

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the quarterly period ended October 1, 1995

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number 1-5560

Alpha Industries, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-2302115
(I.R.S. Employer
Identification No.)

20 Sylvan Road, Woburn, Massachusetts
(Address of principal executive offices)

01801
(Zip Code)

Registrant's telephone number, including area code: (617) 935-5150

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 X No
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Indicate the number of shares outstanding of each of the issuer's classes
of common stock, as of the latest practicable date.

Class	Outstanding at October 25, 1995
Common Stock, par value \$.25 per share	7,809,272

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Statement of Fair Presentation

The financial information included herein is unaudited. In addition, the financial information does not include all disclosures required under generally accepted accounting principles because certain note information included in the Company's annual report to shareholders has been omitted and such information should be read in conjunction with the prior year's annual report. However, the financial information reflects all adjustments (consisting solely of normal recurring adjustments) which are, in the opinion of management, necessary to a fair statement of the results for the interim periods. The Company considers the disclosures adequate to make the information presented not misleading.

----- Alpha Industries, Inc. and Subsidiaries

Consolidated Balance Sheets
(In thousands except share and per share amounts)

	Oct. 1, 1995 (unaudited)	April 2, 1995 (audited)
<hr/>		
Assets		
Current assets		
Cash and cash equivalents at cost (approximates market).....	\$ 2,104	\$ 3,510
Accounts receivable.....	16,152	13,548
Inventories (Note 1).....	10,747	9,370
Prepayments and other current assets.....	565	756
Total current assets.....	<u>29,568</u>	<u>27,184</u>
Property, plant and equipment, less accumulated depreciation and amortization of \$55,844 and \$53,283.....	21,828	20,489
Other assets.....	650	594
Property held for resale (Note 2).....	-	1,900
	<u>\$ 52,046</u>	<u>\$ 50,167</u>
	=====	=====
<hr/>		
Liabilities And Stockholders' Equity		
Current liabilities		
Notes payable, bank (Note 3).....	\$ 5,575	\$ 3,000
Current maturities of long-term debt.....	267	339
Current maturities of capital lease obligations.....	408	370
Accounts payable.....	4,834	5,206
Payroll, commissions and related expenses.....	5,098	4,777
Repositioning reserve.....	625	991
Other accrued liabilities.....	1,652	1,518
Total current liabilities.....	<u>18,459</u>	<u>16,201</u>
Long-term debt.....	1,617	4,744
Long-term capital lease obligations.....	784	754
Other long-term liabilities.....	886	794
Commitments and contingencies (Note 5)		
Stockholders' equity		
Common stock par value \$.25 per share: authorized 30,000,000 shares; issued 8,054,774 and 7,994,495 shares.....	2,014	1,999
Additional paid-in capital.....	28,335	27,921
Retained earnings (deficit).....	457	(1,738)
Less - Treasury shares 246,052 and 262,886 shares at cost.....	311	330
Unearned compensation-restricted stock.....	195	178
Total stockholders' equity.....	<u>30,300</u>	<u>27,674</u>
	<u>\$ 52,046</u>	<u>\$ 50,167</u>
	=====	=====

The accompanying notes are an integral part of these financial statements.

Consolidated Statements of Income
(Unaudited)
(In thousands except per share data)

	Second Quarter Ended		Six Months Ended	
	Oct. 1, 1995	Oct. 2, 1994	Oct. 1, 1995	Oct. 2, 1994
Net sales.....	\$ 23,733	\$ 18,253	\$ 46,167	\$ 36,928
Cost of sales.....	15,836	12,856	30,888	25,913
Research and development expenses.....	2,128	879	3,915	1,798
Selling and administrative expenses...	4,308	3,559	8,737	7,337
Repositioning credit.....	-	-	(320)	-
Operating income.....	1,461	959	2,947	1,880
Interest expense.....	(232)	(190)	(441)	(385)
Interest income and other, net.....	44	44	77	61
Income before income taxes.....	1,273	813	2,583	1,556
Provision for income taxes.....	192	154	388	294
Net income.....	\$ 1,081	\$ 659	\$ 2,195	\$ 1,262
Net income per share.....	\$ 0.13	\$ 0.08	\$ 0.27	\$ 0.16
Weighted average common shares and common share equivalents (Note 4).....	8,208	7,807	8,196	7,744

The accompanying notes are an integral part of these financial statements.

Consolidated Statements Of Cash Flows
(Unaudited)
(In thousands)

	Six Months Ended	
	Oct. 1, 1995	Oct. 2, 1994
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Cash flows from operating activities:		
Net income.....	\$ 2,195	\$ 1,262
Adjustments to reconcile net income to net cash provided from (used for) operations:		
Depreciation and amortization of property, plant and equipment.....	2,561	2,288
Contribution of treasury shares to Savings and Retirement Plan.....	220	-
Amortization of unearned compensation - restricted stock, net.....	30	21
Repositioning credit.....	(320)	-
Increase in other liabilities and long-term benefits.....	92	50
Increase in other assets.....	(305)	(251)
Change in assets and liabilities:		
Accounts receivable.....	(2,604)	4
Inventories.....	(1,377)	(858)
Other current assets.....	191	(159)
Accounts payable.....	(372)	(189)
Other accrued liabilities and expenses.....	455	(185)
Repositioning reserve.....	(366)	(587)
	400	1,396
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Cash flows from investing activities:		
Proceeds from sale of building.....	2,465	-
Additions to property, plant and equipment.....	(3,595)	(2,272)
	(1,130)	(2,272)
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Cash flows from (used in) financing activities:		
Proceeds from notes payable.....	3,033	2,006
Payments on long-term debt.....	(3,657)	(164)
Deferred charges related to long-term debt.....	4	(4)
Payments on capital lease obligations.....	(237)	(181)
Proceeds from sale of stock.....	64	42
Exercise of stock options.....	117	94
	(676)	1,793
<hr style="border-top: 1px dashed black;"/>		
Net increase (decrease) in cash and cash equivalents.....	(1,406)	917
Cash and cash equivalents, beginning of period.....	3,510	1,691
	\$ 2,104	\$ 2,608
	=====	=====
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Supplemental Disclosures:

Capital lease obligations of \$305 thousand were incurred during the six months ended October 1, 1995 when the Company entered into leases for new equipment.

The accompanying notes are an integral part of these financial statements.

Notes To Consolidated Financial Statements

(unaudited)

Note 1 Inventories

Inventories consist of the following (in thousands):	Oct. 1, 1995	April 2, 1995
Raw materials.....	\$ 3,826	\$ 3,186
Work-in-process.....	5,620	4,950
Finished goods.....	1,301	1,234
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	\$ 10,747	\$ 9,370
	=====	=====

Note 2 Property Held for Resale

In July, 1995, the Company sold its Methuen, Massachusetts plant. The Company received net proceeds of \$2.5 million and retired \$3.5 million of related debt. In order to repay the balance of the \$3.5 million of debt, the Company borrowed approximately \$1 million under its line of credit agreement. During the first quarter of fiscal 1996, the Company recorded a \$320,000 repositioning credit, attributable to the reversal of certain accruals for estimated carrying costs, as a result of an earlier than expected disposition of this property.

Note 3 Notes Payable, Bank

In September, 1995 the Company entered into a \$6.5 Working Capital Line of Credit Agreement which expires on August 1, 1997 and a \$5.0 million Equipment Line of Credit Agreement which expires on July 31, 1996. These lines of credit are collateralized by the assets of the Company, excluding real property, not otherwise collateralized. Interest payments are due monthly at prime or LIBOR plus 200 basis points. Commitment fees on these loan agreements are \$25,000 for the Equipment Line of Credit and 1/2% per year on the Working Capital Line of Credit which is to be paid quarterly. At October 1, 1995, \$5.6 million was borrowed under the Working Capital Line of Credit Agreement.

Note 4 Earnings Per Share

Earnings per common share for the six months ended October 1, 1995 and October 2, 1994 were computed using the weighted average number of common shares and common equivalent shares outstanding during the periods of 8,195,853 and 7,743,920 shares, respectively.

Note 5 Commitments and Contingencies

The Company is party to suits and claims arising in the normal course of business. Management believes these are adequately provided for or will result in no significant additional liability to the Company.

Management's Discussion And Analysis of Financial Condition And Results Of
Operations

Results of Operations

Sales for the first six months of fiscal 1996 increased 25.0% to \$46.2 million as compared to sales of \$36.9 million for the first six months of fiscal 1995. Sales for the second quarter of fiscal 1996 increased 30% to \$23.7 million as compared to sales of \$18.3 million for the same period last year. The year and quarter-to-date increases were attributable to increased unit sales volumes in the Company's GaAs MMIC, ceramic and silicon discrete semiconductor products lines, primarily into commercial wireless markets, which more than offset declining military sales. Unit sales increases offset flat or declining average selling prices in the Company's markets.

The increases in sales occurred despite the continued delay in volume shipments under a \$20 million contract to supply ceramic filters entered into with Motorola in the third quarter of fiscal 1995. Motorola is working with the Company to resolve a mechanical problem with the filter on a new manufacturing line at Motorola.

Orders received by the Company during the first six months of fiscal 1996, which do not include any material amount attributable to the Motorola ceramic filter contract, increased 32.6% compared with the first six months of fiscal 1995. New orders for the second quarter of fiscal 1996 increased 42.3% compared with the second quarter of fiscal 1995. These new orders consisted primarily of ceramic filter and resonator orders from other wireless OEMs as well as orders for GaAs MMICs from wireless OEMs, including Motorola. The Company accordingly does not expect the delay in the commencement of volume production under the Motorola ceramic filter contract to have a material effect on its results of operations.

Gross profit for the first six months of fiscal 1996 increased 38.7% to \$15.3 million or 33.1% of sales, as compared to \$11.0 million or 29.8% of sales, for the comparable period in fiscal 1995. Gross profit for the second quarter of fiscal 1996 increased 46.3% to \$7.9 million or 33.3% of sales as compared to \$5.4 million or 29.6% of sales. The improvement in gross profit was attributable primarily to higher capacity utilization at the Company's Woburn, Massachusetts manufacturing facility.

Research and development expenses increased 117.7% to \$3.9 million, or 8.5% of sales in the first six months of fiscal 1996 as compared to \$1.8 million or 4.9% of sales during the first six months of fiscal 1995. For the second quarter ended October 1, 1995 research and development increased 142% to \$2.1 million, or 9.0% of sales as compared to \$879,000 or 4.8% of sales. This increase was primarily attributable to increased investment by the Company in the wireless markets across all of its product lines. The Company will continue to invest in product and process development in order to address the demands of the wireless market.

Selling and administrative expenses increased 19.1% to \$8.7 million or 18.9% of sales in the first six months of fiscal 1996, as compared to \$7.3 million, or 19.8% of sales for the same period in fiscal 1995. For the second quarter ended October 1, 1995 selling and administrative expenses increased 21.0% to \$4.3 million, or 18.2% of sales. Selling and administrative expenses increased primarily as a result of training and other costs related to the early phases of implementation of a new manufacturing and management information system, as well as increased commissions related to higher sales volume.

The Company had a \$320,000 repositioning credit during the first half of fiscal 1996, which resulted from the reversal of certain accruals for estimated carrying costs as a result of an earlier than expected disposition of the Methuen, Massachusetts facility.

Other expense for the first six months and quarter ended October 1, 1995 increased primarily as a result of interest expense attributable to higher short-term borrowings.

The Company's effective tax rate for the first six months of fiscal 1996 was 15.0% compared to the current combined federal, state and foreign rate of approximately 40%. This rate differed from statutory rates primarily as a result of the utilization of net operating loss carryforwards. At October 1, 1995, the Company had available net operating loss carryforwards of approximately \$23 million which expire commencing in 2004.

Financial Condition

At October 1, 1995, working capital totaled \$11.1 million and included \$2.1 million in cash and cash equivalents, compared with \$11.0 million at the end of fiscal 1995. In July, 1995, the Company sold its Methuen, Massachusetts plant and received net proceeds of \$2.5 million. In connection with the sale, using the net proceeds and \$1 million borrowed under its line of credit, the Company retired \$3.5 million of related debt. During the first six months of fiscal 1996, cash generated from the Company's operations combined with additional

borrowings under its line of credit were used to support increases in accounts receivables and inventories and capital additions resulting from the growth in new business. These capital additions included semiconductor and ceramic manufacturing equipment, as well as various information technology equipment purchased for an aggregate of \$3.9 million. With the increased demand for its wireless products, the Company expects to increase its investment in production facilities and equipment by approximately \$12 million in the next 12 months.

In September 1995, the Company entered into a \$6.5 million working capital line of credit agreement which expires on August 1, 1997, of which approximately \$1.1 million was available at October 25, 1995, and a \$5.0 million equipment line of credit which expires on July 31, 1996, under which \$1.0 million has been borrowed by the Company at October 25, 1995. Advances under these lines of credit bear interest at the prime rate or, at the Company's option, the LIBOR rate plus 200 basis points. The Company is also seeking approval from the State of Maryland for an additional \$3 million of grant funding to finance the planned expansion of its ceramic manufacturing facility. Other sources of financing have also been or are being pursued, such as increasing the amount of the line of credit, receiving additional grant funding, capital financing through leases and any other sources of funding that may become available in order to finance the currently planned expansion of \$12.0 million.

PART II - OTHER INFORMATION

Item 1 Legal Proceedings

The Company does not have any material pending legal proceedings other than routine litigation incidental to its business.

The Company has been notified by federal and state environmental agencies of its potential liability with respect to the following two sites: the Spectron, Inc. Superfund site in Elkton, Maryland; and the Seaboard Chemical Corporation site in Jamestown, North Carolina. In each case several hundred other companies have also been notified about their potential liability regarding these sites. The Company continues to deny that it has any responsibility with respect to these sites other than as a de minimis party. Management is of the opinion

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that the outcome of the aforementioned environmental matters will not have a material effect on the Company's operations.

Item 4 Submission of Matters to a Vote of Security Holders

(a) On September 11, 1995, Alpha Industries, Inc. held its Annual Meeting of Stockholders.

(b) At the Meeting, the Stockholders elected George S. Kariotis as a Class 3 Director to hold office for a three-year term until the 1998 Annual Meeting of Stockholders and until his successor has been duly elected and qualified. Votes were cast as follows: Mr. Kariotis 6,392,877 for and 94,072 withheld. The terms of office as Directors of Arthur Pappas and Raymond Shamie continue after the Meeting until the 1997 Annual Meeting of Stockholders, and the terms of office as Directors of Martin J. Reid and Sidney Topol continue after the Meeting until the 1996 Annual Meeting of Stockholders.

Item 6 Exhibits And Reports On Form 8-K

(a) Exhibits

(3) Certificate of Incorporation and By-laws.

(a) Composite Certificate of Incorporation dated May 26, 1966 as amended March 21, 1967 and October 27, 1967 (Filed as Exhibits 3(a), (b) and (c) to Registrant's Registration Statement on Form S-1 (Registration No. 2-27685)*, October 6, 1978 (Filed as Exhibit A to Proxy Statement dated July 27, 1978)*, October 22, 1979 (Filed as Exhibit (a) (3) (3) to Annual Report on Form 10-K for fiscal year ended March 31, 1981)*, September 30, 1981 (Filed as Exhibit 20(b) to Quarterly Report on Form 10-Q for quarter ended September 30, 1981)*, February 8, 1983 (Filed as Exhibit 19(a) to Quarterly Report on Form 10-Q for quarter ended December 31, 1983)*, December 3, 1985 (Filed as Exhibit 3(a) to Annual Report on Form 10-K for the year ended March 31, 1986)* and October 20, 1986 (Filed as Exhibit 3(a) to Annual Report on Form 10-K for the year ended March 31, 1987)*.

(b) Amended and restated By-laws of the Corporation dated April 30, 1992 (Filed as Exhibit 3(b) to the Annual Report on Form 10-K for the year ended March 29, 1992)*.

(4) Instruments defining rights of security holders, including indentures.

(a) Specimen Certificate of Common Stock (Filed as Exhibit 4(a) to Registration Statement on Form S-1 (Registration No. 2-25197))*.

(b) Frederick County Industrial Development Revenue Bond, Deed of Trust, Loan Agreement and Guaranty and Indemnification Agreement dated June 17, 1982 (Filed as Exhibit 4(g) to the Registration Statement on Form S-8 filed July 29, 1982)*. Bond and Loan Document

Modification Agreement dated December 9, 1993 (Filed as Exhibit 4(c) to the Quarterly Report on Form 10-Q for the quarter ended December 26, 1993)*.

- (c) Methuen, Massachusetts Industrial Revenue Mortgage, Indenture of Trust and Agreement among Massachusetts Industrial Finance Agency, Registrant and The First National Bank of Boston, as Trustee; Guaranty Agreement among Registrant, The First National Bank of Boston, as Trustee and Massachusetts Industrial Finance Agency dated as of August 1, 1984 and amended on November 20, 1990; and Agreement between Massachusetts Industrial Finance Agency and Registrant dated August 1, 1984 and amended November 20, 1990 (Original Agreement filed as Exhibit 4(b) to the Quarterly Report on Form 10-Q for the quarter ended September 30, 1984)* (Amendment filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended December 30, 1990)*.
- (d) Line of Credit Agreement between Registrant and Silicon Valley Bank dated as of November 20, 1990 (Original Agreement filed as Exhibit 4(f) to the Quarterly Report on Form 10-Q for the quarter ended December 30, 1990)*; amended September 1, 1991 (Filed as Exhibit 4(f) to the Quarterly Report on Form 10-Q for the quarter ended September 29, 1991)*; amended September 8, 1992 (Filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended September 27, 1992)*; amended February 18, 1993 (Filed as Exhibit 4(e) to the Annual Report on Form 10-K for the year ended March 28, 1993)*, amended June 18, 1993 (Filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*; amended September 3, 1993 (Filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended September 26, 1993)*; amended April 1, 1994 (Filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)* and further amended September 5, 1994 (Filed as Exhibit 4(e) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*.
- (e) Loan Contract dated January 21, 1985, First Amendment to Loan Contract dated October 11, 1985 and Second Amendment to Loan Contract dated December 19, 1986 each between Registrant, the City of Lawrence and the Lawrence Redevelopment Authority; Guaranty Agreement dated January 21, 1985 and First Amendment to Guaranty Agreement dated October 11, 1985, each between Registrant and the Lawrence Redevelopment Authority; and Urban Development Action Grant (UDAG) (Grant Number: B-84-AA-25-0142) and Amendment thereto, each dated April 6, 1984 and each between the City of Lawrence and the United States Department of Housing and Urban Development (Filed as Exhibit 4(k) to the Annual Report on Form 10-K for the fiscal year ended March 31, 1986)*.
- (f) Amended and Restated Rights Agreement dated as of November 24, 1986, as amended and restated July 3, 1990 and as further amended September 9, 1990 and September 24, 1990, between Registrant and The First National Bank of Boston, as Rights Agent (The July 3, 1990 restatement and the September 9, 1990 and September 24, 1990 amendments were filed as Exhibit 4 to the Current Report on Form 8-K dated July 3, 1990 and Exhibits 4(a) and 4(b) to the Current Report on Form 8-K dated September 18, 1990, respectively)*.
- (g) Loan and Security Agreement dated December 15, 1993 between Trans-Tech, Inc., and County Commissioners of Frederick County (Filed as Exhibit 4(h) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*.
- (h) Stock Purchase Warrant for 50,000 shares of the Registrant's Common Stock issued to Silicon Valley Bank as of April 1, 1994 (Filed as Exhibit 4(i) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*.
- (i) Mortgage, Fixture Financing Statement and Assignment of Leases and Rents dated September 16, 1994 between The First National Bank of Boston, as Trustee, and Registrant and First

Amendment to Mortgage, Fixture Financing Statement and Assignment of Leases and Rents dated October 12, 1994 between The First National Bank of Boston, as Trustee, and Registrant. Amendment No. 1 to Amended and Restated Guaranty Agreement dated September 16, 1994 between The First National Bank of Boston, as Trustee, The First National Bank of Boston and the Massachusetts Industrial Finance Agency (Filed as Exhibit 4(j) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*.

- (j) Credit Agreement dated September 29, 1995 between Alpha Industries, Inc, and Trans-Tech Inc. and Fleet Bank of Massachusetts, N.A. and Silicon Valley Bank.

(10) Material Contracts.

- (a) Alpha Industries, Inc., 1986 Long-Term Incentive Plan as amended (Filed as Exhibit 10(a) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (b) Alpha Industries, Inc., Employee Stock Purchase Plan as amended October 22, 1992 (Filed as Exhibit 10(b) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)*. (1)
- (c) SERP Trust Agreement between the Registrant and the First National Bank of Boston as Trustee dated April 8, 1991 (Filed as Exhibit 10(c) to the Annual Report on Form 10-K for the fiscal year ended March 31, 1991)*. (1)
- (d) Digital Business Agreement between Digital Equipment Corporation and Registrant dated April 2, 1990. Master Lease Addendum (Ref. No. 6260) to Digital Business Agreement No. 3511900 between Digital Equipment Corporation and Registrant dated April 2, 1990 (Filed as Exhibit 10(g) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1992)*.
- (e) Common Stock Purchase Agreement dated November 8, 1990 between Registrant and Shamie Management Corporation (Filed as Exhibit 10(h) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1992)*. (1)
- (f) Alpha Industries, Inc., Long-Term Compensation Plan dated September 24, 1990 (Filed as Exhibit 10(i) to the Annual Report on Form 10-K for the fiscal year ended March 29, 1992)*; amended March 28, 1991 (Filed as Exhibit 10 (a) to the Quarterly Report on Form 10-Q for the quarter ended June 27, 1993)* and as further amended October 27, 1994 (Filed as Exhibit 10(f) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)
- (g) Master Equipment Lease Agreement between AT&T Commercial Finance Corporation and the Registrant dated June 19, 1992 (Filed as Exhibit 10(j) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)*.
- (h) Employment Agreement dated October 1, 1990 between the Registrant and Martin J. Reid, as amended March 26, 1992 and amended January 19, 1993 (Filed as Exhibit 10(k) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and amended August 10, 1993 (Filed as Exhibit 10(j) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*. (1)
- (i) Employment Agreement dated October 1, 1990 between the Registrant and George S. Kariotis, as amended May 15, 1991 and amended January 22, 1993 (Filed as Exhibit 10(l) to the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and amended August 10, 1993 (Filed as Exhibit 10(k) to the Quarterly Report on Form 10-Q for the quarter ended July 3, 1994)*. (1)
- (j) Employment Agreement dated October 1, 1990 between the Registrant and Patrick Daniel Gallagher, as amended March 24, 1992 and amended by Second Amendment dated September 29, 1992 and Third Amendment dated January 20, 1993 (Filed as Exhibit 10(m) to

the Annual Report on Form 10-K for the fiscal year ended March 28, 1993)* and Fourth Amendment dated August 3, 1994 (Filed as Exhibit 10(l) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)

- (k) Employment Agreement dated April 28, 1994 between the Registrant and Joseph J. Alberici. (Filed as Exhibit 10(o) to the Annual Report on Form 10-K for the fiscal year ended April 3, 1994)*; and further amended August 3, 1994 (Filed as Exhibit 10(n) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (l) Consulting Agreement dated August 13, 1992 between the Registrant and Sidney Topol. (Filed as Exhibit 10(p) to the Annual Report on Form 10-K for the fiscal year ended April 3, 1994)*. (1)
- (m) Employment Agreement dated August 3, 1994 between the Registrant and Thomas C. Leonard (Filed as Exhibit 10(p) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (n) Master Lease Agreement between Comdisco, Inc. and the Registrant dated September 16, 1994 (Filed as Exhibit 10(q) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*.
- (o) Alpha Industries, Inc., 1994 Non-Qualified Stock Option Plan for Non-Employee Directors (Filed as Exhibit 10(r) to the Quarterly Report on Form 10-Q for the quarter ended October 2, 1994)*. (1)
- (p) Alpha Industries Executive Compensation Plan dated January 1, 1995 and Trust for the Alpha Industries Executive Compensation Plan dated January 3, 1995 (Filed as Exhibit 10(p) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)
- (q) Letter of Employment dated January 24, 1995 between the Registrant and David J. Aldrich (Filed as Exhibit 10(q) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)
- (r) Alpha Industries, Inc. Savings and Retirement Plan dated March 31, 1995 (Filed as Exhibit 10(r) to the Annual Report on Form 10-K for the fiscal year ended April 2, 1995)*. (1)

(11) Statement re computation of per share earnings**.

(27) Financial Data Schedule.

(b) Reports on Form 8-K

No reports on Form 8-K were filed with the Securities and Exchange Commission during the fiscal quarter ended October 1, 1995.

*Not filed herewith. In accordance with Rule 12b-32 promulgated pursuant to the Securities Exchange Act of 1934, as amended, reference is hereby made to documents previously filed with the Commission, which are incorporated by reference herein.

**Reference is made to Note 4 of the notes to Consolidated Financial Statements on Page 6 of this Quarterly Report on Form 10-Q, which Note 4 is hereby incorporated by reference herein.

(1) Management Contracts.

Signatures

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

Date: October 25, 1995

Alpha Industries, Inc. and Subsidiaries

Registrant

/s/ Martin J. Reid

Martin J. Reid
Chief Executive Officer
President and Director

/s/ David J. Aldrich

David J. Aldrich
Chief Financial Officer
Principal Financial Officer

/s/ Paul E. Vincent

Paul E. Vincent
Corporate Controller
Principal Accounting Officer

CREDIT AGREEMENT

Dated as of September 29, 1995

among

ALPHA INDUSTRIES, INC.,
TRANS-TECH, INC.

and

FLEET BANK OF MASSACHUSETTS, N.A.

and

SILICON VALLEY BANK

Working Capital Line of Credit Loans

\$6,500,000

and

Equipment Line of Credit Loans

\$5,000,000

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Schedule A

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B	-	Schedule of Approved Foreign Account Debtors

CREDIT AGREEMENT

THIS CREDIT AGREEMENT, dated as of September 29, 1995 by and among ALPHA INDUSTRIES, INC., a Delaware corporation with its principal place of business at 20 Sylvan Road, Woburn, Massachusetts 01801 ("Alpha"), TRANS-TECH, INC., a

Maryland corporation with its principal place of business at 5520 Adamstown Road, Adamstown, Maryland ("Trans-Tech"), and FLEET BANK OF MASSACHUSETTS, N.A.,

a national banking association with its principal place of business at Fleet Center, 75 State Street, Boston, Massachusetts 02109-1810 (together with its successors, "Fleet"), and SILICON VALLEY BANK, a California-chartered bank, with

its principal place of business at 3003 Tasman Drive, Santa Clara, California 95054 with a loan production office located at Wellesley Office Park, 45 William Street, Wellesley, Massachusetts 02181, doing business under the name Silicon Valley East (together with its successors, "SVB"). Alpha and Trans-Tech are

sometimes each referred to herein as a "Borrower" and together as the

"Borrowers." SVB and Fleet are sometimes each referred to herein as a "Bank"

and collectively as the "Banks." SVB in its capacity as collateral agent for

the Banks is referred to herein as the "Collateral Agent."

Section 1 Working Capital Line of Credit Loans.

1.1 Amount. Subject to and upon the terms and conditions set

forth below, each of the Banks severally agrees to make loans (each a "Working Capital Line of Credit Loan" and collectively, the "Working Capital Line of

Credit Loans") to the Borrowers under this Section 1.1 from time to time to and

including August 1, 1997 (the "Working Capital Commitment Expiration Date"),

unless earlier terminated pursuant to Section 1.7, in an aggregate principal amount not to exceed at any one time outstanding their respective Working Capital Line of Credit Commitments as set forth in Section 1.2 below (together, the "Total Working Capital Line Commitment"), subject to the limitation set

forth in Section 1.5. Within the limit of the Working Capital Line Commitment, the Borrowers may borrow, repay and reborrow at any time or from time to time until the Working Capital Commitment Expiration Date, or the termination of the Working Capital Line Commitment, whichever occurs earlier.

1.2 Working Capital Line of Credit Commitment. The Total

Working Capital Line Commitment shall be \$6,500,000 in the aggregate; the Working Capital Line Commitment of SVB shall be \$4,000,000; and the Working Capital Line Commitment of Fleet shall be \$2,500,000, provided, however, the Borrowers agree to furnish to the Banks on or before October 31, 1995 a Certificate of the Secretary or Assistant Secretary of each Borrower with respect to resolutions of their respective Board of Directors authorizing working capital borrowings up to \$7,500,000 together with amended and restated working capital notes in the appropriate amounts, upon receipt of which by the Banks, the Total Working Capital Line Commitment shall be increased to \$7,500,000 in the aggregate, the Working Capital Line Commitment of SVB shall be \$4,500,000 and the Working Capital Line Commitment of Fleet shall be \$3,000,000.

1.3 Working Capital Line of Credit Notes. The Working Capital

Line of Credit Loans made by each Bank shall be evidenced (i) in the case of SVB, by a promissory note payable to the order of SVB with interest in accordance with the terms of the Promissory Note of the Borrowers to be issued in substantially the form of attached Exhibit A-1, dated the date hereof and

(ii) in the case of Fleet by a promissory note payable to the order of Fleet with interest in accordance with the terms of the Promissory Note of the Borrowers to be issued in substantially the form of attached Exhibit A-2, dated _____ the date hereof (each a "Working Capital Note" and together the "Working Capital Notes").

1.4 Requests For Line of Credit Loans. Whenever either

Borrower desires to obtain a Working Capital Line of Credit Loan, such Borrower shall notify SVB in accordance with the provisions of 3.6 below. Not later than 1:00 p.m. (Boston time) on the date specified for the making of each such Working Capital Line of Credit Loan, each Bank shall make available to SVB, at SVB's principal office, an amount equal to such Bank's respective Working Capital Commitment Percentage multiplied by the amount of the Working Capital Line of Credit Loan requested as set forth above. Subject to the terms and conditions of this Agreement, the amount so received by SVB shall be made available to the Borrowers by crediting the same in immediately available funds, to the Alpha's regular deposit account with SVB.

1.5 Working Capital Borrowing Base. The Borrowers shall not

permit, or request any advance hereunder that would cause, the sum of the aggregate unpaid principal amount of all Working Capital Line of Credit Loans under the Total Working Capital Line Commitment (the "Working Capital Extensions of Credit"), to exceed at any time an amount equal to the lesser of (i) total the Working Capital Line Commitment or (ii) 85% of all Eligible Domestic Accounts Receivable and 85% of all Eligible International Accounts Receivable at such time, such amount, (the "Working Capital Borrowing Base"). If at any time the aggregate principal amount of all Working Capital Extensions of Credit exceeds the Working Capital Borrowing Base, the Borrowers shall, on the next Banking Day, prepay such excess principal amount together with accrued interest thereon at the applicable rate.

1.6 Maturity Date of Working Capital Line of Credit Loans. All

Working Capital Line of Credit Loans shall mature and the total unpaid principal amount thereunder shall be due and payable on August 1, 1997 (the "Working Capital Line Maturity Date"), at which time all amounts advanced under this Section 1 shall be immediately due and payable.

1.7 Termination of Working Capital Line Commitment. The

Borrowers, upon (a) notice to the Banks in accordance with the provisions of Section 3.6 and (b) the repayment in full of the outstanding principal balance of the Working Capital Line of Credit Loans (and accrued interest thereon) and the payment in full of the unpaid balance of the Facility Fee provided for in Section 5.8 through the Working Capital Commitment Expiration Date together with any expenses or other fees owed by the Borrowers to the Banks under or pursuant to this Agreement, may elect to permanently terminate the Total Working Capital Line Commitment.

Section 2 Equipment Line of Credit Loans.

2.1 Amount. Subject to and upon the terms and conditions set

forth below, Fleet agrees to make loans (each an "Equipment Line of Credit Loan") and collectively, the "Equipment Line of Credit Loans" to the Borrowers under this Section 2.1 from time to time to and including July 31, 1996 (the "Equipment Line Commitment Expiration Date"), unless earlier terminated pursuant to Sections 2.6 or 9.2, in an aggregate amount not to exceed at any one time outstanding \$5,000,000 (the "Equipment Line Commitment"), subject to the limitation set forth in Section 2.4.

2.2 Equipment Notes. The Equipment Line of Credit Loans shall

be evidenced by and payable with interest in accordance with the note of the Borrowers in the form of attached

Exhibit A-3, dated the date hereof (the "Equipment Line Note"). The Working

Capital Line Notes and the Equipment Line Note are sometimes together referred to herein as the "Borrower Notes".

2.3 Requests For Equipment Line Loans. Either Borrower may

make requests of Fleet for Equipment Line of Credit Loans, and Fleet shall make such loans in the same manner as provided in Section 1.4 and Section 3.6 with respect to Working Capital Line of Credit Loans, except that together with the notice of borrowing, such Borrower shall furnish to Fleet copies of all invoices for items of Eligible Equipment and such other information as Fleet shall reasonably request.

2.4 Restrictions on Advances. Equipment Line of Credit Loans

may be made only with respect to an item or items of Eligible Equipment specifically identified in accordance with Section 2.3, and the principal amount of any such Equipment Line of Credit Loans may not exceed 80% of the invoice price of such item or items of Eligible Equipment, not including prepackaged software and soft costs, sales taxes, shipping charges, installation charges, training charges and similar charges and expenses.

2.5 Maturity Date of Equipment Line Loans. All Equipment Line

of Credit Loans shall be repayable in installments in accordance with the terms of the Equipment Line Note, provided that all Equipment Line of Credit Loans shall mature and the total principal amount thereunder shall be payable on August 1, 1999 (the "Equipment Line Maturity Date"), at which time all amounts advanced under this Section 2 shall be immediately due and payable.

2.6 Termination of Equipment Line Commitment. The Borrowers,

upon notice to Fleet in accordance with the provisions of Section 3.6, and the repayment in full of the outstanding principal balance of the Equipment Line of Credit Loans (and accrued interest thereon) and the payment in full of any expenses or other fees owed by the Borrowers to Fleet under or pursuant to the Equipment Line Commitment and the Equipment Line of Credit Loans, may elect to permanently terminate the Equipment Line Commitment.

Section 3 Interest Rates; Payments and Optional Prepayments.

3.1 Interest Rates.

(a) The Borrowers agree to pay interest on the unpaid principal amount of each Working Capital Line of Credit Loan for each day from and including the date such Working Capital Line of Credit Loan was made to but excluding the date the principal on such Working Capital Line of Credit Loan is due (whether at maturity, by acceleration or otherwise), at the fluctuating rates per annum:

- (i) for Prime Rate Loans, at the Prime Rate per annum; and
- (ii) for LIBOR Loans, at the LIBOR Rate, plus 200 basis points per annum.

(b) The Borrowers agree to pay interest on the unpaid principal amount of each Equipment Line of Credit Loan for each day from and including the date such Equipment Line of Credit Loan was made to but excluding the date the principal on such Equipment Line of Credit Loan is due (whether at maturity, by acceleration or otherwise), at the following fluctuating rates per annum:

- (i) for Prime Rate Loans, at the Prime Rate per annum; and

(ii) for LIBOR Loans, at the LIBOR Rate, plus 200 basis points

per annum.

(c) Notwithstanding the foregoing, the Borrowers will pay to the Banks interest at the applicable Post-Default Rate on any principal of any Working Capital Line of Credit Loan and any Equipment Line of Credit Loans (collectively, the "Borrower Loans") and on any other amount payable by the

Borrowers hereunder (but, if such amount is interest, only to the extent legally enforceable), which shall not be paid in full when due (whether at stated maturity, by acceleration or otherwise), for the period commencing on the due date thereof until the same is paid in full. Accrued interest on each Prime Rate Loan and LIBOR Loan shall be payable monthly in arrears on the first day of each month and in any event, upon the payment, prepayment or conversion thereof, but only on the principal so paid or prepaid or converted; provided that interest

payable at the Post-Default Rate shall be payable from time to time on demand of any Bank. Promptly after the determination of any interest rate provided for herein or any change therein, each Bank shall notify the Borrowers thereof.

Notwithstanding the foregoing provisions of this Section 3.1, if at any time the rate of interest set forth above (the "Stated Rate") exceeds the

maximum non-usurious interest rate permissible for any Bank to charge commercial borrowers under applicable law (the "Maximum Rate"), the rate of interest

charged on any Borrower Loans by any Bank hereunder shall be limited to the Maximum Rate.

In the event any Bank ever receives, collects or applies as interest any sum in excess of the Maximum Rate, such excess amount shall be applied to the reduction of the principal balance of the Borrower Loans in respect of which such interest was paid or to other amounts (other than interest) payable hereunder, and if no such principal is then outstanding, such excess or part thereof remaining shall be paid to the Borrowers.

3.2 Manner and Place of Payment. All payments under this

Agreement or otherwise in respect of any Borrower Loan shall be made not later than 2:00 p.m. (Boston Time) on the date when due and shall be made in immediately available funds at the Office of the Bank which has made such Borrower Loan or by a Borrower's check drawn on the depository account(s) maintained by such Borrower with such Bank payable to such Bank or its order. All payments shall be made without setoff, counterclaim, withholding or reduction of any kind whatsoever. Each Borrower hereby requests and authorizes each Bank to debit any of such Borrower's accounts with such Bank for payments of interest and principal due on the Borrower Loans and any other obligations owing by the Borrowers to such Bank. Each Bank will notify the Borrowers of all debits which such Bank makes against a Borrower's accounts. Any such debits against a Borrower's accounts in no way shall be deemed a setoff.

3.3 Payments Due on Saturdays, Sundays and Holidays. Whenever

any payment to be made hereunder or under the Borrower Notes shall be due on a day which is not a Banking Day, such payment may be made on the next succeeding Banking Day, and such extension of time shall be included in computing any interest or fees due.

3.4 Computations. Interest on the Borrower Loans shall be

computed on the basis of a year of 360 days and actual days elapsed (including the first day but excluding the last day) occurring in the period for which payable.

3.5 Minimum and Maximum Amounts. Each borrowing, conversion and

prepayment of principal of Borrower Loans shall be in an aggregate principal amount equal to (a) in the case of LIBOR Loans, \$200,000 or a larger multiple of \$50,000 and (b) in the case of Prime Rate Loans, without any minimum amount or any minimum integral multiple thereof (conversions or

prepayments of Borrower Loans of different Types or, in the case of LIBOR Loans, having different Interest Periods, at the same time hereunder to be deemed separate conversions and prepayments for purposes of the foregoing, one for each Type or Interest Period); provided that any payment or prepayment in full of any

Borrower Loans may be in the aggregate outstanding principal amount thereof.

3.6 Certain Notices. Notices to SVB in the case of the Total

Working Capital Line Commitment and Working Capital Line of Credit Loans and to Fleet in the case of the Equipment Line Commitment and Equipment Line Loans of (a) termination of the Working Capital Line of Credit Commitment or the Equipment Line Commitment, as the case may be, (b) borrowings of Borrower Loans, (c) conversions and prepayments of Borrower Loans and of the duration of Interest Periods, shall be irrevocable and shall be effective only if received by the Bank in question not later than 12:00 Noon (Boston time) on the number of Banking Days prior to the date of the termination, borrowing, conversion and/or prepayment specified below:

	Number of Banking Days Prior Notice -----
Termination of Commitment	2
Borrowings, or prepayment of Prime Rate Loans	1
Prepayment of, conversion into, or duration of Interest Periods for, LIBOR Loans	3

Each notice of borrowing, conversion or prepayment shall specify, whether it is a Working Capital Line of Credit Loan or Equipment Line of Credit Loan, the amount, the Type of the Borrower Loan to be borrowed, converted or prepaid, the date of borrowing, conversion or prepayment (which shall be a Banking Day in the case of the prepayment of a Prime Rate Loan, or a Working Day in the case of the conversion or prepayment of a LIBOR Loan) and, in the case of LIBOR Loans, the duration of the Interest Period therefor (subject to the definition of Interest Period). Each such notice of duration of an Interest Period shall specify the Borrower Loans to which such Interest Period is to relate. In the event that the Borrowers fail to select the duration of any Interest Period for any LIBOR Loan within the time period and otherwise as provided in this Section 3.6, such LIBOR Loan will be automatically converted into a Prime Rate Loan on the last day of the then current Interest Period for such LIBOR Loan or (if outstanding as Prime Rate Loans) will remain as, or (if not then outstanding) will be made as Prime Rate Loans.

3.7 Additional Costs.

(a) The Borrowers shall pay to each Bank from time to time such amounts as such Bank may reasonably determine to be necessary to compensate it for any costs incurred by such Bank which such Bank determines are attributable to its making or maintaining of any LIBOR Loans hereunder or its obligation to make any of such Borrower Loans hereunder, or any reduction in any amount receivable by such Bank hereunder in respect of any LIBOR Loan or such obligation (such increases in costs and reductions in amounts receivable being herein called "Additional Costs"), in each case resulting from any Regulatory

Change which:

(1) changes the basis of taxation of any amounts payable to such Bank under this Agreement or the Note or Notes held by such Bank in respect of any LIBOR Loan; or

(2) imposes or modifies any reserve, special deposit or similar requirements relating to any extensions of credit or other assets of, or any deposits with or other liabilities of, such Bank (including any LIBOR Loan or any deposits referred to in the definition of "LIBOR Rate" below).

Each Bank will notify the Borrowers of any event occurring after the date of this Agreement which will entitle such Bank to compensation pursuant to this Section 3.7 as promptly as practicable after it obtains knowledge thereof and determines to request such compensation. Such Bank will furnish the Borrowers with a statement, in reasonable detail, setting forth the basis and amount of each request by such Bank for compensation under this Section 3.7.

(b) Without limiting the effect of the foregoing provisions of this Section 3.7 in the event that, by reason of any Regulatory Change, any Bank either (i) incurs Additional Costs based on or measured by the excess above a specified level of the amount of a category of deposits or other liabilities of such Bank which includes deposits by reference to which the interest rate on LIBOR Loans is determined as provided in this Agreement or a category of extensions of credit or other assets of such Bank which includes LIBOR Loans or (ii) becomes subject to restrictions on the amount of such a category of liabilities or assets which it may hold, then, if such Bank so elects by notice to the Borrowers, the obligation of such Bank to make LIBOR Loans hereunder shall be suspended until the date such Regulatory Change ceases to be in effect.

(c) Determinations and allocations by any Bank for purposes of this Section 3.7 of the effect of any Regulatory Change on its costs of maintaining its obligations to make LIBOR Loans or of making or maintaining LIBOR Loans or on amounts receivable by it in respect of LIBOR Loans, and of the additional amounts required to compensate such Bank in respect of any Additional Costs, shall be conclusive absent manifest error, provided that such determinations and allocations are made on a reasonable basis, and provided further that in administering this Section each Bank shall not single out the Borrowers for different treatment but shall deal with them on the same basis as the Bank deals with its other customers generally.

3.8 Limitation on Types of Loans. Anything herein to the

contrary notwithstanding, if, with respect to any LIBOR Loans, any Bank determines (which determination shall be conclusive) that the relevant rates of interest referred to in the definition of "LIBOR Rate" in Section 10.1 below upon the basis of which the rates of interest for any LIBOR Loan are to be determined do not accurately reflect the cost to such Bank of making or maintaining such LIBOR Loans for the Interest Period therefor, then such Bank shall promptly notify the Borrowers, and so long as such condition remains in effect, such Bank shall be under no obligation to convert Prime Rate Loans into LIBOR Loans and the Borrowers shall, on the last day(s) of the then current Interest Period(s) for the outstanding LIBOR Loans, either prepay such LIBOR Loans or convert such LIBOR Loans into Prime Rate Loans in accordance with Section 3.13.

3.9 Illegality. Notwithstanding any other provision of this

Agreement to the contrary, in the event that it becomes unlawful for any Bank to (a) honor its obligation to make LIBOR Loans hereunder, or (b) maintain LIBOR Loans (identifying the illegality in question in reasonable detail) hereunder, then such Bank shall promptly notify the Borrowers and the other Bank thereof and such Bank's obligation to make LIBOR Loans hereunder shall be suspended until such time as such Bank may again make and maintain LIBOR Loans.

3.10 Substitute Prime Rate Loans. If the obligation of any Bank

to make LIBOR Loans shall be suspended pursuant to Section 3.7, 3.8 or 3.9 hereof, all Borrower Loans which would otherwise be made by such Bank as LIBOR Loans shall be made instead as Prime Rate Loans (and, if an event referred to in Section 3.7(b) or 3.9 has occurred and such Bank so requests, by notice to the Borrowers, each LIBOR Loan of such Bank then outstanding shall be automatically converted into a Prime Rate Loan on the date specified by such Bank in such notice) and, to the extent that LIBOR Loans are so made as (or converted into) Prime Rate Loans, all payments of principal which would otherwise be applied to such LIBOR Loans shall be applied instead to such Prime Rate Loans.

3.11 Compensation. If any payment, prepayment or conversion of

a LIBOR Loan occurs on a date other than the last day of an Interest Period for such Loan other than by reason of an error on the part of either Bank, the Borrowers shall pay to any Bank, upon the request of such Bank, as compensation for any loss, cost or expense incurred by such Bank as the result of such payment, prepayment or conversion, an amount (if a positive number) equal to:

$$A \times (B-C) \times \frac{D}{360}$$

where:

"A" equals the principal amount of the LIBOR Loan so paid, prepaid or converted (the "Affected LIBOR Loan");

"B" equals the LIBOR Rate (expressed as a decimal) applicable to the Affected LIBOR Loan;

"C" equals the applicable LIBOR Rate (expressed as a decimal) in effect on or about the date of such payment, prepayment or conversion, for deposits in an amount equal approximately to the principal amount of the Affected LIBOR Loan with an Interest Period (the "Remaining Interest

Period") beginning on the date of such payment, prepayment or conversion

to but excluding the last day of the existing Interest Period; and

"D" equals the number of days in the Remaining Interest Period;

and any other out-of-pocket loss or expense (including any internal processing charge customarily charged by such Bank) suffered by such Bank in liquidating deposits prior to maturity in amounts which correspond to the principal amount of the Affected LIBOR Loan; provided that such Bank

shall have delivered to the Borrowers a certificate, in reasonable detail, as to the amount of such loss and expense along with the basis for calculation thereof.

3.12 Capital Adequacy. If any Bank shall determine that the

applicability of any law, rule, regulation or guideline adopted pursuant to or arising out of the July 1988 report of the Basle Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards", or the adoption after the date hereof of any other applicable law, rule, regulation or guideline regarding capital adequacy, or any change in the foregoing or in the enforcement, interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, or compliance by such Bank or any Person controlling such Bank (a "Parent") with any request or

directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, has

or would have the effect of reducing the rate of return on capital of such Bank or its Parent as a consequence of such Bank's obligations hereunder to a level below that which such Bank (or its Parent) could have achieved but for such applicability, adoption, change or compliance (taking into consideration the policies of such Bank (or its Parent) with respect to capital adequacy) by an amount reasonably deemed by such Bank to be material, then from time to time, within the second Business Day after demand by such Bank, the Borrowers shall pay to such Bank such additional amount or amounts as will compensate such Bank for such reduction in the rate of return, together with interest on each such amount from the thirtieth day after such demand until payment in full thereof (as well after as before judgement) at the Post-Default Rate. A statement of such Bank, in reasonable detail, claiming compensation under this Section 3.12 and setting forth the additional amount or amounts to be paid to it hereunder shall be conclusive absent manifest error; provided that the determination

thereof is made on a reasonable basis and provided further that the Borrowers

shall not be obligated to compensate any Bank for any such reduction occurring more than 30 days prior to the time the Bank first notifies the Borrowers of such adoption, implementation, charge or compliance, and provided further that in administering this Section each Bank shall not single out the Borrowers for different treatment but shall deal with them on the same basis as the Bank deals with its other customers generally. In determining such amount, such Bank may use any reasonable averaging and attribution methods.

3.13 Optional Prepayments. Subject to the provisions of this

Section 3.13, the Borrowers shall have the right to prepay the Borrower Loans in whole or in part and to convert Borrower Loans of one Type into another Type, without premium or penalty, at any time and from time to time, provided that (i) at the time of the prepayment in full of all Working Capital Extensions of Credit or Equipment Line of Credit Loans, as the case may be, the Borrowers shall pay all interest accrued on the amount prepaid; (ii) the Borrowers shall give the Bank or Banks in question notice of such prepayment as provided in Section 3.6; (iii) the LIBOR Loans may be converted into Prime Rate Loans only on the last day of an Interest Period thereof; and (iv) such Bank or Banks shall be paid, at the time of any prepayment of a LIBOR Loan that is being prepaid on other than the last day of an Interest Period therefor, the amount provided for in Section 3.11. Principal amounts repaid or prepaid under the Borrower Notes or under the Commitment may be reborrowed by the Borrowers subject to the terms hereof; provided, however, in the case of the Working Capital Line of Credit

Loans, that any funds repaid or prepaid on or after the earlier to occur of (a) the Working Capital Commitment Expiration Date or (b) the termination of the Total Working Capital Line Commitment pursuant to Section 1.7 hereof, may not be reborrowed or readvanced thereafter, and provided further, however, in the case

of the Equipment Line of Credit Loans, that any funds repaid or prepaid may not be reborrowed or readvanced thereafter.

Section 4 Security and Guaranties.

4.1 Security Interests. In order to secure payment and

performance of the Borrower's obligations to the Banks under this Agreement, the Borrower Notes and the other Loan Documents, (a) each Borrower agrees to grant to SVB as collateral agent for the benefit of the Banks a security interest in, and a lien on, all right, title and interest of such Borrower in and to certain assets of such Borrower and to enter a security agreement in favor of SVB as Collateral Agent in the form of Exhibit B-1 hereto in the case of Alpha and

Exhibit B-2 in the case of Trans-Tech (each a "Security Agreement") and (b) a

pledge of all the outstanding shares of capital stock of the Guarantor referred to below and to enter into a pledge agreement in favor of SVB as collateral agent in the form of Exhibit C hereto (the "Pledge Agreement") .

4.2 Guaranty. The Borrower Loans shall be guaranteed by Alpha

Securities Corp., a Massachusetts corporation, 20 Sylvan Road, Woburn, MA 01801, (the "Guarantor"). The Guarantor shall execute and deliver to SVB as Collateral

Agent for the benefit of the Banks a

Guaranty in the form of Exhibit D hereto (the "Guarantee") and a Security

Agreement in the form of Exhibit E (the "Guarantor Security Agreement").

Section 5 Conditions Precedent.

The Banks shall not be obligated to make any of the Borrower Loans to the Borrowers hereunder until the following conditions have been satisfied:

5.1 This Agreement, the Borrower Notes and the Security

Instruments. This Agreement, the borrowings hereunder, the Borrower Notes, the

Security Instruments and all transactions contemplated by this Agreement and the Security Instruments shall have been duly authorized by the Borrowers. The Borrowers shall have duly executed and delivered to the Banks this Agreement, the Borrower Notes and the Security Instruments to the Banks in form and substance satisfactory to the Banks and their counsel. The Guarantor shall have duly executed and delivered to the Banks its Guaranty.

5.2 No Default. On the date hereof and on the date of making

each Borrower Loan, no Default or Event of Default shall have occurred and be continuing.

5.3 Correctness of Representations. On the date hereof and on

the date of each Borrower Loan, all representations and warranties made by the Borrowers in Section below or otherwise in writing in connection herewith shall be true and correct with the same effect as though such representations and warranties had been made on and as of today's date, except that representations and warranties expressly limited to a certain date shall be true and correct as of that date.

5.4 Opinion of Counsel for the Borrowers. On the date hereof,

the Banks shall have received the favorable opinion of Brown, Rudnick, Freed & Gesmer, counsel for the Borrowers and the Guarantors, in form and substance satisfactory to the Banks and their counsel.

5.5 Governmental Approvals. On the date hereof and on the date

of each Borrower Loan, all necessary approvals, licenses, permissions, registrations or validations of any Governmental Authority required for the execution, delivery, performance or carrying out of the provisions of this Agreement, the Borrower Notes and the Security Instruments, or for the validity or enforceability of the obligations incurred thereunder (other than the filing of financing statements as required under Section below), shall have been obtained and shall be in full force and effect and copies thereof certified by a duly authorized officer of a Borrower to such effect shall have been delivered to the Banks.

5.6 Filing of Financing Statements, etc. On or before the

making of the Borrower Loans, financing statements, and other appropriate documentation relating to the security interests and rights granted pursuant to the Security Instruments, executed and delivered by the Borrowers and by the Guarantor to SVB as collateral agent for the Banks, shall have been duly recorded or filed in such manner and in such places as is required by law (including, pursuant to the UCC) to establish, preserve, protect, and perfect such security interests and rights; and all taxes, fees and other charges in connection with the execution, delivery and filing of this Agreement and such financing statements and other appropriate documentation shall have been duly paid.

5.7 Supporting Documents. On or before the date hereof, there

shall have been delivered to the Banks the following supporting documents:

(a) legal existence and corporate good standing certificates with respect to each of the Borrowers and the Guarantor dated as of a recent date issued by the appropriate Secretaries of State or other officials;

(b) certificates with respect to the due qualification of Alpha and the Guarantor to do business in Massachusetts dated as of a recent date and issued by the Secretary of State of such jurisdiction;

(c) copies of the corporate charter of each of the Borrowers and the Guarantor, certified by the appropriate Secretaries of State or other officials, as in effect on the date hereof;

(d) a certificate of the Secretary or Assistant Secretary of each of the Borrowers certifying as to (i) the By-Laws of such Borrower, as in effect on the date hereof; (ii) the incumbency and signatures of the officers of such Borrower who have executed any documents in connection with the transactions contemplated by this Agreement; and (iii) the resolutions of the Board of Directors and, to the extent required by law, the shareholders, of such Borrower authorizing the execution, delivery and performance of this Agreement and the making of any of the Borrower Loans hereunder, and the execution and delivery of the Borrower Notes;

(e) a certificate of the Secretary or Assistant Secretary of the Guarantor certifying as to (i) the By-Laws of the Guarantor, as in effect on the date hereof; (ii) the incumbency and signatures of the officers of the Guarantor who have executed any documents in connection with the transactions contemplated by this Agreement; and (iii) the resolutions of the Board of Directors and, to the extent required by law, the shareholders, of the Guarantor authorizing the execution, delivery and performance of the Guaranty and Guarantor Security Agreement;

(f) all other information and documents which the Banks or their counsel may request in connection with the transactions contemplated by this Agreement.

5.8 Facility Fees. The Borrowers shall have paid to Fleet a

non-refundable Facility Fee in the amount of \$25,000 in connection with the Equipment Line Commitment. In respect of the Working Capital Line Commitments, the Borrowers shall pay to each Bank quarterly in arrears on the last day of each calendar quarter a Facility Fee equal to one-half percent (1/2%) per annum of such Bank's Working Capital Line Commitment, provided, however, in the event

that the Borrowers request termination of the Total Working Capital Line Commitment, the payment of the unpaid portion of the Facility Fee for the period through the Working Capital Commitment Expiration Date shall be accelerated and shall be immediately payable in full in accordance with Section 1.7.

5.9 Compliance and Borrowing Base Certificates. Each of the

Borrowers shall have furnished to the Banks a Compliance Certificate in the form of attached Exhibit F appropriately completed and signed by the chief financial

officer of each of the Borrowers, and to the extent the Borrowers are requesting a Working Capital Extension of Credit on the date hereof, a Borrowing Base Certificate in the form of Exhibit G hereto appropriately completed and signed

by the chief financial officer or president of the Borrower, each of which certificates shall reflect compliance by the Borrowers with the requirements of this Credit Agreement.

5.10 Legal Matters. All documents and legal matters incident to

the transactions contemplated by this Agreement shall be satisfactory to Sullivan & Worcester, special counsel for the Banks.

Each borrowing hereunder shall constitute a representation and warranty by the Borrowers to the Banks that all of the conditions specified in this Section have been complied with as of the time of any such Borrower Loan.

Section 6 Representations and Warranties.

In order to induce the Banks to enter into this Agreement and to make the contemplated Extensions of Credit, the Borrowers hereby represent and warrant as follows (except to the extent qualified by supplemental disclosure set forth on Schedule A hereto) and the following representations and warranties as so

qualified shall survive the execution and delivery of this Agreement and any of the Borrower Loans:

6.1 Corporate Status. Each of the Borrowers and each of their

respective Subsidiaries is a duly organized and validly existing corporation in good standing under the laws of the jurisdiction of its incorporation and is duly qualified or licensed as a foreign corporation in good standing in each jurisdiction in which the failure to do so would have a Material Adverse Effect.

6.2 No Violation. Neither the execution, delivery or

performance of this Agreement or any other Loan Document, nor consummation of the contemplated transactions will contravene any law, statute, rule or regulation to which either of the Borrowers or any of their Subsidiaries is subject or any judgment, decree, franchise, order or permit applicable to either of the Borrowers or any of their Subsidiaries, or will conflict or be inconsistent with or will result in any breach of, or constitute a default under, or result in or require the creation or imposition of any Lien (other than the lien created by the Security Instruments) upon any of the property or assets of either of the Borrowers or any of their Subsidiaries pursuant to, any Contractual Obligation of the Borrowers or any of their Subsidiaries, or violate any provision of the corporate charter or by-laws of either of the Borrowers or any of their Subsidiaries.

6.3 Corporate Power and Authority. The execution, delivery and

performance of this Agreement and the other Loan Documents are within the corporate powers of each of the Borrowers and have been duly authorized by all necessary corporate action.

6.4 Enforceability. This Agreement and each other Loan

Document constitutes a valid and binding obligation of each of the Borrowers enforceable against each Borrower in accordance with its terms, except as be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and subject to general principles of equity, whether applied in a court of equity or at law.

6.5 Governmental Approvals. No order, permission, consent,

approval, license, authorization, registration or validation of, or filing with, or exemption by, any Governmental Authority is required to authorize, or is required in connection with, the execution, delivery and performance of this Agreement or any other Loan Document by the Borrowers, or the taking of any action contemplated hereby or thereby, except for the filing of UCC-1 financing statements in the appropriate UCC filing offices listed on the Perfection Certificate (as defined in the Security Agreement).

6.6 Financial Statements. (a) The Borrowers have furnished

the Banks with complete and correct copies of the audited consolidated balance sheet of the Borrowers and their Subsidiaries as of the Financial Statements Date, and the related audited consolidated statements of income and of cash flows for the fiscal year of the Borrowers and their Subsidiaries ended on such date, examined by the Accountants. Such financial statements (including the related schedules and notes) fairly present the consolidated financial condition of the Borrowers and their Subsidiaries as

of the Financial Statements Date, and the consolidated results of their operations and their consolidated cash flows for the fiscal year then ended.

(b) During the period from the Financial Statements Date to the date hereof: (i) there has been no sale, transfer or other disposition by the Borrowers or any of their Subsidiaries of any material part of its business or property and no purchase or other acquisition of any business or property (including any capital stock of any Person) material in relation to the consolidated financial condition of the Borrowers and their Subsidiaries at the Financial Statements Date; and (ii) neither the Borrowers nor any of their Subsidiaries has made a Restricted Payment, or agreed or committed to make a Restricted Payment.

(c) All the above-referenced financial statements (including the related schedules and notes) have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the Accountants and disclosed therein and, in the case of interim financial statements, subject to normal year-end adjustments and the absence of footnotes and schedules). Neither Borrower nor any of their respective Subsidiaries has any material liabilities, contingent or otherwise, including liabilities for taxes or any unusual forward or long-term commitments or any Guarantee, which are not disclosed by or included in the above-referenced financial statements or the accompanying notes and there are no unrealized or anticipated losses from any unfavorable commitments of the Borrowers or any of their Subsidiaries which may have a Material Adverse Effect.

6.7 No Material Change. Since the Financial Statements Date

there has been no development or event, nor to the best knowledge of the Borrowers, any prospective development or event, which has had or could have a Material Adverse Effect.

6.8 Litigation. There are no actions, suits or proceedings

pending or threatened against or affecting either of the Borrowers or any of their Subsidiaries before any Governmental Authority, which in any one case or in the aggregate, if determined adversely to the interests of either Borrower or any Subsidiary thereof, would have a Material Adverse Effect.

6.9 Compliance with Other Instruments; Compliance with Law.

Neither Borrower nor any Subsidiary thereof is in default under any Contractual Obligation, where such default could have a Material Adverse Effect. Neither Borrower nor any Subsidiary thereof is in default and or in violation of any applicable statute, rule, writ, injunction, decree, order or regulation of any Governmental Authority having jurisdiction over the Borrower or any Subsidiary thereof which default or violation could have a Material Adverse Effect, provided that nothing herein shall prevent the Borrower from contesting in good faith any alleged default or violation by appropriate proceedings diligently conducted where adequate reserves have been established in accordance with GAAP.

6.10 Subsidiaries. The Borrowers have no Subsidiaries except as

set forth on attached Schedule A.

6.11 Investment Borrower Status; Limits on Ability to Incur

Indebtedness. Neither Borrower nor any of their Subsidiaries is an "investment

company" or a company "controlled by" an investment company within the meaning of the Investment Company Act of 1940, as amended. Neither Borrower is subject to regulation under any Federal or State statute or regulation which limits its ability to incur Indebtedness.

6.12 Title to Property. Each of the Borrowers and each of their

Subsidiaries has good and marketable title to all of its properties and assets, including the properties and assets

reflected in the consolidated balance sheet of the Borrowers and their Subsidiaries as of the Financial Statements Date, except as disclosed on Schedule A and except such as have been disposed of since that date in the

ordinary course of business, and none of such properties or assets is subject to any Lien except for (a) Permitted Liens, or (b) a defect in title or other claim other than defects and claims that, in the aggregate, would have no Material Adverse Effect. Each of the Borrowers and each of their Subsidiaries enjoys peaceful and undisturbed possession under all leases necessary in any material respect for the operation of its properties and assets, none of which contains any unusual or burdensome provisions which might materially affect or impair such properties or assets. All such leases are valid and subsisting and are in full force and effect.

6.13 ERISA. Each of the Borrowers and each member of the

Controlled Group have fulfilled their obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and are in compliance in all material respects with the presently applicable provisions of ERISA and the Code, and have not incurred any liability to the PBGC or a Plan under Title IV of ERISA (other than to make contributions or premium payments in the ordinary course).

6.14 Taxes. All tax returns of the Borrowers and their

Subsidiaries required to be filed have been timely filed, all taxes, fees and other governmental charges (other than those being contested in good faith by appropriate proceedings diligently conducted and with respect to which adequate reserves have been established) and, in the case of ad valorem taxes or

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betterment assessments, no proceedings to foreclose any lien with respect thereto have been commenced and, in all other cases, no notice of lien has been filed or other action taken to perfect or enforce such lien) shown thereon which are payable have been paid. The charges and reserves on the books of the Borrower and their Subsidiaries for all income and other taxes are adequate, and the Borrower knows of no additional assessment or any basis therefor. The Federal income tax returns of the Borrowers and their Subsidiaries have not been audited within the last three years, all prior audits have been closed, and there are no unpaid assessments, penalties or other charges arising from such prior audits.

6.15 Environmental Matters. (a) Each of the Borrowers and each

of their Subsidiaries have obtained all Governmental Approvals that are required for the operation of its business under any Environmental Law, except where the failure to so obtain a Governmental Approval would not have a Material Adverse Effect.

(b) Each of the Borrowers and each of their Subsidiaries are in compliance with all terms and conditions of all required Governmental Approvals and are also in compliance with all terms and conditions of all applicable Environmental Laws, noncompliance with which would have a Material Adverse Effect.

(c) Except as disclosed in Schedule A, there is no civil,

criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or, to the best knowledge of the Borrowers threatened against the Borrowers or any Subsidiary thereof relating in any way to the Environmental Laws, and there is no Lien of any private entity or Governmental Authority against any property of the Borrowers or any Subsidiary thereof relating in any way to the Environmental Laws.

(d) There has been no claim, complaint, notice, or request for information received by the Borrowers with respect to any site listed on the National Priority List promulgated pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") 42 USC (S) 9601 et seq. or

any state list of sites requiring investigation or cleanup with respect to contamination by Hazardous Substances.

(e) To the best of the Borrowers' knowledge, there has been no release or threat of release of any Hazardous Substance at any Borrower Property which would likely result in liability being imposed upon either of the Borrowers or any Subsidiary thereof, which liability would have a Material Adverse Effect.

6.16 Intellectual Property. Schedule A lists all of the

copyrights, patents, trademarks and similar rights ("Intellectual Property")

owned by each of the Borrowers and their Subsidiaries as of the date hereof, together with information, where applicable, as to registration number, filing date, record owner and remaining life. Except as set forth in Schedule A, one of

the Borrowers or a Subsidiary thereof is the absolute owner of all right, title and interest in the Intellectual Property, free and clear of all Liens in favor of other Persons with full right to pledge, sell, assign, transfer and grant a security interest therein. Each of the Borrowers and each of their Subsidiaries owns or possesses such Intellectual Property and similar rights necessary for the conduct of its business as now conducted, without any known conflict with the rights of others which would have a Material Adverse Effect.

6.17 Working Capital Borrowing Base. Giving effect to any

Working Capital Extensions of Credit to be made as of the date hereof under this Agreement, the aggregate amount of all Working Capital Extensions of Credit under this Agreement does not exceed the Working Capital Borrowing Base on the date hereof.

Section 7 Affirmative Covenants.

The Borrowers covenant and agree that for so long as this Agreement is in effect and until the Borrower Notes, together with all interest thereon and all other Obligations of the Borrowers to the Banks are paid or satisfied in full:

7.1 Maintenance of Existence. Except as disclosed on Schedule

A, each of the Borrowers will, and will cause each of their Subsidiaries to, maintain its existence and comply with all applicable statutes, rules and regulations and to remain duly qualified as a foreign corporation, licensed and in good standing in each jurisdiction where such qualification or licensing is required by the nature of its business, the character and location of its property, business, or the ownership or leasing of its property, except where such noncompliance or failure to so qualify would not have a Material Adverse Effect, and the Borrowers will, and will cause each of their Subsidiaries to, maintain its properties in good operating condition, and continue to engage in the same business as presently conducted or businesses reasonably related or complementary thereto.

7.2 Taxes and Other Liens. Each of the Borrowers will, and

will cause each of their Subsidiaries to, pay when due all taxes, assessments, governmental charges or levies, or claims for labor, supplies, rent and other obligations made against it which, if unpaid, might become a Lien against either Borrower or such Subsidiary or on its property, except liabilities being contested in good faith and by proper proceedings, as to which adequate reserves are maintained on the books of the Borrowers or their Subsidiaries, in accordance with GAAP.

7.3 Insurance. Each of the Borrowers will, and will cause each

of their Subsidiaries to, maintain insurance with financially sound and reputable insurance companies in such amounts and against such risks as is usually carried by owners of similar businesses and properties in the same general areas in which the Borrowers and their Subsidiaries operate, provided that in any event the Borrowers and their Subsidiaries shall maintain or cause to be maintained (a) insurance against casualty, loss or damage covering all property and improvements of the Borrowers and their Subsidiaries in amounts and in respect of perils usually carried by owners of similar businesses and properties in the same general areas in which the Borrowers and their

Subsidiaries operate; (b) comprehensive general liability insurance against claims for bodily injury, death or property damage; and (c) workers' compensation insurance to the extent required by applicable law. In the case of policies referenced in clauses (a) and (b) above, all such insurance shall (i) name the Borrowers and the Banks as loss payees and additional insureds as their interests may appear; (ii) provide that no termination, cancellation or material reduction in the amount or material modification to the extent of coverage shall be effective until at least 30 days after receipt by the Banks of notice thereof; and (iii) be reasonably satisfactory in all other respects to the Banks, provided that as long as no Event of Default has occurred or is continuing and no casualty could reasonably be expected to have a Material Adverse Effect, the Borrowers shall have the right to use any insurance proceeds to repair or replace damaged or lost equipment or property.

7.4 Financial Statements, Etc. The Borrowers will furnish to

the Banks:

(a) within thirty (30) days after the end of each fiscal month of the Borrowers, the unaudited consolidated and consolidating balance sheet and income statement and statement of cash flows of the Borrowers, together with their Subsidiaries as at and for the one-month period ended on the last day of such fiscal month, accompanied by a certificate of the chief financial officer of Alpha to the effect that such financial statements fairly present the consolidated financial condition of the Borrowers and their Subsidiaries as of the end of such fiscal month, and the consolidated results of their operations and their consolidated cash flows for such fiscal month, in each case in accordance with GAAP (except for the absence of footnotes) consistently applied (subject to normal year-end audit adjustments), provided, however, in the event

that at any time the Borrowers cease to prepare month-end financial statements as described above in the normal course of their operations, the Borrowers shall within the period prescribed above supply the Banks the substitute financial information, the form of which has been approved in advance by both the Banks;

(b) within forty-five (45) days after the end of each fiscal quarter of the Borrowers, the unaudited consolidated and consolidating balance sheet and income statement and statement of cash flows of the Borrowers, together with their Subsidiaries as at and for the three-month period ended on the last day of such fiscal quarter, accompanied by a certificate of the chief financial officer of Alpha to the effect that such financial statements fairly present the consolidated financial condition of the Borrowers and their Subsidiaries as of the end of such fiscal quarter, and the consolidated results of their operations and their consolidated cash flows for such fiscal quarter, in each case in accordance with GAAP (except for the absence of footnotes) consistently applied (subject to normal year-end audit adjustments);

(c) within ninety (90) days after the last day of each fiscal year of the Borrowers, the audited consolidated balance sheet and income statement and statement of cash flows of the Borrowers and their Subsidiaries as at and for the fiscal year then ended, certified by the Accountants (the substance of such report to be satisfactory to the Banks), together with a certificate of the chief financial officer of Alpha to the effect that such financial statements fairly present the consolidated financial condition of the Borrowers and their Subsidiaries as of the end of such fiscal year, and the consolidated results of their operations for such fiscal year, in each case in accordance with GAAP. The Borrowers shall indicate on said financial statements all guarantees or unusual forward or long-term commitments made by the Borrowers or any Subsidiary thereof;

(d) at the time of the delivery of the quarterly and yearly financial statements required by Sections 7.4(a), (b) and (c) above, a Compliance Certificate signed by the chief financial officer or the president of Alpha in the form attached to this Agreement as Exhibit F, appropriately

completed;

(e) within thirty (30) days after the end of each fiscal month of the Borrowers, (i) a list of the trade accounts receivable aging for each of the Borrowers as of the end of such month in such form as the Banks may prescribe, all in reasonable detail and (ii) a Borrowing Base Certificate signed by the chief financial officer or the president of each of the Borrowers in the form attached to this Agreement as Exhibit G appropriately completed;

(f) promptly upon the mailing thereof to the shareholders of the Borrowers generally, copies of all financial statements, reports, proxy statements and other materials;

(g) promptly upon request by any Bank, copies of any management letter provided by the Accountants;

(h) promptly upon the filing thereof by a Borrower with the SEC (and in any event within five (5) days of such filing), copies of any registration statements and reports on Forms 10-K, 10-Q and 8-K (or their equivalents if such forms no longer exist);

(i) promptly upon becoming aware of any litigation or other proceeding against any Borrower or any Subsidiary thereof that may have a Material Adverse Effect, notice thereof; and

(j) promptly following the request of any Bank, such further information concerning the business, affairs and financial condition or operations of the Borrower and their Subsidiaries as such Bank may reasonably request.

7.5 Notice of Default. As soon as practicable, and in any

event, within five (5) Banking Days of becoming aware of the existence of any condition or event which constitutes a Default, the Borrowers will provide each Bank with written notice specifying the nature and period of existence thereof and what action the Borrowers is taking or proposes to take with respect thereto.

7.6 Environmental Matters.

(a) Each of the Borrowers and each of their Subsidiaries shall comply with all terms and conditions of all applicable Governmental Approvals and all applicable Environmental Laws, except where failure to comply could reasonably be anticipated not to have a Material Adverse Effect.

(b) The Borrowers shall promptly notify the Banks in the event that any executive officer of either Borrower or any employee of the Borrowers primarily responsible for compliance with Environmental Laws becomes aware of:

(i) any spill, release, or threat of release of any Hazardous Substance at or from any Borrower Property or by any Person for whose conduct either Borrowers or any Subsidiary thereof is responsible, to the extent such Borrowers is required by Environmental Laws to report such to any Governmental Authority;

(ii) any action or notice with respect to a civil, criminal or administrative action, suit, demand, claim, hearing, notice of violation, investigation, proceeding, notice or demand letter pending or threatened against either Borrower or any Subsidiary thereof relating in any way to the Environmental Laws, or any Lien of any Governmental Authority or any other Person against any Borrower Property relating in any way to the Environmental Laws;

(iii) any claim made or threatened by any Person against either Borrower or any Subsidiary thereof or any property of either Borrower or any Subsidiary thereof relating to damage, contribution, cost recovery compensation, loss or injury resulting from any Hazardous Substance pertaining to such property or the business or operations of either Borrower or such Subsidiary; and

(iv) any occurrence or condition on any real property adjoining or in the vicinity of any Borrower Property known to the officers or supervisory personnel of either Borrower or any Subsidiary thereof or other employees having responsibility for the compliance by either Borrower or any Subsidiary thereof with Environmental Laws, without any independent investigation, which does cause, or could cause, such Borrower Property, or any part thereof, to contain Hazardous Substances in violation of any Environmental Laws, or which does cause, or could cause, such Borrower Property to be subject to any restrictions on the ownership, occupancy, transferability or use thereof by either Borrower or any Subsidiary thereof.

(c) Each Borrower will, and will cause each of their Subsidiaries to, at its own cost and expense, and within such period as may be required by applicable law or regulation, initiate all remedial actions and thereafter diligently prosecute such action as shall be required by law for the cleanup of such Borrower Property, including all removal, containment and remedial actions in accordance with all applicable Environmental Laws and shall further pay or cause to be paid, at no expense to the Banks, all cleanup, administrative, and enforcement costs of applicable Government Authorities which may be asserted against such Borrower Property.

7.7 ERISA Information. If and when either Borrower or any

member of the Controlled Group (a) gives or is required to give notice to the PBGC of any "reportable event" (as defined in Section 4043 of ERISA) with respect to any Plan which might constitute grounds for a termination of such Plan under Title IV of ERISA, or knows that the plan administrator of any Plan has given or is required to give notice of any such reportable event, (b) receives notice of complete or partial withdrawal liability under Title IV of ERISA or (c) receives notice from the PBGC under Title IV of ERISA of an intent to terminate or appoint a trustee to administer the Plan, the Borrowers shall in each such instance promptly furnish to the Banks a copy of any such notice.

7.8 Inspection. Each Borrower will, upon the request of the

Banks, permit a representative of the Banks (including any field examiner or auditor retained by the Banks) to inspect and make copies of the Borrowers' books and records, and to discuss its affairs, finances and accounts with its officers and accountants, at such reasonable times and as often as the Banks may reasonably request and cause each of their Subsidiaries to do so. Each Borrower agrees that an accounts receivable audit shall be conducted on or before August 31, 1995 and on an annual basis thereafter. Each Bank will maintain the confidentiality of any non-public information relating to the Borrowers and their Subsidiaries which has been identified in writing as confidential on the information itself or otherwise (the "Confidential Information") and, except as provided below, will exercise the same degree of care that such Bank exercises with respect to its own proprietary information to prevent the unauthorized disclosure of the Confidential Information to third parties. Confidential Information shall not include data or information that either: (a) is in or becomes part of the public domain or is already in the knowledge or possession of such Bank when disclosed to such Bank, without breach of this Agreement; or (b) is disclosed to such Bank by a third party, provided such Bank does not have actual knowledge that such third party is prohibited from disclosing such information. The terms of this Section shall not apply to disclosure of Confidential Information by either Bank that is, in the good faith opinion of such Bank, compelled by laws, regulations, rules, orders or legal process or proceedings or is disclosed to: (a) any party, including a prospective participant, who has signed a confidentiality agreement containing terms substantially

similar to those contained herein; and (b) examiners, auditors and investigators having regulatory authority over such Bank.

7.9 Use of Proceeds. The Borrowers shall use the proceeds of

the borrowings under the Working Capital Note for the working capital purposes of the Borrowers. The Borrowers shall use the proceeds of the borrowings under the Equipment Line Note exclusively for financing the acquisition of Eligible Equipment. Without limiting the foregoing, no part of such proceeds will be used for the purpose of purchasing or carrying any "margin security" as such term is defined in Regulation U of the Board of Governors of the Federal Reserve System.

7.10 Further Assurances. Each Borrower will, and will cause

each of their Subsidiaries to, execute and deliver to the Banks any writings and do all things necessary, effectual or reasonably requested by the Banks to carry into effect the provisions and intent of this Agreement or any other Loan Document.

7.11 Subsidiaries. Each Borrower shall immediately notify each

Bank of the organization of any additional foreign or domestic Subsidiaries of the Borrowers. The Banks may require that any Subsidiaries become parties to any of the Loan Documents as guarantors or sureties and/or that the Borrowers pledge the stock of any Subsidiaries as collateral for the Obligations of the Borrowers.

7.12 Intellectual Property. The Borrowers will promptly inform

the Banks of all applications filed by the Borrowers for trademarks, patents and copyrights and of all trademarks, patents and copyrights granted on or after the date of this Agreement.

Section 8 Negative Covenants.

Each of the Borrowers covenants and agrees that for so long as this Agreement is in effect and until the Borrower Notes, together with all interest thereon and all other Obligations of the Borrower to the Banks are paid or satisfied in full, without the prior written consent of all the Banks:

8.1 ERISA. The Borrowers will not permit any pension plan

maintained by either Borrower or by any member of a "Controlled Group" (ERISA (S)210(c) or ERISA (S)210(d)) of which either Borrower is a member to: (a) engage in any "prohibited transaction" (ERISA (S)2003(c)); (b) fail to report to the Banks a "reportable event" (ERISA (S)4043) within 30 days after its occurrence or as to any reportable event as to which the 30-day notice period requirement of Section 4043(b) of Title IV of ERISA has been waived by the PBGC, within 30 days of such time as the Borrower is requested to notify the PBGC of such reportable event; (c) incur any "accumulated funding deficiency" (ERISA (S)302); (d) terminate its existence at any time in a manner which could result in the imposition of a Lien on the property of the Borrower or any Subsidiary thereof; or (e) fail to report to the Banks any "complete withdrawal" or "partial withdrawal" by the Borrower or an affiliate from a "multiemployer plan" (ERISA (S)(S)4203, 4205, and 4001, respectively). The quoted terms are defined in the respective sections of ERISA cited above.

8.2 Transactions with Affiliates. Subject to the provisions of

Section 8.8, neither Borrower will and nor permit any of their Subsidiaries to, directly or indirectly, pay any funds to or for the account of, make any Investment in, lease, sell, transfer or otherwise dispose of any assets, tangible or intangible, or engage in any transaction in connection with any joint enterprise or other joint arrangement with, any Affiliate of the Borrowers, unless such transaction is otherwise permitted under this Agreement, is in the ordinary course of the Borrowers' or such Subsidiary's business, and is (a) in the case of any transaction, between any Borrower and its Subsidiaries or between the Subsidiaries, is duly accounted for in accordance with GAAP, and (b) in the case of

transactions with other Affiliates, is upon fair and reasonable terms no less favorable to such Borrower or such Subsidiary as those that could be obtained in a comparable arm's length transaction with a Person which is not an Affiliate but is a significant and valued customer.

8.3 Consolidation, Merger or Acquisition. Neither Borrower

will and nor permit any of their Subsidiaries to, merge or consolidate with or into any other Person, or make any acquisition of the business of any other Person unless it obtains the prior written consent of the Banks; provided that

any Subsidiary may merge into a Borrower or any wholly-owned Subsidiary of a Borrower, and provided, further that either Borrower and their Subsidiaries may

make an acquisition or effectuate a merger with another Person as long as (a) no Event of Default has arisen during the four fiscal quarters immediately preceding any such transaction; (b) no Event of Default would arise as a result of such transaction or is otherwise reasonably expected to occur during the four fiscal quarters immediately following such transaction and the Borrowers furnishes to the Banks in advance of such transaction pro forma financial
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information reasonably demonstrating the foregoing; (c) the other Person is engaged in the same or a related line of business; (d) there is no change in the senior management of the Borrowers; (e) in the case of any merger, the Borrowers or its Subsidiary is the surviving entity; and (f) the aggregate value of consideration paid by the Borrowers and their Subsidiaries in connection with such transactions in any fiscal year does not exceed (i) in the event that the Borrower's Tangible Net Worth is less than \$32,500,000 immediately preceding such a transaction, \$5,000,000; and (ii) in the event that the Borrower's Tangible Net Worth immediately preceding such a transaction is \$32,500,000 or greater, \$10,000,000.

8.4 Disposition of Assets. Neither Borrower will nor permit

any of their Subsidiaries to, convey, sell, lease, transfer or otherwise dispose of any of its property, business or assets (including, without limitation, accounts receivable and leasehold assets), whether now owned or hereafter acquired, except:

(a) excess, obsolete or worn out property disposed of in the ordinary course of business;

(b) the sale or other disposition of any property in the ordinary course of business, provided that the aggregate book value

of all assets (other than inventory) so sold or disposed of in any period of twelve consecutive months shall not exceed 5% of the consolidated total assets of the Borrowers and their Subsidiaries as at the beginning of such twelve-month period; and

(c) the sale of inventory in the ordinary course of business.

8.5 Indebtedness. The Borrowers will not, and will not permit

any of their Subsidiaries to, create, incur, assume or suffer to exist any Indebtedness, except:

(a) Indebtedness payable to the Banks in connection with this Credit Agreement;

(b) existing Indebtedness, including Subordinated Debt, if any, listed on Schedule A hereto;

(c) Subordinated Debt incurred by either Borrower after the date hereof; provided that, giving effect to the incurrence of such

Subordinated Debt and to the receipt and application of the proceeds thereof, no Default shall have occurred and be continuing; and

(d) Purchase Money Indebtedness and Capital Lease Obligations in an aggregate amount not in excess of \$10,000,000 in any fiscal year.

8.6 Liens. The Borrowers will not, and will not permit any of

their Subsidiaries to, create, incur, assume or suffer to exist any Lien on any of its properties or assets, except the following (collectively, "Permitted Liens"):

(a) Liens for taxes not delinquent or being contested in good faith and by proper proceedings, as to which adequate reserves are maintained on the books of the Borrowers or their Subsidiaries in accordance with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's or similar liens imposed by law incurred in the ordinary course of business in respect of obligations not overdue, or being contested in good faith and by proper proceedings and as to which adequate reserves with respect thereto are maintained on the books of the Borrowers and their Subsidiaries in accordance with GAAP;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other types of social security legislation;

(d) security deposits made to secure the performance of leases, licenses and statutory obligations incurred in the ordinary course of business;

(e) Liens in favor of SVB as Collateral Agent for the Banks under the Loan Documents;

(f) existing Liens, if any, listed on Schedule A hereto;

provided that no such Lien is spread to cover any additional property

after the date hereof, and that the amount of the Indebtedness secured thereby is not increased;

(g) Purchase Money Security Interests securing Purchase Money Indebtedness permitted under Section 8.5(d) above;

(h) Liens with respect to Indebtedness secured by real property having a fair market value in excess of the Indebtedness so secured;

(i) Liens securing Indebtedness under Capital Lease Obligations permitted under Section 8.5(d); and

(j) Encumbrances on real property, such as easements, rights of way, and zoning restrictions, which do not individually or in the aggregate, materially interfere with the use of the property in the conduct of the Borrower's or a Subsidiary business.

8.7 Restricted Payments. The Borrowers will not, and will not

permit any of their Subsidiaries to, declare or make any Restricted Payment, provided that provided, however, Alpha may make cash expenditures in an aggregate amount of up to \$100,000 in any fiscal year in order to redeem shares of capital stock of Alpha under the Borrower's [employee benefits plans].

8.8 Investments. The Borrowers will not, and will not permit

any of their Subsidiaries to, make, maintain or acquire any Investment in any Person other than:

(a) marketable obligations issued or guaranteed by the United States of America;

(b) certificates of deposit, Eurodollar time deposits, commercial paper or any other obligations of (i) a Bank, (ii) any other bank or trust company organized or licensed to conduct a banking business under the laws of the United States or any State thereof and which has (or which is a Subsidiary of a bank holding company which has) publicly traded debt securities rated A or higher by Standard & Poor's Corporation or A-2 or higher by Moody's Investors Service, Inc. or (iii) the banking institutions listed on Schedule A hereto;

(c) depository accounts at the Banks or any banking institution meeting the requirements of subparagraph 8.8(b) above;

(d) stock or obligations issued to the Borrowers or any Subsidiary thereof in settlement of claims against others by reason of an event of bankruptcy or a composition or the readjustment of debt or a reorganization of any debtor of the Borrowers or such Subsidiary;

(e) commercial paper having the highest rating then given by Moody's Investors Services, Inc. or Standard & Poor's Corporation;

(f) repurchase obligations with a term of not more than seven days for underlying securities of the types described in subparagraph 8.8 (b) above entered into with the Banks or any of the banks referred to in subparagraph 8.8(a) above;

(g) investments in publicly reported shares of so-called "money market" mutual funds investing in securities of the type listed above in subparagraphs (a), (b), (e) and (f);

(h) Investments by either Borrower in the Guarantor and Investments by the Guarantor in the Borrower;

(i) Investments by the Borrowers in their Subsidiaries other than the Guarantor; provided that the sum of (A) the aggregate amount of

all Investments made after the date hereof by the Borrowers in their Non-Guarantor Subsidiaries and (B) the outstanding amount of any Indebtedness of any Non-Guarantor Subsidiary of the Borrowers that is Guaranteed pursuant to this subparagraph (i), may not exceed \$500,000 at any time, provided, however, nothing in this Section 8.8 shall prohibit Investments by the non-Guarantor Subsidiaries in the Borrowers;

(j) existing joint ventures, partnerships or strategic alliances listed on Exhibit A and joint ventures, partnerships or strategic

alliances formed hereafter and approved in writing in advance by the Banks;

(k) securities of a corporation or limited liability company engaged in a line of business complimentary to that of the Borrowers but not constituting a Subsidiary, provided such Investment is approved in advance in writing by the Banks, except for nominal holdings of the securities of competitors; and

(l) authorized loans to employees, sales representatives and vendors of the Borrowers and their Subsidiaries provided that the aggregate principal amount of such loans may not exceed \$500,000 at any time.

8.9 Sale and Leaseback. Neither Borrower nor any of their

Subsidiaries shall enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property owned by it in order to lease such property or lease other property that such Borrowers or any such

Subsidiary intends to use for substantially the same purpose as the property being sold or transferred.

8.10 Additional Stock Issuance by Subsidiaries. The Borrowers

shall not permit any of their Subsidiaries to issue any additional shares of its capital stock or other equity securities, any options therefor or any securities convertible thereto other than to the Borrowers.

8.11 Quick Ratio. The Borrowers will not permit the Quick Ratio

at the end of any quarter to be less than .75 to 1.

8.12 Minimum Profitability. The Borrowers will not (a) incur Net

Losses in any two consecutive fiscal quarters, (b) incur Net Losses in any fiscal quarter in excess of \$500,000, and (c) will earn cumulative Net Income of not less than \$2,000,000 for any four consecutive fiscal quarters.

8.13 Leverage. The Borrowers will not permit the ratio of Total

Senior Liabilities to Tangible Net Worth to be greater than 1.25 to 1 at the end of any fiscal quarter.

8.14 Tangible Net Worth. The Borrowers will not permit the sum

of Tangible Net Worth and the outstanding principal amount of Subordinated Debt at the end of any fiscal quarter to be less than \$25,000,000 plus (a) 50% of Net Income earned in each fiscal quarter commencing with the fiscal quarter ending April 2, 1995 (with no reduction or offset for Net Losses), and (b) 50% of any increase in Stockholders' Equity and the outstanding principal amount of its Subordinated Debt in accordance with GAAP resulting from the issuance of any shares of capital stock or Subordinated Debt of the Borrowers or any of their Subsidiaries after December 31, 1994.

8.15 Cash Flow Coverage. Commencing with the quarter ending

March 31, 1996, the Borrowers will not permit the ratio of Operating Cash Flow to Adjusted Fixed Charges measured as of the last day of any fiscal quarter for the four consecutive fiscal quarters ending with such fiscal quarter to be less than 1.25 to 1.

8.16 Capital Expenditures. Neither the Borrowers nor any of

their Subsidiaries shall purchase or agree to purchase, or incur any obligations (including that portion of the obligations arising under capital leases that is required to be capitalized on the consolidated balance sheet of the Borrowers and their Subsidiaries) for any equipment or other property constituting fixed assets in any fiscal year in excess of \$15,000,000.

Section 9 Events of Default.

9.1 Events of Default. The occurrence of any of the following

events shall be an "Event of Default" hereunder:

(a) The Borrowers (i) shall default in the due and punctual payment of principal or interest on any Borrower Note, or (ii) shall fail to make payment of any other amount due under any Loan Document within four (4) days of the date on which such amount is due or on which demand is made therefor; or

(b) Any representation, warranty or statement made herein or any other Loan Document, or in any certificate or statement furnished pursuant to or in connection herewith or therewith, shall prove to be incorrect, misleading or incomplete in any material respect on the date as of which made or deemed made; or

(c) The Borrowers shall default in the performance or observance of any term, covenant or agreement on their part to be performed or observed pursuant to Sections 8.3 and 8.11 through 8.16; or

(d) The Borrowers shall default in the performance or observance of any term, covenant or agreement on their part to be performed or observed pursuant to any of the provisions of this Agreement or any other Loan Document (other than those referred to in paragraphs 9.1(a) through 9.1(c) above) and such default shall continue unremedied for a period of ten (10) days after the occurrence of such default; or

(e) Any obligation of the Borrowers or any Subsidiary thereof in an amount in excess of \$250,000 in respect of any Indebtedness (other than the Borrowers Notes) or any Guarantee shall be declared to be or shall become due and payable prior to the stated maturity thereof, or such Indebtedness or Guarantee shall not be paid as and when the same becomes due and payable, or there shall occur and be continuing any default under any instrument, agreement or evidence of indebtedness relating to any such Indebtedness the effect of which is to permit the holder or holders of such instrument, agreement or evidence of indebtedness, or a trustee, agent or other representative on behalf of such holder or holders, to cause such Indebtedness to become due prior to its stated maturity; or

(f) The Borrowers or a Subsidiary thereof shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under the Bankruptcy Code, (iv) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or readjustment of debts, (v) fail to controvert in a timely and appropriate manner, or acquiesce in writing to, any petition filed against it in an involuntary case under the Bankruptcy Code, or (vi) take any corporate action for the purpose of effecting any of the foregoing; or

(g) A proceeding or case shall be commenced, without the application or consent of the Borrowers or any Subsidiary thereof in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up of either Borrower or any Subsidiary, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of either Borrower or any Subsidiary or of all or any substantial part of its assets, or (iii) similar relief in respect of either Borrower or any Subsidiary under any law relating to bankruptcy, insolvency, reorganization, winding-up, or composition or adjustment of debts, and such proceeding or case shall continue undismissed, or an order, judgment or decree approving or ordering any of the foregoing shall be entered and continue unstayed and in effect, for a period of 60 days; or an order for relief against either Borrower or any Subsidiary shall be entered in an involuntary case under the Bankruptcy Code; or

(h) A judgment or judgments for the payment of money in excess of \$250,000 (net of insurance proceeds) in the aggregate shall be rendered against either Borrower or any Subsidiary thereof and any such judgment or judgments shall not have been vacated, discharged, stayed or bonded pending appeal within thirty (30) days from the entry thereof; or

(i) Either Borrower or any member of the Controlled Group shall fail to pay when due an amount or amounts aggregating in excess of \$100,000 which it is obligated to pay to the PBGC or to a Plan under Title IV of ERISA; or a notice of intent to terminate a Plan or

Plans having aggregate Unfunded Liabilities in excess of \$100,000 shall be filed under Title IV of ERISA by either Borrower or any member of the Controlled Group, any plan administrator or any combination of the foregoing; or the PBGC shall institute proceedings under Title IV of ERISA to terminate or to cause a trustee to be appointed to administer any such Plan or Plans or a proceeding shall be instituted by a fiduciary of any such Plan or Plans against either Borrower or any member of the Controlled Group to enforce Sections 515 or 4219(c)(5) of ERISA; or a condition shall exist by reason of which the PBGC would be entitled to obtain a decree adjudicating that any such Plan or Plans must be terminated; or there shall occur a complete or partial withdrawal form, or a default, within the meaning of Section 4219(c)(5) of ERISA, with respect to, one or more Multiemployer Plans which could cause either Borrower or one or more members of the Controlled Group to incur a current payment obligation in excess of \$100,000; or

(j) Either Borrower or any Subsidiary thereof shall default in the performance or observance of any term, covenant or agreement on its part to be performed or observed pursuant to any of the provisions of any agreement with the Banks or any instrument delivered in favor of any Bank (other than, in either case, a Loan Document), and such default shall continue unremedied beyond the grace period (if any) provided for therein; or

(k) Any Security Instrument shall cease for any reason to be in full force and effect or shall cease to be effective to grant a perfected security interest in the collateral described in such Security Instrument with the priority stated to be granted thereby; or

(l) Either Borrower shall make any payment on account of its Subordinated Debt, except to the extent such payment is expressly permitted hereby or under any subordination agreement entered into with the Banks.

9.2 Remedies Upon an Event of Default. If any Event of Default

shall have occurred and be continuing, any Bank may (a) declare its Commitments terminated (whereupon the Commitments shall be terminated) and/or (b) declare the principal amount then outstanding of, and the accrued interest on, any of its Borrower Loans and facility fee and all other amounts payable hereunder and under the Borrower Notes it holds to be forthwith due and payable, whereupon such amounts shall be and become immediately due and payable, without notice (including, without limitation, notice of intent to accelerate), presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrowers; provided that in the case of the occurrence

of an Event of Default with respect to the Borrowers referred to in clauses 9.1(f) and 9.1(g) of Section 9.1, the Commitments shall be automatically terminated and the principal amount then outstanding of and the accrued interest on the any of the Borrower Loans and commitment fees and all other amounts payable hereunder and under the Borrower Notes shall be and become automatically and immediately due and payable, without notice (including, without limitation, notice of intent to accelerate), presentment, demand, protest or other formalities of any kind, all of which are hereby expressly waived by the Borrowers. Each Bank agrees to provide notice to the other Bank or Banks and the Collateral Agent with reasonable promptness (but in no event later than the next Banking Day) of any actions it undertakes of the type described in clauses (a) and (b) above.

Section 10 The Collateral Agent

10.1 Appointment of Collateral Agent; Powers and Immunities.

(a) Each Bank hereby irrevocably appoints and authorizes SVB to serve as the Collateral Agent hereunder and to act as its agent hereunder and under the other Loan Documents in such capacity. Each Bank irrevocably authorizes the Collateral Agent to take such action on

behalf of each of the Banks and to exercise all such powers as are expressly delegated to the Collateral Agent hereunder and in the other Loan Documents and all related documents, together with such other powers as are reasonably incidental thereto. The Collateral Agent shall not have any duties or responsibilities or any fiduciary relationship with any Bank except those expressly set forth in this Agreement.

(b) Neither the Collateral Agent nor any of its directors, officers, employees or agents shall be responsible for any action taken or omitted to be taken by it or them hereunder or in connection herewith, except for its or their own gross negligence or wilful misconduct. Without limiting the generality of the foregoing, neither the Collateral Agent nor any of its Affiliates shall be responsible to the Banks for or have any duty to ascertain, inquire into or verify: (i) any recitals, statements, representations or warranties made by the Borrowers or any of their Subsidiaries or any other Person whether contained herein or otherwise; (ii) the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the other Loan Documents or any other document referred to or provided for herein or therein; (iii) any failure by the Borrowers or any of their Subsidiaries or any other Person to perform its obligations under any of the Loan Documents; (iv) the satisfaction of any conditions specified in Section 5 hereof; (v) the existence, value, collectibility or adequacy of the Collateral or any part thereof or the validity, effectiveness, perfection or relative priority of the liens and security interests of the Banks therein; or (vi) the filing, recording, re-filing, continuing or re-recording of any financing statement or other document or instrument evidencing or relating to the security interests or liens of the Banks in the Collateral, provided, however, the Collateral Agent

shall have the duty, subject to the terms of this Section 10, to take notice of and to act upon any matter brought to its attention by a Bank.

(c) The Collateral Agent may employ agents, attorneys and other experts, shall not be responsible to any Bank for the negligence or misconduct of any such agents, attorneys or experts selected by it with reasonable care and shall not be liable to any Bank for any action taken, omitted to be taken or suffered in good faith by it in accordance with the advice of such agents, attorneys and other experts. SVB in its separate capacity as a Bank shall have the same rights and powers under the Loan Documents as the other Bank and may exercise or refrain from exercising the same as though it were not the Collateral Agent, and SVB and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrowers as if it were not the Collateral Agent.

10.2 Actions By Collateral Agent. (a) The Collateral Agent

shall be fully justified in failing or refusing to take any action under this Agreement as it reasonably deems appropriate unless it shall first have received such advice or concurrence of the Banks and shall be indemnified to its reasonable satisfaction by the Banks 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 Collateral Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any of the Loan Documents in accordance with a request of the Banks, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks and all future holders of the Borrower Notes.

(b) Whether or not an Event of Default shall have occurred, the Collateral Agent may from time to time exercise such rights of the Collateral Agent and the Banks under the Loan Documents as it determines may be necessary or desirable to protect the Collateral and the interests of the Collateral Agent and the Banks therein and under the Loan Documents.

(c) The Collateral Agent shall not incur any liability by acting in reliance on any notice, consent, certificate, statement or other writing (which may be a bank wire, telex, facsimile or similar writing) believed by it to be genuine or to be signed by the proper party or parties.

10.3 Indemnification. Without limiting the obligations of the

Borrowers hereunder or under any other Loan Document, the Banks agree to indemnify the Collateral Agent, ratably in accordance with their respective Total Commitment Percentages, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against the Collateral Agent in any way relating to or arising out of this Agreement or any other Loan Document or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or the enforcement of any of the terms hereof or thereof or of any such other documents; provided, however, that no Bank shall be liable for any of the

foregoing to the extent they result from the gross negligence or willful misconduct of the Collateral Agent.

10.4 Reimbursement. Without limiting the provisions of Section

10.3, the Banks and the Collateral Agent hereby agree that the Collateral Agent shall not be obliged to make available to any Person any sum which the Collateral Agent is expecting to receive for the account of that Person until the Collateral Agent has determined that it has received that sum. The Collateral Agent may, however, disburse funds prior to determining that the sums which the Collateral Agent expects to receive have been finally and unconditionally paid to the Collateral Agent, if the Collateral Agent wishes to do so. If and to the extent that the Collateral Agent does disburse funds and it later becomes apparent that the Collateral Agent did not then receive a payment in an amount equal to the sum paid out, then any Person to whom the Collateral Agent made the funds available shall, on demand from the Collateral Agent, refund to the Collateral Agent the sum paid to that Person. If the Collateral Agent in good faith reasonably concludes that the distribution of any amount received by it in such capacity hereunder or under the Loan Documents might involve it in liability, it may refrain from making distribution until its right to make distribution shall have been adjudicated by a court of competent jurisdiction. If a court of competent jurisdiction shall adjudge that any amount received and distributed by the Collateral Agent is to be repaid, each Person to whom any such distribution shall have been made shall either repay to the Collateral Agent its proportionate share of the amount so adjudged to be repaid or shall pay over the same in such manner and to such Persons as shall be determined by such court.

10.5 Non-Reliance on Collateral Agent and Other Banks. Each

Bank represents that it has, independently and without reliance on the Collateral Agent or any other Bank, and based on such documents and information as it has deemed appropriate, made its own appraisal of the financial condition and affairs of the Borrowers and decision to enter into this Agreement and the other Loan Documents and agrees that it will, independently and without reliance upon the Collateral Agent or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own appraisals and decisions in taking or not taking action under this Agreement or any other Loan Document. The Collateral Agent shall not be required to keep informed as to the performance or observance by the Borrowers of this Agreement, the other Loan Documents or any other document referred to or provided for herein or therein or by any other Person of any other agreement or to make inquiry of, or to inspect the properties or books of, any Person. Except for notices, reports and other documents and information expressly required to be furnished to the Banks by the Collateral Agent hereunder, if any, the Collateral Agent shall not have any duty or responsibility to provide any Bank with any credit or other information concerning any person which may come into the possession of the Collateral Agent or any of its affiliates. Each Bank shall have access to all documents relating to the Collateral Agent's performance of its duties hereunder at such Bank's request. Unless any Bank shall promptly object to any action taken by the Collateral Agent hereunder (other than actions to which the provisions of Section 12.6(b) are applicable and other than actions which constitute gross negligence or willful misconduct by the Collateral Agent), such Bank shall conclusively be presumed to have approved the same.

10.6 Resignation or Removal of Collateral Agent. The

Collateral Agent may resign at any time by giving 30 days prior written notice thereof to the Banks and the Borrowers. Upon any such resignation, the Banks shall have the right to appoint a successor Collateral Agent which shall be Fleet or another financial institution reasonably acceptable to the Borrowers and shall be a Bank or another financial institution having a combined capital and surplus in excess of \$100,000,000. If no successor Collateral Agent shall have been so appointed by the Banks and shall have accepted such appointment within 30 days after the retiring Collateral Agent's giving of notice of resignation, then the retiring Collateral Agent may, on behalf of the Banks, appoint a successor Collateral Agent which shall be reasonably acceptable to the Borrowers and shall be a financial institution having a combined capital and surplus in excess of \$100,000,000. Upon the acceptance of any appointment as Collateral Agent hereunder by a successor Collateral Agent, such successor Collateral Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. After any retiring Collateral Agent's resignation, the provisions of this Agreement shall continue in effect for its benefit in respect of any actions taken or omitted to be taken by it while it was acting as Collateral Agent.

10.7 Ratable Sharing

The Banks hereby agree among themselves that if any of them shall, whether by voluntary payment, by realization upon security, through the exercise of any right of set-off or banker's lien, by counterclaim or cross action or by the enforcement of any right under the Loan Documents or otherwise, or as adequate protection of a deposit treated as cash collateral under the Bankruptcy Code, receive payment or reduction of a proportion of the aggregate amount of principal, interest, fees and other amounts then due and owing to that Bank hereunder or under the other Loan Documents (collectively, the "Aggregate

Amounts Due") to such Bank) which is greater than the proportion received by any

other Bank in respect of the Aggregate Amounts Due to such other Bank, then the Bank receiving such proportionately greater payment shall (i) notify Collateral Agent and each other Bank of the receipt of such payment and (ii) apply a portion of such payment to purchase participations (which it shall be deemed to have purchased from each seller of a participation simultaneously upon the receipt by such seller of its portion of such payment) in the Aggregate Amounts Due to the other Banks so that all such recoveries of Aggregate Amounts Due shall be shared by all Banks in proportion to the Aggregate Amounts Due to them; provided that if all or part of such proportionately greater payment received by

such purchasing Bank is thereafter recovered from such Bank upon the bankruptcy or reorganization of Borrower or otherwise, those purchases shall be rescinded and the purchase prices paid for such participations shall be returned to such purchasing Bank ratably to the extent of such recovery, but without interest. The Borrowers expressly consents to the foregoing arrangement and agrees that any holder of a participation so purchased may exercise any and all rights of banker's lien, set-off or counterclaim with respect to any and all monies owing by the Borrowers to that holder with respect thereto as fully as if that holder were owed the amount of the participation held by that holder.

Section 11 Definitions.

11.1 Certain Definitions.

"Accountants" means KMPG Peat Marwick or another accountant firm of

national reputation or other certified public accountants selected by the Borrower and approved by the Banks.

"Adjusted Fixed Charges" means for any period, the sum of, (a) the amount

of the scheduled installments of principal payable in respect of Indebtedness of the Borrower and their

Subsidiaries during such period, (b) the amount of the scheduled payments in respect of Capitalized Lease Obligations during such period, and (c) 25% of outstanding Working Capital Line of Credit Loans as of the last day of such period.

"Affiliate" means, with respect to any specified Person (the "Specified Person"), any Person directly or indirectly controlling, controlled by or under direct or indirect common control with, the Specified Person and, without limiting the generality of the foregoing, includes (i) any director or officer of the Specified Person or any Affiliate of the Specified Person, (ii) any such director's or officer's parent, spouse, child or child's spouse (a "relative"), (iii) any group acting in concert, of one or more such directors, officers, relatives or any combination thereof (a "group"), (iv) any Person controlled by any such director, officer, relative or group in which any such director, officer, relative or group beneficially owns or holds 5% or more of any class of voting securities or a 5% or greater equity or profits interest and (v) any Person or group which beneficially owns or holds 5% or more of any class of voting securities or a 5% or greater equity or profits interest in the Specified Person. For the purposes of this definition, the term "control" when used with respect to any Specified Person means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Specified Person, whether through the ownership of voting securities, by contract or otherwise.

"Agreement" shall mean this Credit Agreement.

"Banking Day" shall mean any day, excluding Saturday and Sunday and excluding any other day which in the Commonwealth of Massachusetts or the State of California is a legal holiday or a day on which banking institutions are authorized by law to close.

"Borrower Loans" shall have the meaning specified in Section 3.1.

"Borrower Notes" shall have the meaning specified in Section 2.2.

"Borrower Property" means any real property owned, occupied, or operated by either Borrower or any of their Subsidiaries.

"Capital Lease Obligations" means, as to any Person, the obligations of such Person to pay rent or other amounts under a lease of (or other agreement conveying the right to use) real and/or personal property which obligations are required to be classified and accounted for as a capital lease on a balance sheet of such Person under GAAP (including Statement of Financial Accounting Standards No. 13 of the Financial Accounting Standards Board) and, for purposes of this Agreement, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP (including FASB Statement No. 13).

"Code" means the Internal Revenue Code of 1986, as amended, or any successor statute.

"Collateral" shall have the meaning given that term in the Security Agreement.

"Commitment Percentage" shall mean, with respect to each Bank, that Bank's Working Capital Line Commitment expressed as a percentage of the Total Working Capital Line Commitment of both the Banks.

"Commitments" means, with respect to any Bank, its Working Capital Line Commitment and, if applicable, its Equipment Line Commitment.

"Contractual Obligation" means, as to any Person, any provision of any

security (as such term is defined in the Securities Act of 1933, as amended) 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.

"Controlled Group" means all members of a controlled group of

corporations and all trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under Section 414 of the Code.

"Current Liabilities" means, at any time, all liabilities of the

Borrowers and their Subsidiaries at such time, on a consolidated basis, that would be classified as current liabilities in accordance with GAAP, including, without limitation, all Indebtedness of the Borrowers and their Subsidiaries payable on demand or maturing within one year of such time, or renewable at the option of the Borrowers or such Subsidiary for a period of not more than one year from such time, and all serial maturity and periodic or installment payments on any Indebtedness, to the extent such payments are required to be made within one year from such time.

"Default" means any condition or event that constitutes an Event of

Default or that with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Eligible Domestic Accounts Receivable" means an account receivable owing

to either Borrower which met the following specifications at the time it came into existence and continues to meet the same until it is collected in full:

(a) The original stated maturity of the account is not more than 90 days after the invoice date thereof, and the account (regardless of its stated maturity date) does not remain unpaid more than 90 days after such invoice date.

(b) The account arose from the performance of services or an outright sale of goods by such Borrower, such goods have been shipped to the account debtor, and the Borrower has possession of, or has delivered to the Collateral Agent, shipping and delivery receipts evidencing such shipment.

(c) The account is owned solely by such Borrower, and is not subject to any assignment, claim, lien, or security interest, other than a security interest in favor of SVB as collateral agent for the Banks.

(d) The account is not one with respect to which the account debtor has exercised any rights of set-off, credit, allowance or adjustment which is not reflected in the dollar amount of the receivable; the account is not one as to which the account debtor disputes liability or makes any claim with respect thereto or as to which the Banks believe, in their sole discretion, that there may be a basis for dispute (but only to the extent of the amount subject to such dispute or claim), or which involves an account debtor subject to any insolvency proceeding, or becomes insolvent, or goes out of business.

(e) The account arose in the ordinary course of such Borrower's business and did not arise from the performance of services or a sale of goods to a supplier or employee of the Borrower.

(f) No notice of bankruptcy or insolvency of the account debtor has been received by or is known to the Borrowers.

(g) Such Borrower has pledged any instrument or chattel paper evidencing the account to SVB as collateral agent for the Banks pursuant to the provisions of the Security Agreement.

(h) Not more than 25% of the aggregate accounts receivables of the account debtor have remained unpaid for a period of more than ninety (90) days from the invoice date.

(i) The aggregate accounts receivables from the account debtor (including their Subsidiaries and Affiliates) do not exceed 25% of the total Eligible Accounts Receivable of the Borrowers; that portion of the account over the 25% level will be disqualified.

(j) The account does not relate to goods placed on consignment, guaranteed sale, sale or return, sale on approval, bill and hold, or other terms by reason of which the payment by the account debtor may be conditional.

(k) The account debtor is not an Affiliate, officer, employee or agent of either Borrower.

(l) The account debtor is not a Governmental Authority.

(m) The Borrowers do not owe any amounts to the account debtor for goods sold, services rendered or otherwise; to the extent that any amounts are so owed, the accounts of such account debtor in an amount equal to the amounts owed by the Borrowers to the account debtor shall be disqualified.

(n) The Banks have not notified the Borrowers that the Banks have determined that an account or account debtor is unsatisfactory for credit reasons (which determination shall not be made unreasonably).

(o) The account debtor is a person or entity located in the United States and the account arose out of services rendered or goods delivered in the United States.

"Eligible International Accounts Receivable" means an account receivable

owing to either Borrower which met the requirements set forth in clauses (a) through (g) and (i) through (n) for Eligible Domestic Accounts Receivable and also the following specifications at the time it came into existence and continues to meet the same until it is collected in full:

(a) The account debtor is a Person located outside the United States and the account arose out of services rendered or goods delivered outside the United States:

(b) Not more than 25% of the aggregate accounts receivable of the account debtor have remained unpaid for a period of more than one hundred twenty (120) days from the invoice date; and

(c) The obligations of the account debtor under such account are supported either (i) by a transferable commercial letter of credit or standby letter of credit issued for the account of the account debtor and for the benefit of such Borrower by a bank or other financial institution approved by the Banks in writing (and not subsequently disapproved), that (A) is payable in the United States, (B) provides for the full payment to such Borrower or its transferee of such account receivable, either (x) upon shipment of goods or the provision of services and upon presentation of documentation that such goods have been shipped or that such services have been provided, or (y) upon default in payment of such account receivable in accordance with its terms, and (C) has been

delivered and pledged to SVB as Collateral Agent for the Banks or (ii) by insurance covering such obligations with terms that have been approved by the Banks in writing and underwritten by an insurer that has been approved by the Banks in writing (and not subsequently disapproved), or are those of an account

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debtor that has been approved in writing by both Banks in their sole discretion (which approval has not been subsequently cancelled or withdrawn). A list of account debtors approved by the Bank as of the date of this Agreement is attached hereto as Schedule B.

"Eligible Equipment" means any items of equipment that either Borrower

has requested that Fleet finance the purchase of through an advance under the Equipment Line Commitment, and which, both on the date of such request and the date of such advance, meets the following requirements:

(a) such equipment is not (i) telephone equipment, (ii) office furniture, (iii) a fixture or leasehold improvement, (iv) a motor vehicle, (v) software or (vi) intended by the Borrower to become a fixture or leasehold improvement;

(b) such equipment has been purchased by the Borrower from the manufacturer or a distributor thereof, has not been put in service by any Person prior to the date of the invoice furnished to the Borrower by such manufacturer or distributor, and has an invoice date of not earlier than April 3, 1995;

(c) such equipment is owned solely by the Borrower and is not subject to any leasehold interest, assignment, claim, lien or security interest, (other than a security interest in favor of SVB as collateral agent for the Banks pursuant to the Security Agreement or any other right, title of interest of any third party;

(d) such equipment is located in The Commonwealth of Massachusetts, the State of Maryland or the State of California and is in the possession of the Borrower; and

(e) if such Equipment is or is to be located on premises leased by the Borrower, Fleet has received a landlord's waiver in form and substance satisfactory to Fleet from the landlord of such premises.

"Environmental Laws" means all federal, state, local and foreign laws,

and all regulations, notices or demand letters issued, promulgated or entered thereunder, relating to pollution or protection of the environment and to occupational health and safety, including, without limitation, laws relating to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or Hazardous Substances into the environment (including, without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or Hazardous Substances.

"Equipment Line Commitment" shall have the meaning set forth in Section

2.1.

"Equipment Line Commitment Expiration Date" shall have the meaning

specified in Section 2.1.

"Equipment Line of Credit Loans" shall have the meaning set forth in

Section 2.1.

"Equipment Line Maturity Date" shall have the meaning specified in

Section 2.5.

"Equipment Line Note" shall have the meaning set forth in Section 2.2.

"ERISA" means the Employee Retirement Income Security Act of 1974, as

amended, or any successor statutes.

"Event of Default" has the meaning set forth in Section 9.1.

"Financial Statements Date" means April 2, 1995.

"GAAP" means accounting principles generally accepted in the United

States applied on a consistent basis.

"Governmental Approvals" shall mean any authorization, consent, order,

approval, license, lease, ruling, permit, tariff, rate, certification,
validation, exemption, filing or registration by or with, or notice to, any
Governmental Authority.

"Governmental Authority" shall mean any federal, state, municipal or

other governmental department, commission, board, bureau, agency, court,
tribunal or other instrumentality, domestic or foreign, and any arbitrator.

"Guarantee" by any Person means any obligation, contingent or otherwise,

of such Person directly or indirectly guaranteeing any Indebtedness or other
obligation of any other Person and, without limiting the generality of the
foregoing, any obligation, direct or indirect, contingent or otherwise of such
Person (a) to purchase or pay (or advance or supply funds for the purchase or
payment of) such Indebtedness or other obligation (whether arising by virtue of
partnership arrangements, by agreement to keep-well, to purchase assets, goods,
securities or services, to take-or-pay, or to maintain financial statement
conditions or otherwise) or (b) entered into for the purpose of assuring in any
other manner the obligee of such Indebtedness or other obligation of the payment
thereof or to protect such obligee against loss in respect thereof (in whole or
in part); provided that the term Guarantee shall not include endorsements for

collection or deposit in the ordinary course of business. The term "Guarantee"
used as a verb has a corresponding meaning.

"Guarantor" shall have the meaning specified in Section 4.2.

"Guarantor Security Agreement" shall have the meaning specified in

Section 4.2.

"Hazardous Substances" shall mean all hazardous and toxic substances,

wastes or materials, hydrocarbons (including naturally occurring or man-made
petroleum and hydrocarbons), flammable explosives, urea formaldehyde insulation,
radioactive materials, biological substances, PCBs, pesticides, herbicides and
any other kind and/or type of pollutants, or contaminates and/or any other
similar substances or materials which, because of toxic, flammable, explosive,
corrosive, reactive, radioactive or other properties that may be hazardous to
human health or the environment, are included under or regulated by any
Environmental Laws.

"Indebtedness" of any Person at any date shall mean, (a) all indebtedness

of such Person for borrowed money or for the deferred purchase price of property
or services (excluding current trade liabilities incurred in the ordinary course
of business and payable in accordance with customary practices, but including
any class of capital stock of such Person with fixed payment obligations or with
redemption at the option of the holder), or which is evidenced by a note, bond,
debenture or similar instrument, (b) all Capital Lease Obligations of such
Person, (c) all obligations of such Person in respect of acceptances issued or
created for the account of such Person, and all reimbursement obligations
(contingent or otherwise) of such Person in respect of any letters of credit
issued for the account of such Person, and (d) all liabilities secured by any
Lien on any

property owned by such Person even though such Person has not assumed or otherwise become liable for the payment thereof.

"Intellectual Property" shall have the meaning specified in Section 6.16.

"Interest Period" means, with respect to any LIBOR Loan, the period

commencing on the date such LIBOR Loan is converted from a Prime Rate Loan or the last day of the next preceding Interest Period with respect to such LIBOR Loan and ending on the numerically corresponding day in the first, second or third calendar month thereafter, as the Borrower may select as provided in Section 3.6, except that each such Interest Period which commences on the last Banking Day of a calendar month (or on any day for which there is no numerically corresponding day in the appropriate subsequent calendar month) shall end on the last Banking Day of the appropriate subsequent calendar month.

"Investments" means, with respect to any Person (the "Investor"), (a) any

investment by the Investor in any other Person, whether by means of share purchase, capital contribution, purchase or other acquisition of a partnership or joint venture interest, loan, time deposit, demand deposit or otherwise and (b) any Guarantee by either Borrower of any Indebtedness or other obligation of any other Person.

"LIBOR Loan" means, at any time, that principal amount of the Working

Capital Line of Credit Loans or the Equipment Line of Credit Loans, the interest on which is determined at such time on the basis of rates referred to in the definition of "LIBOR Rate".

"LIBOR Rate" means with respect to any Interest Period pertaining to a

LIBOR Loan, the rate per annum (rounded upwards, if necessary, to the nearest 1/16th of 1%) equal to the quotient of (a) the rate determined by SVB in the case of Working Capital Line of Credit Loans and by Fleet in the case of Equipment Line of Credit Loans to be the prevailing per annum rate at which deposits in U.S. dollars are offered to such Bank by first-class banks two Working Days prior to the beginning of such Interest Period in the London interbank market at or about 10:00 a.m., Boston time, for delivery on the first day of such Interest Period for the number of days comprised therein and in an amount equal to the amount of the LIBOR Loan to be outstanding during such Interest Period, divided by (b) a number equal to 1.00 minus the Reserve Requirement for such LIBOR Loan during such Interest Period.

"Lien" means any mortgage, pledge, hypothecation, conditional or

collateral assignment, deposit arrangement, encumbrance, lien (statutory or other), or preference, priority or other security agreement of any kind or nature whatsoever (including, without limitation, any conditional sale or other title retention agreement, any lease that should be capitalized in accordance with GAAP, and the filing of a financing statement under the Uniform Commercial Code or comparable law of any jurisdiction), together with any renewal or extension thereof.

"Loan Documents" means, collectively, this Agreement, the Borrower Notes,

the Guaranties, the Financing Statements, the Security Instruments, and all other agreements and instruments that are from time to time executed in connection with this Agreement, as each of such agreements and instruments may be amended, modified or supplemented from time to time.

"Material Adverse Effect" means a material adverse effect on (a) the

business, operations, property, condition (financial or otherwise) or prospects of either Borrower, or of the Borrowers and their Subsidiaries taken as a whole, (b) the ability of either Borrower to perform its obligations under this Agreement, the Borrower Notes or any of the other Loan Documents, or (c) the validity or

enforceability of this Agreement, the Borrower Notes or any of the other Loan Documents, or the rights or remedies of the Banks hereunder or thereunder.

"Multiemployer Plan" means at any time an employee pension benefit plan

within the meaning of Section 4001(a)(3) of ERISA to which either Borrower or any member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions, including for these purposes any Person which ceased to be a member of the Controlled Group during such five year period.

"Net Income" or "Net Loss" for any period in respect of which the amount

thereof shall be determined, shall mean the aggregate of the consolidated net income (or net loss) after taxes for such period (taken as a cumulative whole) of the Borrowers and their Subsidiaries, determined in accordance with GAAP, exclusive of the write-up of any asset.

"Obligations" shall have the meaning given the term "Secured Obligations"

in the Security Agreement.

"Office of the Bank" shall mean (a) in the case of SVB, the banking

office of SVB located at 3003 Tasman Drive, Santa Clara, California 95054, or such other location of which SVB shall notify the Borrowers, and (b) in the case of Fleet, the banking officer of Fleet located at Fleet Center, 75 State Street, Boston, Massachusetts 02106-2197, or such other location of which Fleet shall notify the Borrower.

"Operating Cash Flow" means, for any period, the sum (without

duplication) determined on a consolidated basis for the Borrowers and their Subsidiaries and in accordance with GAAP, of (a) Net Income, plus (b) the sum of depreciation and amortization for such period.

"PBGC" means the Pension Benefit Guaranty Corporation or any entity

succeeding to any or all of its functions under ERISA.

"Permitted Liens" shall have the meaning set forth in Section 8.6.

"Person" shall mean and include any individual, firm, corporation,

trust or other unincorporated organization or association or other enterprise or any government or political subdivision, agency, department or instrumentality thereof.

"Plan" means any employee pension benefit plan which is covered by Title

IV of ERISA or subject to the minimum funding standards under Section 412 of the Code and is either (a) maintained by either Borrower or any member of the Controlled Group for employees of either Borrower or any member of the Controlled Group or (b) maintained pursuant to a collective bargaining agreement or any other arrangement under which more than one employer makes contributions and to which either Borrower or any member of the Controlled Group is then making or accruing an obligation to make contributions or has within the preceding five plan years made contributions.

"Pledge Agreement" shall have the meaning set forth in Section 4.1.

"Post-Default Rate" means, in respect of any principal of the Working

Capital Line of Credit Loans, the Equipment Line of Credit Loans or any other amount payable by either Borrower under this Agreement which is not paid when due (whether at stated maturity, by acceleration or otherwise, a rate per annum during the period commencing on the due date until such amount is paid in full (after as well as before judgment) equal to the sum of 3% plus the higher of (i) the rate

of interest applicable to Prime Rate Loans and (ii) in the case of any LIBOR Loan, the rate of interest otherwise applicable to such LIBOR Loan.

"Prime Rate" shall mean the per annum rate of interest from time to time

announced and made effective by Fleet as its Prime Rate (which rate may or may not be the lowest rate available from the Bank at any given time).

"Purchase Money Indebtedness" shall mean Indebtedness incurred to finance

the acquisition of assets or the cost of improvements on real property or leaseholds, in each case in an amount not in excess of the lesser of (a) the purchase price or acquisition cost of said assets or the cost of said improvements and (b) the fair market value of said assets or said improvements on the date of acquisition of said assets or contract for said improvements.

"Purchase Money Security Interest" shall mean (a) a security interest

securing Purchase Money Indebtedness, which security interest applies solely to the particular assets acquired with the Purchase Money Indebtedness that said Purchase Money Security Interest secures, and (b) the renewal, extension and refunding of such Purchase Money Indebtedness in an amount not exceeding the amount thereof remaining unpaid immediately prior to such renewal, extension or refunding.

"Quick Ratio" means, at any time, all cash and accounts receivable, less

reserves for doubtful accounts, less advance billing to customers, of the Borrowers and their Subsidiaries at such time, on a consolidated basis, determined in accordance with GAAP, divided by (a) the aggregate of all Current Liabilities at such time, (b) then outstanding Working Capital Extensions of Credit, and (c) the then current portion of long-term Indebtedness of the Borrowers and their Subsidiaries as calculated in accordance with GAAP.

"Regulation D" means Regulation D of the Board of Governors of the

Federal Reserve System as the same may be amended or supplemented from time to time.

"Regulatory Change" means any change on or after the date of this

Agreement in United States federal, state or foreign laws or regulations, including Regulation D, or the adoption or making on or after such date of any interpretations, directives or requests applying to a class of lenders including the Banks of or under any United States federal or state, or any foreign, laws or regulations (whether or not having the force of law) by any court or governmental or monetary authority charged with the interpretation or administration thereof (other than changes which affect taxes measured by or imposed on the overall net income of any Bank by the jurisdiction in which such Bank has its principal office.

"Reserve Requirement" means, for any LIBOR Loans for any Interest Period

therefor, the average maximum rate at which reserves (including any marginal, supplemental or emergency reserves) are required to be maintained during such Interest Period under Regulation D by the Bank against "Eurocurrency liabilities" (as such term is used in Regulation D).

"Restricted Payment" means, with respect to either Borrower or any

Subsidiary thereof, (a) any dividend or other distribution on any shares of capital stock of Stock Borrower or such Subsidiary (except dividends payable solely in shares of capital stock or rights to acquire capital stock of Alpha, and cash dividends payable solely to either Borrower by a Subsidiary), (b) any payment on account of the purchase, redemption, retirement or acquisition of (i) any shares of the capital stock of any Borrower or a Subsidiary thereof or (ii) any option, warrant, convertible security or other right to acquire shares of the capital stock of any Borrower or a Subsidiary thereof, other than, in either case, payments made solely to Alpha by a Subsidiary, and (c) any payment of any

principal of, or premium or interest on, or any required or optional purchase, redemption or other retirement or other acquisition of any Subordinated Debt of any Borrower other than on terms expressly permitted under the subordination provisions approved by the Banks.

"SEC" means the Securities and Exchange Commission.

"Security Agreement" shall have the meaning set forth in Section 4.1.

"Security Instruments" means, collectively, the Security Agreement, the Pledge Agreement and the Guarantor Security Agreements, and each other instrument or agreement that purports to secure the Obligations of the Borrower to the Banks.

"Subordinated Debt" means Indebtedness of the Borrower that is subordinated to the Indebtedness of the Borrower owing to the Banks either (a) pursuant to a subordination agreement in form and substance satisfactory to the Banks between the Banks and the holder(s) of such Indebtedness, or (b) pursuant to the terms thereof, where the Banks have confirmed in writing that such terms are satisfactory to them.

"Subsidiary" means, with respect to any Person, any corporation or other entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"Tangible Net Worth" means, at any time, the consolidated stockholders' equity of the Borrower and their Subsidiaries at such time determined in accordance with GAAP, less all assets that are reflected on the consolidated balance sheet of the Borrowers and their Subsidiaries at such time that would be treated as intangibles under GAAP (including, but not limited, to goodwill, capitalized software and excess purchase costs), plus all then outstanding Subordinated Debt.

"Total Commitment Percentage" shall mean with respect to any Bank, that Bank's Working Capital Line Commitment and Equipment Line Commitment expressed as a percentage of the Total Working Capital Line Commitment and Equipment Line Commitment.

"Total Senior Liabilities" means, at any time, the consolidated liabilities of the Borrowers and their Subsidiaries at such time, determined in accordance with GAAP, less all then outstanding Subordinated Debt.

"Type" shall refer to the determination of whether a Working Capital Line of Credit Loan or Equipment Line of Credit Loan is a Prime Rate Loan or a LIBOR Loan, each of which shall constitute a Type.

"UCC" shall have the meaning given such term in the Security Agreement.

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

"Working Capital Borrowing Base" shall have the meaning specified in Section 1.5.

"Working Capital Commitment Expiration Date" shall have the meaning

specified in Section 1.1.

"Working Capital Commitment Percentage" shall mean, with respect to any

Bank, that Bank's Working Capital Line Commitment expressed as a percentage of the Total Working Capital Line Commitment.

"Working Capital Extension of Credit" shall have the meaning set forth in

Section 1.5.

"Working Capital Line Commitment" shall have the meaning specified in

Section 1.1.

"Working Capital Line of Credit Loans" shall have the meaning specified

in Section 1.1.

"Working Capital Note" shall have the meaning set forth in Section 1.3.

"Working Day" means any day on which dealings in foreign currencies and

exchange between banks may be carried on in the place where the Eurodollar Lending Office is located and in Boston, Massachusetts and San Jose, California.

Section12 Miscellaneous.

12.1 Accounting Terms and Definitions. Unless otherwise

specified herein, all accounting terms used herein shall be interpreted, all determinations with respect to accounting matters hereunder shall be made, and all financial statements and certificates and reports as to financial matters required to be delivered hereunder shall be prepared, in accordance with GAAP; provided that if any change in GAAP in itself materially affects the calculation

of any financial covenant in this Agreement, the Borrowers may by notice to the Banks, or the Banks may by notice to the Borrower, require that such covenant thereafter be calculated in accordance with GAAP as in effect, and applied by the Borrowers, immediately before such change in GAAP occurs. If such notice is given, the compliance certificates delivered pursuant to Section 7.4 (d) after such change occurs shall be accompanied by reconciliations of the difference between the calculation set forth therein and a calculation made in accordance with GAAP as in effect from time to time after such change occurs. To enable the ready determination of compliance with the covenants set forth in this Agreement, the Borrowers will not change the date on which their fiscal year or any of their fiscal quarters end without thirty (30) days' prior notice to the Banks.

12.2 Amendments, Etc. No amendment or waiver of any provision of

this Agreement or the Borrower Notes, nor consent to any departure by the Borrowers therefrom, shall in any event be effective unless the same shall be in writing and signed by all the Banks and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

12.3 Notices, Etc. All notices and other communications provided

for hereunder shall be in writing and shall be delivered by hand, by a nationally recognized commercial overnight delivery service, by first class mail or by telecopy, delivered, addressed or transmitted, if to the Borrowers, at the following address: 20 Sylvan Road, Woburn, Massachusetts 01810, Attention: David Aldrich, Chief Financial Officer, Telecopy No. (617) 938-3706, with a copy to the attention of the Legal Department of the Borrower at the same address; if to SVB, at its address at Wellesley Office Park, 45 William Street, Wellesley, Massachusetts 02181, Attention: Joan S. Parsons, Vice President, Telecopy No. (617) 431-9906; and if to Fleet, at its address at Fleet Center, 75 State Street, Boston, Massachusetts 02106-2197, Attention: Catherine Bruton, Vice President, with a copy in the case of any notice to a Bank, to Sullivan & Worcester, One Post Office Square, Boston,

Massachusetts 02109, Attention Dennis J. White, Esq., Telecopy No. (617) 338-2939 or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall be deemed effective, (a) in the case of hand deliveries, when delivered; (b) in the case of an overnight delivery service, on the next Banking Day after being placed in the possession of such delivery service, with delivery charges prepaid; (c) in the case of mail, three days after deposit in the postal system, first class postage prepaid; and (d) in the case of telecopy notices, when electronic indication of receipt is received, except that notices to any Bank pursuant to the provisions of Section 1.7 shall not be effective until received by such Bank.

12.4 No Waiver; Remedies. No failure on the part of any Bank to

exercise, and no delay in exercising, any right hereunder or under the Borrower Notes shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder or under the Borrower Notes preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

12.5 Right of Set-off. (a) Upon the occurrence and during the

continuance of any Event of Default, each Bank is hereby authorized at any time and from time to time, 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 and other indebtedness at any time owing by such Bank to or for the credit or the account of the Borrowers against any and all of the obligations of the Borrower now or hereafter existing under this Agreement and the Borrower Notes, irrespective of whether or not such Bank shall have made any demand hereunder and although such obligations may be contingent or unmatured.

(b) Each Bank agrees promptly to notify the Borrowers after any such set-off and application, provided that the failure to give such notice

shall not affect the validity of such set-off and application. The rights of the Banks under this Section 12.5 are in addition to other rights and remedies (including, without limitation, other rights of set-off) which the Banks may have.

12.6 Expenses; Indemnification. (a) The Borrowers shall pay on

demand (i) the reasonable fees and disbursements of counsel to the Banks in connection with the preparation of this Agreement and the preparation or review of each agreement, opinion, certificate and other document referred to in or delivered pursuant hereto; (ii) all reasonable out-of-pocket costs and expenses of the Banks in connection with the administration of this Agreement and the other Loan Documents, (including without limitation any lien search or filing fees) and any waiver or amendment of any provision hereof or thereof, including without limitation, the reasonable fees and disbursements of counsel for the Banks, and of any field examiner or auditor retained by the Banks as contemplated in Section 7.8; and (iii) if any Event of Default occurs, all reasonable costs and expenses incurred by the Banks, including the reasonable fees and disbursements of counsel to the Banks, and of any appraisers, environmental engineers or consultants, or investment banking firms retained by the Banks in connection with such Event of Default or collection, bankruptcy, insolvency and other enforcement proceedings related thereto. Each Borrower agrees on a joint and several basis to pay, indemnify and hold the Banks harmless from, any and all recording and filing fees, and any and all liabilities with respect to, or resulting from any delay in paying, stamp, excise or other taxes, if any, which may be payable or determined to be payable in connection with the execution and delivery of or the consummation or administration of any of the transactions contemplated by, or any amendment, supplement or modification of, or any waiver or consent under or in respect of, this Agreement or the other Loan Documents, or any documents delivered pursuant hereto or thereto.

(b) Each Borrower agrees on a joint and several basis to indemnify each Bank and its officers and directors and hold such Bank and its officers and directors harmless from and against any and all liabilities, losses, damages, costs and expenses of any kind (including, without limitation, the reasonable fees and disbursements of counsel for such Bank in connection with any investigative, administrative or judicial proceeding initiated by a third party, whether or not such Bank shall be designated a party thereto) which may be incurred by such Bank, relating to or arising out of this Agreement or any other Loan Document, or the existence of any Hazardous Substance on, in, or under any Borrower Property, or any violation of any applicable Environmental Laws for which the Borrower or any Subsidiary thereof has any liability or which occurs upon any Borrower Property, or the imposition of any Lien under any Environmental Laws, provided that no Bank shall have the right to be indemnified

hereunder for its own gross negligence or willful misconduct as determined by a court of competent jurisdiction.

(c) The agreements in this Section 12.6 shall survive the repayment of the Borrower Notes, and all other amounts payable under this Agreement and the other Loan Documents.

12.7 Binding Effect. This Agreement shall become effective when

it shall have been executed by the Borrowers and the Banks (provided, however, in no event shall this Agreement become effective until signed by an officer of SVB in California) and thereafter shall be binding upon and inure to the benefit of the Borrowers and the Banks and their respective successors and assigns, except that the Borrower shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Banks. Each Bank may assign to any financial institution all or any part of, or any interest (undivided or divided) in, such Bank's rights and benefits under this Agreement or the Borrower Notes, and to the extent of that assignment such assignee shall have the same rights and benefits against the Borrower hereunder as it would have had if such assignee were the Bank making the Working Capital Line of Credit Loans and the Equipment Line of Credit Loan hereunder.

12.8 Severability. Any provision of this Agreement which is

prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

12.9 GOVERNING LAW. THIS AGREEMENT SHALL BE GOVERNED BY, AND

CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.

12.10 WAIVER OF JURY TRIAL. EACH BANK AND EACH BORROWER AGREES

THAT NONE OF THEM NOR ANY ASSIGNEE OR SUCCESSOR SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM OR ANY OTHER ACTION BASED UPON, OR ARISING OUT OF, THIS AGREEMENT, ANY RELATED INSTRUMENTS, ANY COLLATERAL OR THE DEALINGS OR THE RELATIONSHIP BETWEEN OR AMONG ANY OF THEM, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS PARAGRAPH HAVE BEEN FULLY DISCUSSED BY THE BANKS AND THE BORROWER, AND THESE PROVISIONS SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER THE BANKS NOR THE BORROWERS HAVE AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS PARAGRAPH WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

12.11 VENUE, CONSENT TO SERVICE OF PROCESS. EACH BORROWER ACCEPTS

FOR ITSELF AND IN CONNECTION WITH ITS PROPERTIES, GENERALLY AND

UNCONDITIONALLY, THE NON-EXCLUSIVE JURISDICTION OF ANY STATE OR FEDERAL COURT OF COMPETENT JURISDICTION IN THE COMMONWEALTH OF MASSACHUSETTS (AND IN THE EVENT SVB IS FOR ANY REASON DENIED ACCESS TO THE COURTS OF MASSACHUSETTS, THEN SOLELY IN SUCH CASE, CALIFORNIA) IN ANY ACTION, SUIT OR PROCEEDING OF ANY KIND AGAINST IT WHICH ARISES OUT OF OR BY REASON OF THIS AGREEMENT, THE BORROWER NOTES, ANY OTHER LOAN DOCUMENT, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IRREVOCABLY AGREES TO BE BOUND BY ANY FINAL JUDGMENT RENDERED BY ANY SUCH COURT IN ANY SUCH ACTION, SUIT OR PROCEEDING IN WHICH IT SHALL HAVE BEEN SERVED WITH PROCESS IN THE MANNER HEREINAFTER PROVIDED, SUBJECT TO EXERCISE AND EXHAUSTION OF ALL RIGHTS OF APPEAL AND TO THE EXTENT THAT IT MAY LAWFULLY DO SO, WAIVES AND AGREES NOT TO ASSERT, BY WAY OF MOTION, AS A DEFENSE OR OTHERWISE, IN SUCH ACTION, SUIT OR PROCEEDING ANY CLAIMS THAT IT IS NOT PERSONALLY SUBJECT TO THE JURISDICTION OF SUCH COURT, THAT ITS PROPERTY IS EXEMPT OR IMMUNE FROM ATTACHMENT OR EXECUTION, THAT THE ACTION, SUIT OR PROCEEDING IS BROUGHT IN AN INCONVENIENT FORUM OR THAT THE VENUE THEREOF IS IMPROPER, AND AGREES THAT PROCESS MAY BE SERVED UPON IT IN ANY SUCH ACTION, SUIT OR PROCEEDING IN THE MANNER PROVIDED BY CHAPTER 223A OF THE GENERAL LAWS OF MASSACHUSETTS, RULE 4 OF THE MASSACHUSETTS RULES OF CIVIL PROCEDURE OR RULE 4 OF THE FEDERAL RULES OF CIVIL PROCEDURE.

12.12 Headings. Section headings in this Agreement are included

herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

12.13 Counterparts. This Agreement may be signed in one or more

counterparts each of which shall constitute an original and all of which taken together shall constitute one and the same instrument.

12.14 Joint and Several Obligations. Each and every

representation, warranty, covenant and agreement made by either of the Borrowers, hereunder and under the other Loan Documents shall be joint and several, whether or not so expressed, and such obligations of either of the Borrowers shall not be subject to any counterclaim, setoff, recoupment or defense based upon any claim either Borrower may have against the other Borrower or the Bank, and shall remain in full force and effect without regard to, and shall not be released, discharged or in any way affected by, any circumstance or condition affecting the other Borrower, including without limitation (a) any waiver, consent, extension, renewal, indulgence or other action or inaction under or in respect of this Agreement or any other Loan Document, or any agreement or other document related thereto with respect to the other Borrower, or any exercise or nonexercise of any right, remedy, power or privilege under or in respect of any such agreement or instrument with respect to the other Borrower, or the failure to give notice of any of the foregoing to Trans-Tech, it being agreed by Trans-Tech that notice in each such case to Alpha shall be sufficient and that no notice to the Borrowers shall be effective without notice to Alpha; (b) any invalidity or unenforceability, in whole or in part, of any such agreement or instrument with respect to the other Borrower; (c) any failure on the part of the other Borrower for any reason to perform or comply with any term of any such agreement or instrument; (d) any bankruptcy, insolvency, reorganization, arrangement, readjustment, composition, liquidation or similar proceeding with respect to the other Borrower or its properties or creditors; or (e) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, with respect to the other Borrower. Each Borrower hereby waives any requirement of diligence or promptness on the part of the Bank in the enforcement of the Bank's rights hereunder or under any other Loan Document with respect to the obligations of itself or of the other Borrower. Without limiting the foregoing any failure to make any demand upon, to pursue or

SCHEDULE A

TITLE OF PROPERTY EXCEPTION (6.12)

The equipment leased from AT&T approximately \$1,600,000

The equipment leased from ComDisco approximately \$3,000,000

The equipment leased from Tology, Inc. approximately \$210,000

The equipment leased from American National Leasing Corp approximately \$46,000

The equipment leased from Electro Rent Corporation approximately \$185,000

The equipment leased from Digital Equipment Corporation approximately \$750,000

The equipment securing the following obligations of the Debtor: Frederick County, Maryland Industrial Development Revenue Bond \$2,000,000 dated June 18, 1982.

The equipment securing the following obligations of the Debtor: Loan and Security Agreement dated December 15, 1993 between the Debtor and the County Commissioners of Frederick County, Maryland under CDBG Grant Number MD93-ED70 (\$960,000)

The equipment in an amount of approximately \$662,000 securing the obligations of the Debtor with Motorola, Inc.

Additional equipment to be purchased with MICRF/Sunny Day Loan for approximately \$1,300,000.

The equipment purchased by Trans-Tech, Inc. under the agreement dated September 21, 1992 between the Ferrite Development Consortium of which Trans-Tech, Inc. is a member and the Advanced Research Project Agency.

Section 8.6

Liens as disclosed in the Borrower's financial statement and in exception to Section 6.12 above.

SCHEDULE A

SUBSIDIARIES - SECTION 6.10

- . See Financial Statements

ENVIRONMENTAL-SECTION 6.15

- . See financial Statements -

MAINTENANCE OF EXISTENCE - SECTION 7.1

- . Alpha Industries GmbH to be liquidated

SECTION 8.8(b)

- . BayBank
- . Barclays Bank - England
- . Bank of Boston
- . Dresdner Bank AG - Germany
- . Riggs National Bank - Maryland
- . Farmers & Mechanics - Maryland
- . First Interstate Bank - California
- . Banque Scalbert Dupont - France
- . Credit Lyonnaise - France

SCHEDULE A

SECTION 6.16

Patents, Trademarks, and Copyrights

No.	Issued	Inventory	Name	Expires	ASSIGNEE
---	-----	-----	----	-----	-----
4,126,723	21 NOV 78	Huntt	PROCESS FOR ASSEMBLING ...	21 NOV 95	TTI
4,172,318	30 OCT 79	Huntt	METHOD OF JOINING ...	30 OCT 96	TTI
4,833,302	23 May 89	Huntt	APPARATUS AND PROCESS ...	23 MAY 06	Alpha
8/241668	n/a	_____	BARIUM OXIDE RARE EARTH ...	n/a	n/a
8/366396	n/a	_____	DIELECTRIC CERAMIC ...	n/a	TTI
5,262,370		_____	DIELECTRIC CERAMIC ...		TTI
4,942,146	17 JUL 90	Negas et al	DENSE CERAMIC ALLOYS ...	17 JUL 07	ALpha
4,898,534	06 FEB 90	Huntt	APPARATUS AND PROCESS ...	06 FEB 07	Alpha
5,213,851		Synder et al	PROCESS FOR PREPARING ...		TTI
4,734,749	29 MAR 88	Levi	SEMICONDUCTOR MESA ...	29 MAR 96	Alpha
4,157,550	05 JUN 79	Reid, et al	MICROWAVE DETECTING ...	05 JUN 96	Alpha
4,222,014	09 SEP 80	Ondria	MICROWAVE/MILLIMETERWAVE ...	09 SEP 97	Alpha
4,309,677	05 JAN 82	Goldman	MICROWAVE "T" TYPE ...	05 JAN 99	Alpha
4,348,651	07 SEP 82	Reid	CASCADING DIODE ...	07 SEP 95	Alpha

No. ---	Issued -----	Inventory -----	Name -----	Expires -----	ASSIGNEE -----
4,721,959	26 JAN 88	Syrigos et al	MONOPULSE COMPARATOR	26 JAN 05	Alpha
4,673,945	16 JUN 87	Syrigos	BACKFIRE ANTENNA ...	16 JUN 04	Alpha
8/506457	27 JUL 95	Panaccione	PADDLE EXPOSING	n/a	Alpha

No. ---	Issued -----	Country -----	Mark -----	Expires -----	Owner -----
1,123,175	31 JUL 79	USA	TRANS-TECH	31 JUL 99	TTI
887,644	31 MAR 68	USA	TRANS-TECH	10 MAR 00	TTI
913,242	29 JUN 92	Germany	ai logo	29 JUN 02	Alpha
35575	01 JUN 72	Israel	ai logo	02 JUN 07	Alpha
B1091885	03 MAR 88	UK	ai logo		Alpha
B366362	01 OCT 81	Australia	ai logo	01 OCT 02	Alpha
377872	05 NOV 81	Benelux	ai logo	05 NOV 01	Alpha
274164	26 NOV 82	Canada	ai logo	26 NOV 97	Alpha
12721982	26 MAR 83	Denmark	ai logo		Alpha
113531	07 APR 93	Norway	ai logo	07 APR 03	Alpha
191931	06 JUL 84	Sweden	ai logo	06 JUL 04	Alpha
318439	11 JAN 82	Switzerland	ai logo	11 JAN 02	Alpha
31738	17 FEB 88	Yugoslavia	ai logo	17 FEB 98	Alpha

No.	Issued	Country	Mark	Expires	Owner
37892	16 DEC 85	Massachusetts	ai logo	16 DEC 95	Alpha
1459085	29 SEP 87	USA	ai logo	29 SEP 07	Alpha
2202172	30 JAN 90	Japan	ai logo	30 JAN 00	Alpha
380703	16 OCT 87	Taiwan	ai logo	15 OCT 97	Alpha
403052B	21 MAR 90	India	ai logo	21 MAR 97	Alpha
1197061	03 MAR 92	France	ALPHA INDUSTRIES		Alpha

SCHEDULE B

SCHEDULE OF APPROVED FOREIGN ACCOUNT DEBTORS

ALCATEL	DATAMATIC
ALCATEL (Italy)	MILIMONDES
BELTRONICS	PANGAEA (Hong Kong)
COM-DEV	PANGAEA (Singapor)
DENISTRON	SOGO ELECTRONICS
ELECTRONICA SPA	MUNICOM
ERICSSON	
LK PRODUCTS	
MTI	
MICROELIT	
MICROWAVE ASSOC.	
MITEC	
MOTOROLA	
MOTOROLA (Malaysia)	
MOTOROLA (Finland)	
NERA AS (Norway)	
NOKIA	
PANGAEA	
RAFAEL	
SAMSUNG	
SIEMENS	
SIEMENS TELE	
TADICOM	
TADI RAN	
TALCO	
TECTELCOM	
TOP-REL	
UNIDEN	
VECCOM	

This schedule contains summary financial information extracted in part from the financial statements of Alpha Industries, Inc. and Subsidiaries as of and for the six months ended October 1, 1995 and is qualified in its entirety by reference to such financial statements.

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	6-MOS	
	MAR-31-1996	
	APR-02-1995	
	OCT-01-1995	
		2,104
		0
		16,837
		685
		10,747
		29,568
		77,672
		55,844
		52,046
18,459		
		2,401
		2,014
0		
		0
		28,286
52,046		
		46,167
		46,167
		30,888
		43,540
		(383)
		29
		427
		2,583
		388
2,195		
		0
		0
		0
		2,195
		0.27
		0.27