off, and such payment or the proceeds of such set-off or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Administrative Agent or such Lender in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any proceeding under any Debtor Relief Law or otherwise, then (a) to the extent of such recovery, the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Lender severally agrees to pay to the Administrative Agent upon demand its applicable share of any amount so recovered from or repaid by the Administrative Agent, plus interest thereon from the date of such demand to the date such payment is made at a rate per annum equal to the Federal Funds Rate from time to time in effect.

11.07 Successors and Assigns .

(a) The provisions of this Agreement and the other Loan Documents shall be binding upon and inure to the benefit of the parties hereto and thereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder or thereunder without the prior written consent of each Lender and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an Eligible Assignee in accordance with the provisions of subsection (b) of this Section, (ii) by way of participation in accordance with the provisions of subsection (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of subsection (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in subsection (d) of this Section and, to the extent expressly contemplated hereby, the Indemnitees) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more Eligible Assignees all or a portion of its rights and obligations under this Agreement and the other Loan Documents (including all or a portion of its Commitment and the Loans (including for purposes of this subsection (b), participations in L/C

Obligations and in Swing Line Loans) at the time owing to it); provided that (i) except in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund (as defined in subsection (g) of this Section) with respect to a Lender, the aggregate amount of the Commitment (which for this purpose includes Loans outstanding thereunder) subject to each such assignment, determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Assumption, as of the Trade Date, shall not be less than $5,000,000 in the case of an assignment of Revolving Loans and $1,000,000 in the case of an assignment of Term Loans unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed); (ii) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's Loans and Commitments, and rights and obligations with respect thereto, assigned, except that this clause (ii) shall not apply to rights in respect of Swing Line Loans or the Term Loan; (iii) any assignment of a Revolving Commitment must be approved by the Administrative Agent, the L/C Issuer and the Swing Line Lender unless the Person that is the proposed assignee is itself a Revolving Lender (whether or not the proposed assignee would otherwise qualify as an Eligible Assignee); and (iv) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500. Subject to acceptance and recording thereof by the Administrative Agent pursuant to subsection (c) of this Section, from and after the effective date specified in each Assignment and Assumption, the Eligible Assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 3.01 , 3.04 , 3.05 , 11.04 and 11.05 with respect to facts and circumstances occurring prior to the effective date of such assignment). Upon request, the Borrower (at its expense) shall execute and deliver a Note to the assignee Lender. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this subsection shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with subsection (d) of this Section.

(c) The Administrative Agent, acting solely for this purpose as an agent of the Borrower, shall maintain at the Administrative Agent's Office a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amounts of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the " Register "). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower at any reasonable time and from time to time upon reasonable prior notice. In addition, at any time that a request for a consent for a material or other substantive change to the Loan Documents is pending, any Lender wishing to consult with other Lenders in connection therewith may request and receive from the Administrative Agent a copy of the Register. Upon receipt of a duly executed Assignment and Assumption, the processing and recordation fee referenced in Section 11.07(b), and the tax forms, if any, required to be delivered pursuant to Section 11.15, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person or the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a " Participant ") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans (including such Lender's participations in L/C Obligations and/or Swing Line Loans) owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, waiver or other modification described in clauses (a) (i) through (vii) of the first proviso to Section 11.01 that directly affects such Participant. Subject to subsection (e) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 3.01 , 3.04 and 3.05 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to subsection (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.09 as though it were a Lender, provided such Participant agrees to be subject to Section 2.13 as though it were a Lender.

(e) A Participant shall not be entitled to receive any greater payment under Section 3.01 or 3.04 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 3.01 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 11.15 as though it were a Lender.

(f) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement (including under its Note, if any) to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

(g) As used herein, the following terms have the following meanings:

" Eligible Assignee " means (a) a Lender; (b) an Affiliate of a Lender; (c) an Approved Fund with respect to a Lender; and (d) any other Person (other than a natural person) approved by (i) the Administrative Agent (and in the case of an assignment of a Revolving Commitment, the L/C Issuer and the Swing Line Lender), and (ii) in the case of an assignment of a Revolving Commitment, unless an Event of Default has occurred and is continuing, the Borrower (each such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Borrower or any of the Borrower's Affiliates or Subsidiaries.

" Fund " means any Person (other than a natural person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business.

" Approved Fund " means any Fund that is administered, advised or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers, advises or manages a Lender.

(h) Notwithstanding anything to the contrary contained herein, if at any time Bank of America assigns all of its Commitment and Loans pursuant to subsection (b) above, Bank of America may, (i) upon thirty days' notice to the Borrower and the Lenders, resign as L/C Issuer and/or (ii) upon thirty days' notice to the Borrower, resign as Swing Line Lender. In the event of any such resignation as L/C Issuer or Swing Line Lender, the Borrower shall be entitled to appoint from among the Lenders a successor L/C Issuer or Swing Line Lender hereunder; provided , however , that no failure by the Borrower to appoint any such successor shall affect the resignation of Bank of America as L/C Issuer or Swing Line Lender, as the case may be. If Bank of America resigns as L/C Issuer, it shall retain all the rights and obligations of the L/C Issuer hereunder with respect to all Letters of Credit outstanding as of the effective date of its resignation as L/C Issuer and all L/C Obligations with respect thereto (including the right to require the Lenders to make Base Rate Loans or fund risk participations in Unreimbursed Amounts pursuant to Section 2.03(c)). If Bank of America resigns as Swing Line Lender, it shall retain all the rights of the Swing Line Lender provided for hereunder with respect to Swing Line Loans made by it and outstanding as of the effective date of such resignation, including the right to require the Lenders to make Base Rate Loans or fund risk participations in outstanding Swing Line Loans pursuant to Section 2.04(c) .

11.08 Confidentiality .

Each of the Administrative Agent, the Lenders, the Swing Line Lender and the L/C Issuer agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to any other Lender (in its capacity as a Lender), (b) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and representatives and to any direct or indirect contractual counterparty (or such contractual counterparty's professional advisor) under any Swap Contract relating to Loans outstanding under this Agreement (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (c) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (d) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (e) to any other party hereto, (f) in connection with the exercise of any remedies hereunder or under any other Loan Document or any action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (g) subject to an agreement containing provisions substantially the same as those of this Section (and as to which the Borrower is an express third party beneficiary), to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to a Loan Party and its obligations, (g) with the consent of the Borrower or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent or any Lender on a nonconfidential basis from a source other than the Borrower. For purposes of this Section, " Information " means all information received from the Borrower or any Subsidiary relating to the Borrower, any Subsidiary, Arrow, Crossbow or any of their respective businesses, the Acquired Business or the Transaction, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower or any Subsidiary. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

11.09 Set-off .

In addition to any rights and remedies of the Lenders provided by law, upon the occurrence and during the continuance of any Event of Default, each Lender and any Affiliate of any Lender is authorized at any time and from time to time, without prior notice to the Borrower or any other Loan Party, any such notice being waived by the Borrower (on its own behalf and on behalf of each Loan Party) to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held by, and other indebtedness at any time owing by, such Lender to or for the credit or the account of the respective Loan Parties against any and all Obligations owing to such Lender hereunder or under any other Loan Document, now or hereafter existing, irrespective of whether or not the Administrative Agent or such Lender shall have made demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or denominated in a currency different from that of the applicable deposit or indebtedness. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Lender; provided , however , that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees that any amounts it receives pursuant to this Section 11.09 shall be subject to Section 2.13 .

11.10 Interest Rate Limitation .

Notwithstanding anything to the contrary contained in any Loan Document, the interest paid or agreed to be paid under the Loan Documents shall not exceed the maximum rate of non-usurious interest permitted by applicable Law (the " Maximum Rate "). If the Administrative Agent or any Lender shall receive interest in an amount that exceeds the Maximum Rate, the excess interest shall be applied to the principal of the Loans or, if it exceeds such unpaid principal, refunded to the Borrower. In determining whether the interest contracted for, charged, or received by the Administrative Agent or a Lender exceeds the Maximum Rate, such Person may, to the extent permitted by applicable Law, (a) characterize any payment that is not principal as an expense, fee, or premium rather than interest, (b) exclude voluntary prepayments and the effects thereof, and (c) amortize, prorate, allocate, and spread in equal or unequal parts the total amount of interest throughout the contemplated term of the Obligations hereunder.

11.11 Counterparts .

This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.12 Integration .

This Agreement, together with the other Loan Documents, comprises the complete and integrated agreement of the parties on the subject matter hereof and thereof and supersedes all prior agreements, written or oral, on such subject matter. In the event of any conflict between the provisions of this Agreement and those of any other Loan Document, the provisions of this Agreement shall control; provided that the inclusion of supplemental rights or remedies in favor of the Administrative Agent or the Lenders in any other Loan Document (including, without limitation, the "market flex" provisions in the Fee Letter) shall not be deemed a conflict with this Agreement. Each Loan Document was drafted with the joint participation of the respective parties thereto and shall be construed neither against nor in favor of any party, but rather in accordance with the fair meaning thereof.

11.13 Survival of Representations and Warranties .

All representations and warranties made hereunder and in any other Loan Document or other document delivered pursuant hereto or thereto or in connection herewith or therewith shall survive the execution and delivery hereof and thereof. Such representations and warranties have been or will be relied upon by the Administrative Agent and each Lender, regardless of any investigation made by the Administrative Agent or any Lender or on their behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default at the time of any Credit Extension, and shall continue in full force and effect as long as any Loan or any other Obligation hereunder shall remain unpaid or unsatisfied or any Letter of Credit shall remain outstanding.

11.14 Severability .

If any provision of this Agreement or the other Loan Documents is held to be illegal, invalid or unenforceable, (a) the legality, validity and enforceability of the remaining provisions of this Agreement and the other Loan Documents shall not be affected or impaired thereby and (b) the parties shall endeavor in good faith negotiations to replace the illegal, invalid or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the illegal, invalid or unenforceable provisions. The invalidity of a provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.15 Tax Forms .

(a) (i) Each Lender that is not a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code (a " Foreign Lender ") shall deliver to the Administrative Agent and the Borrower, prior to receipt of any payment subject to withholding under the Internal Revenue Code (or upon accepting an assignment of an interest herein), two duly signed completed copies of either IRS Form W-8BEN or any successor thereto (relating to such Foreign Lender and entitling it to an exemption from withholding tax on all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement) or IRS Form W-8ECI or any successor thereto (relating to all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement) or such other evidence satisfactory to the Borrower and the Administrative Agent that such Foreign Lender is entitled to an exemption from U.S. withholding tax, including any exemption pursuant to Section 881(c) of the Internal Revenue Code. Thereafter and from time to time, each such Foreign Lender shall (A) promptly submit to the Administrative Agent and the Borrower such additional duly completed and signed copies of one of such forms (or such successor forms as shall be adopted from time to time by the relevant United States taxing authorities) as may then be available under then current United States laws and regulations to avoid, or such evidence as is satisfactory to the Borrower and the Administrative Agent of any available exemption from, United States withholding taxes in respect of all payments to be made to such Foreign Lender by the Borrower pursuant to this Agreement, (B) promptly notify the Administrative Agent and the Borrower of any change in circumstances which would modify or render invalid any claimed exemption, and (C) take such steps as shall not be materially disadvantageous to it, in the reasonable judgment of such Lender, and as may be reasonably necessary (including the re-designation of its Lending Office) to avoid any requirement of applicable Laws that the Borrower make any deduction or withholding for taxes from amounts payable to such Foreign Lender.

(ii) Each Foreign Lender, to the extent it does not act or ceases to act for its own account with respect to any portion of any sums paid or payable to such Lender under any of the Loan Documents (for example, in the case of a typical participation by such Lender), shall deliver

to the Administrative Agent and the Borrower on the date when such Foreign Lender ceases to act for its own account with respect to any portion of any such sums paid or payable, and at such other times as may be necessary in the determination of the Administrative Agent and the Borrower (in the reasonable exercise of their discretion), (A) two duly signed completed copies of the forms or statements required to be provided by such Lender as set forth above, to establish the portion of any such sums paid or payable with respect to which such Lender acts for its own account that is not subject to U.S. withholding tax, and (B) two duly signed completed copies of IRS Form W-8IMY (or any successor thereto), together with any information such Lender chooses to transmit with such form, and any other certificate or statement of exemption required under the Internal Revenue Code, to establish that such Lender is not acting for its own account with respect to a portion of any such sums payable to such Lender.

(iii) The Borrower shall not be required to pay any additional amount to any Foreign Lender under Section 3.01 (A) with respect to any Taxes required to be deducted or withheld on the basis of the information, certificates or statements of exemption such Lender transmits with an IRS Form W-8IMY pursuant to this Section 11.15(a) or (B) if such Lender shall have failed to satisfy the foregoing provisions of this Section 11.15(a) ; provided that if such Lender shall have satisfied the requirement of this Section 11.15(a) on the date such Lender became a Lender or ceased to act for its own account with respect to any payment under any of the Loan Documents, nothing in this Section 11.15(a) shall relieve the Borrower of its obligation to pay any amounts pursuant to Section 3.01 in the event that, as a result of any change in any applicable law, treaty or governmental rule, regulation or order, or any change in the interpretation, administration or application thereof, such Lender is no longer properly entitled to deliver forms, certificates or other evidence at a subsequent date establishing the fact that such Lender or other Person for the account of which such Lender receives any sums payable under any of the Loan Documents is not subject to withholding.

(iv) The Administrative Agent may, without reduction, withhold any Taxes required to be deducted and withheld from any payment under any of the Loan Documents with respect to which the Borrower is not required to pay additional amounts under this Section 11.15 (a) .

(b) Upon the request of the Administrative Agent or the Borrower, each Lender that is a "United States person" within the meaning of Section 7701(a)(30) of the Internal Revenue Code shall deliver to the Administrative Agent and the Borrower two duly signed completed copies of IRS Form W-9 certifying that such Lender is not subject to back-up withholding tax imposed by the Internal Revenue Code. If any Lender fails to deliver such forms upon request, or if the IRS informs the Administrative Agent or the Borrower that any Lender is subject to backup withholding tax, then the Administrative Agent or the Borrower may withhold from any payment to the applicable Lender an amount equivalent to the applicable back-up withholding tax imposed by the Internal Revenue Code, without reduction.

(c) If any Governmental Authority asserts that the Administrative Agent did not properly withhold or backup withhold, as the case may be, any tax or other amount from payments made to or for the account of any Lender, such Lender shall indemnify the Administrative Agent therefor, including all penalties and interest, any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, and costs and expenses (including Attorney Costs) of the Administrative Agent. The obligation of the Lenders under this Section shall survive the termination of the Aggregate Revolving Commitments, repayment of all other Obligations hereunder and the resignation of the Administrative Agent.

11.16 Replacement of Lenders .

Under any circumstances set forth herein providing that the Borrower shall have the right to replace a Lender as a party to this Agreement, the Borrower may, upon notice to such Lender and the Administrative Agent, replace such Lender by causing such Lender to assign its Commitment and outstanding Loans (with the assignment fee to be paid by the Borrower in such instance) pursuant to Section 11.07 (b) to one or more other Lenders or Eligible Assignees procured by the Borrower. Upon the making of any such assignment, (x) the Borrower shall pay in full any amounts payable pursuant to Section 3.05 and (y) the Borrower shall provide appropriate assurances and indemnities (which may include letters of credit) to the L/C Issuer and the Swing Line Lender as each may reasonably require with respect to any continuing obligation to fund participation interests in any L/C Obligations or any Swing Line Loans then outstanding.

11.17 Governing Law .

(a) THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE; PROVIDED THAT THE ADMINISTRATIVE AGENT AND EACH LENDER SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.

(b) ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE COURTS OF THE STATE OF NEW YORK SITTING IN NEW YORK, NEW YORK OR OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF SUCH STATE, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH PARTY HERETO CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH PARTY HERETO IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF *FORUM NON CONVENIENS* , WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF ANY LOAN DOCUMENT OR OTHER DOCUMENT RELATED THERETO. EACH PARTY HERETO WAIVES PERSONAL SERVICE OF ANY SUMMONS, COMPLAINT OR OTHER PROCESS, WHICH MAY BE MADE BY ANY OTHER MEANS PERMITTED BY THE LAW OF SUCH STATE.

11.18 Waiver of Right to Trial by Jury .

EACH PARTY TO THIS AGREEMENT HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION OR CAUSE OF ACTION ARISING UNDER ANY LOAN DOCUMENT OR IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO OR ANY OF THEM WITH RESPECT TO ANY LOAN DOCUMENT, OR THE TRANSACTIONS RELATED THERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER FOUNDED IN CONTRACT OR TORT OR OTHERWISE; AND EACH PARTY HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY, AND THAT ANY PARTY TO THIS AGREEMENT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS SECTION WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE SIGNATORIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

11.19 USA PATRIOT Act Notice .

Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with the Act.

11.20 Release of Liens .

The Administrative Agent shall:

(a) release any Lien on any Collateral granted to or held by the Administrative Agent under any Loan Document (i) upon termination of the Aggregate Revolving Commitments and payment in full of all Obligations (other than contingent indemnification obligations) and the expiration or termination of all Letters of Credit, (ii) on the Collateral Termination Date, (iii) that is transferred or to be transferred as part of or in connection with any Disposition or other disposition of Property permitted hereunder or under any other Loan Document or any Involuntary Disposition, or (iv) as approved in accordance with Section 11.01 ;

(b) subordinate any Lien on any Property granted to or held by the Administrative Agent under any Loan Document to the holder of any Lien on such Property that is permitted by Section 8.01(j) ; and

(c) release any Guarantor from its obligations under the Guaranty if such Person ceases to be a Subsidiary as a result of a transaction permitted hereunder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF , the parties hereto have caused this Credit Agreement to be duly executed as of the date first above written.

BORROWER:

CACI INTERNATIONAL INC,
a Delaware corporation

By: _____
Name: **Stephen L. Waechter**
Title: **Executive Vice President and Chief Financial Officer**

GUARANTORS:

CACI PRODUCTS COMPANY,
a Delaware corporation
CACI PRODUCTS COMPANY CALIFORNIA,
a California corporation
CACI, INC. - FEDERAL,
a Delaware corporation
CACI, INC. - COMMERCIAL,
a Delaware corporation
AUTOMATED SCIENCES GROUP, INC.,
a Delaware corporation
CACI TECHNOLOGIES, INC.,
a Virginia corporation
CACI DYNAMIC SYSTEMS, INC.,
a Virginia corporation
PROCUREMENT AUTOMATION INSTITUTE, INC.,
a Virginia corporation
CACI APPLIED SOLUTIONS, INC.,
a Virginia corporation
CACI PREMIER TECHNOLOGY, INC.,
a Delaware corporation
CACI MTL SYSTEMS, INC.,
a Delaware corporation
CACI AB, INC.,
a Virginia corporation
CACI SYSTEMS, INC.,
a Virginia corporation
SYSTEMS INTEGRATION & RESEARCH, INC.,
a Virginia corporation
CACI-CMS INFORMATION SYSTEMS, INC.,
a Virginia corporation
CACI ENTERPRISE SOLUTIONS, INC.,
a Delaware corporation

By: _____
Name: **Stephen L. Waechter**
Title: **Executive Vice President and Chief Financial Officer of each Guarantor**

[SIGNATURE PAGES FOLLOW]

ADMINISTRATIVE AGENT:

BANK OF AMERICA, N.A., as Administrative Agent

By: _____
Name: **Kristine D. Thennes**
Title: **Vice President**

LENDERS:

BANK OF AMERICA, N.A.,
as a Lender, L/C Issuer and Swing Line Lender

By: _____
Name: **Michael J. Landini**
Title: **Senior Vice President**

SUNTRUST BANK

By: _____
Name:
Title:

WACHOVIA BANK, NATIONAL ASSOCIATION

By: _____
Name:
Title:

MANUFACTURERS AND TRADERS TRUST COMPANY

By: _____
Name:
Title:

RIGGS BANK N.A.

By: _____
Name:
Title:

CITIZENS BANK OF PENNSYLVANIA

By: _____
Name:
Title:

GENERAL ELECTRIC CAPITAL CORPORATION

By: _____
Name:
Title:

[SIGNATURE PAGES FOLLOW]

BRANCH BANKING AND TRUST COMPANY OF VIRGINIA

By: _____
Name:
Title:

BANK OF TOKYO-MITSUBISHI TRUST COMPANY

By: _____
Name:
Title:

SUMITOMO TRUST & BANKING CO. LTD., NEW YORK BRANCH

By: _____
Name:
Title:

BROWN BROTHERS HARRIMAN & CO.

By: _____
Name:
Title:

COMMERZBANK AG, NEW YORK AND GRAND CAYMAN BRANCHES

By: _____
Name:
Title:

FIRST HORIZON BANK, A DIVISION OF FIRST TENNESSEE BANK NA

By: _____
Name:
Title:

THE NORINCHUKIN BANK

By: _____
Name:
Title:

CHEVY CHASE BANK, F.S.B.

By: _____
Name:
Title:

[SIGNATURE PAGES FOLLOW]

ERSTE BANK NEW YORK

By: _____
Name:
Title:

By: _____
Name:
Title:

IKB CAPITAL CORPORATION

By: _____
Name:
Title:

KZH CYPRESSTREE-1 LLC

By: _____
Name:
Title:

KZH STERLING LLC

By: _____
Name:
Title:

KZH PONDVIEW LLC

By: _____
Name:
Title:

KZH SOLEIL 2 LLC

By: _____
Name:
Title:

KZH SOLEIL LLC

By: _____
Name:
Title:

Exhibit 21

The significant subsidiaries of the Registrant, as defined in Section 1-02(w) of regulation S-X, are:

CACI, INC.- FEDERAL, a Delaware Corporation
CACI, INC.- COMMERCIAL, a Delaware Corporation
CACI Limited, a United Kingdom Corporation
Automated Sciences Group, Inc., a Delaware Corporation
CACI Technologies, Inc., a Virginia Corporation
(also does business as "CACI Productions Group")
CACI Dynamic Systems, Inc., a Virginia Corporation
CACI Premier Technology, Inc., a Delaware Corporation
CACI SYSTEMS AND TECHNOLOGY LTD, a Canadian Corporation
CACI Enterprise Solutions, Inc.

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the Registration Statements (Forms S-8 Nos. 333-10418, 333-104115, and 333-91676) pertaining to the 2002 Employee, Management, and Director Stock Purchase Plans, the 1996 Stock Incentive Plan, as amended, and the CACI $MART Plan, respectively of CACI International Inc, of our report dated August 16, 2004, with respect to the consolidated financial statements and schedule of CACI International Inc included in this Annual Report (Form 10-K) for the year ended June 30, 2004.

/s/ Ernst & Young LLP

McLean, Virginia
September 10, 2004

Exhibit 23.2

Consent of Independent Auditors

We consent to the incorporation by reference in Registration Statements (Nos. 333-10418, 333-104115 and 333-91676) of CACI International Inc on Form S-8 of our report dated August 13, 2002, appearing in the Annual Report on Form 10-K of CACI International Inc for the year ended June 30, 2004.

/s/ Deloitte & Touche
McLean, Virginia
September 10, 2004

Exhibit 31.1

Section 302 Certification

I, Dr. J.P. London certify that:

1. I have reviewed this Form 10K for the fiscal year ended June 30, 2004 of CACI International Inc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.
4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:
    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and
    (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal audit control over financial reporting; and
5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):
    (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize, and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and
    (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls.

Date: September 10, 2004

/s/

Dr. J.P. London
Chairman of the Board, President
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 31.2

Section 302 Certification

I, Stephen L. Waechter, certify that:

1. I have reviewed this Form 10K for the fiscal year ended June 30, 2004 of CACI International Inc;
2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with

respect to the period covered by this report.

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report.

4. The Registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the Registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles; and

   (c) Evaluated the effectiveness of the Registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the Registrant's internal control over financial reporting that occurred during the Registrant's most recent fiscal quarter (the Registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal audit control over financial reporting; and

5. The Registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the Registrant's auditors and the audit committee of the Registrant's Board of Directors (or persons performing the equivalent function):

   (a) All significant deficiencies in the design or operation of internal controls which could adversely affect the Registrant's ability to record, process, summarize, and report financial data and have identified for the Registrant's auditors any material weaknesses in internal controls; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant's internal controls.

Date: September 10, 2004

/s/

Stephen L. Waechter
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

Exhibit 32.1

Section 906 Certification

In connection with the annual report on Form 10-K of CACI International Inc (the "Company") for the fiscal year ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned Chairman of the Board, President and Chief Executive Officer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: September 10, 2004

/s/

Dr. J.P. London
Chairman of the Board, President
Chief Executive Officer and Director
(Principal Executive Officer)

Exhibit 32.2

Section 906 Certification

In connection with the annual report on Form 10-K of CACI International Inc (the "Company") for the fiscal year ended June 30, 2004, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned, Executive Vice President and Chief Financial Officer and Treasurer of the Company certifies, to the best of his knowledge and belief pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the

Company.

Date: September 10, 2004

/s/

Stephen L. Waechter
Executive Vice President, Chief Financial Officer
and Treasurer
(Principal Financial Officer)

End of Filing