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

FORM 8-K

CURRENT REPORT

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

July 15, 2004
(Date of Report)

ITRON, INC.
(Exact Name of Registrant as Specified in Charter)

Washington	**000-22418**	**91-1011792**
(State or Other Jurisdiction of Incorporation)	**(Commission File No.)**	**(IRS Employer Identification No.)**

2818 N. Sullivan Road, Spokane, WA 99216
(Address of Principal Executive Offices, including Zip Code)

(509) 924-9900
(Registrant's Telephone Number, Including Area Code)

None
(Former Name or Former Address, if Changed Since Last Report)

Item 2. Acquisition or Disposition of Assets

On July 1, 2004, Itron, Inc. (Itron) completed the acquisition of Schlumberger's Electricity Metering Products Business (SEM).

The SEM acquisition includes Schlumberger's electricity meter manufacturing and sales operations in the United States and the electricity meter operations of certain foreign affiliates of Schlumberger in Canada, Mexico, Taiwan and France. By adding electricity meter manufacturing and sales to our existing portfolio of meter data collection technologies and software and consulting solutions, we will be able to offer customers a highly integrated suite of products and services for measuring, gathering, delivering, analyzing and applying electricity usage data.

The purchase price for SEM was $248 million and is subject to post closing working capital adjustments. Itron used proceeds from a new $240 million senior secured credit facility and $125 million in senior subordinated notes to finance the acquisition, pay related fees and expenses, and repay approximately $50.2 million of outstanding Itron debt under an existing credit facility. Schlumberger will indemnify Itron for certain obligations over various time frames following the acquisition date.

SEM uses its assets (including plant, equipment or other physical property) to manufacture and sell electricity meters to utility companies. Itron intends that SEM will continue to use assets for the same purposes following the acquisition.

Itron is not affiliated with Schlumberger or any of its affiliates, directors, officers or any associates of any director or officer. Itron's past business transactions with SEM consisted of royalties received from shipments of solid state electricity meters with Itron's AMR technology embedded.

The foregoing summary is qualified in its entirety by reference to the full text of the Amended and Restated Purchase Agreement attached hereto as Exhibit 2.1, which is incorporated by reference.

On July 1, 2004, Itron issued a press release announcing the SEM acquisition. The press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Itron obtained its new $240 million credit facility through a Credit Agreement dated December 17, 2003 by and among Itron, Inc., Bear Stearns Corporate Lending Inc. as Syndication Agent, Wells Fargo Bank, National Association, as Administrative Agent and the lenders who are, or may from time to time become parties to the Credit Agreement. The Credit Agreement consists of (i) a $55,000,000 five-year senior secured revolving credit facility and (ii) a $185,000,000 seven-year senior secured term loan. The Credit Agreement and subsequent amendments are attached hereto as Exhibits 4.1 through 4.4 and are incorporated herein by reference.

Item 7. Financial Statements, Pro Forma Financial Information and Exhibits

(a) Financial statements of businesses acquired.

To be filed by amendment not later than 60 days from the date of this Report

(b) Pro forma financial information.

To be filed by amendment not later than 60 days from the date of this Report.

(c) Exhibits.

The following exhibits are filed as part of this report:

Exhibit Number	Description
2.1	Amended & Restated Purchase Agreement dated July 1, 2004, buy and among Itron, Inc., Itron Canada, Inc., Itron France and Schlumberger Electricity, Inc., Schlumberger Technology Corporation, Schlumberger Canada Limited, BVI Holdings Limited, Axalto S.A., Schlumberger B.V.
4.1	Credit Agreement, dated December 17, 2003, by and among Itron, Inc. and Bear Stearns Corporate Lending Inc. as Syndication Agent and Wells Fargo Bank, National Association, as Administrative Agent.
4.2	First Amendment to Credit Agreement, dated March 15, 2004, by and among Itron, Inc. and Bear Stearns Corporate Lending Inc. as Syndication Agent and Wells Fargo Bank, National Association, as Administrative Agent.
4.3	Second Amendment to Credit Agreement, dated May 14, 2004, by and among Itron, Inc. and Bear Stearns Corporate Lending Inc. as Syndication Agent and Wells Fargo Bank, National Association, as Administrative Agent.
4.4	Third Amendment to Credit Agreement, dated June 30, 2004, by and among Itron, Inc. and Bear Stearns Corporate Lending Inc. as Syndication Agent and Wells Fargo Bank, National Association, as Administrative Agent.
99.1	Press release dated July 1, 2004.

SIGNATURE

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

ITRON, INC.

Dated: July 15, 2004

By: /s/ DAVID G. REMINGTON

David G. Remington
Vice President and Chief Financial Officer

EXHIBIT INDEX

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Exhibit 2.1

EXECUTION COPY

AMENDED & RESTATED PURCHASE AGREEMENT

By and among

SCHLUMBERGER ELECTRICITY, INC.,

SCHLUMBERGER TECHNOLOGY CORPORATION,

SCHLUMBERGER CANADA LIMITED,

BVI HOLDINGS LIMITED,

AXALTO S.A.,

SCHLUMBERGER B.V.

And

ITRON, INC.

ITRON CANADA, INC.

ITRON FRANCE

As of July 1, 2004

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Exhibits

Disclosure Schedules

AMENDED & RESTATED PURCHASE AGREEMENT

This AMENDED & RESTATED PURCHASE AGREEMENT (this "Agreement"), dated July 1, 2004, by and among Schlumberger Technology Corporation, a Texas corporation ("STC"), Schlumberger Electricity, Inc., a Delaware corporation (the "Company"), Schlumberger B.V., a company organized and existing under the laws of the Netherlands ("Holdings"), Schlumberger Canada Limited, a corporation incorporated under the laws of Ontario ("Schlumberger Canada"), BVI Holdings Limited, a company organized and existing under the laws of the British Virgin Islands ("BVI"), Axalto S.A., a French corporation ("Schlumberger France") and Itron, Inc., a Washington corporation ("Itron"), Itron Canada, Inc., a corporation incorporated under the laws of Canada ("Itron Canada") and Itron France, a French corporation ("Itron France").

RECITALS

A. WHEREAS, the parties hereto, Schlumberger Distribucion S.A. de C.V., a Mexican corporation ("Distribucion"), Schlumberger Servicios S.A. de C.V., a Mexican corporation ("Servicios") and Silicon Energy Corp. (BVI) Ltd., a company organized and existing under the laws of the British Virgin Islands entered into that certain Purchase Agreement, dated July 16, 2003, as amended (the "Original Purchase Agreement"), and they desire to amend and restate the Original Purchase Agreement in its entirety as set forth herein;

B. WHEREAS, the Company acquired 49,999 shares of the capital stock of Electricity Metering Distribucion S.A. de C.V., a Mexican corporation ("New Distribucion") pursuant to that certain Stock Purchase Agreement, dated June 4, 2004, between the Company and Itron;

C. WHEREAS, the Company acquired 49,999 shares of the capital stock of Electricity Metering Servicios S.A. de C.V., a Mexican corporation ("New Servicios" and together with New Distribucion, "New SLB Mexico") pursuant to that certain Stock Purchase Agreement, dated June 4, 2004, between the Company and Itron;

D. WHEREAS, the assets, properties, rights, claims, obligations and liabilities of Distribucion that are related exclusively to the Business were transferred to New Distribucion pursuant to an Asset Purchase Agreement between Distribucion and New Distribucion, dated June 30, 2004;

E. WHEREAS, the assets, properties, rights, claims, obligations and liabilities of Servicios that are related exclusively to the Business were transferred to New Servicios pursuant to that certain Substitution Agreement between Servicios and New Servicios, dated June 30, 2004; and

F. WHEREAS, the Purchasers desire to purchase substantially all of the Business held by the Seller Group from the Seller Group in a transaction that includes the acquisition by the Purchasers of (i) all of the U.S. Stock of the Company (the "U.S. Stock Sale") from STC, (ii) all of the Taiwan Stock of the Joint Venture from BVI (the "Taiwan Stock Sale" and,

together with the U.S. Stock Sale, the "Stock Sale") and (iii) certain of the assets, properties, rights, claims, obligations and liabilities relating to the Non-U.S. Business owned by the Non-U.S. Seller Group, (the "Asset Sale" and, together with the Stock Sale, the "Transaction"), all in the manner and subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, the parties agree as follows:

ARTICLE I
DEFINITIONS/INTERPRETATION

(a) In addition to the other words and terms defined elsewhere in the Agreement, as used in this Agreement, the following words and terms have the meanings specified or referred to below:

"'621 Patent" means United States Patent No. 5,457,621.

"Accounts Receivable" has the meaning specified in Section 3.17.

"Actaris Agreement" means the Master Agreement relating to the Sale and Purchase of Assets and Shares, dated July 26, 2001 between Schlumberger BV and LBO France Gestion.

"Adjusted Balance Sheet" has the meaning specified on Exhibit 2.5.

"Affiliate" means a Person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the first-mentioned Person.

"Agreement" has the meaning specified in the recitals hereto.

"Allocation" has the meaning specified in Section 2.3(a).

"Amended and Restated Technology Transfer and License Agreement" means the Amended and Restated Technology Transfer and License Agreement by and between the Company and Atos, dated as of May 31, 2004.

"Amendment and Termination of Manufacturing and Support Services Agreement" means the Amendment and Termination of Manufacturing and Support Services Agreement by and between the Company and Atos, dated as of May 31, 2004.

"Ancillary Agreements" means the other documents to be executed pursuant to this Agreement and set forth on Schedule A.

"Asset Sale" has the meaning specified in the recitals hereto.

"Assumed Contracts" has the meaning specified in Section 2.2(a)(iv).

"Assumed Liabilities" has the meaning specified in Section 2.2(c).

"Atos" means Atos Origin IT Services, Inc. (formerly known as SchlumbergerSema, Inc. and Schlumberger Resource Management Services, Inc.).

"Base Period Net Working Capital" has the meaning specified in Exhibit 2.5.

"Basket" has the meaning specified in Section 7.1(c)(i)(B).

"Business" means solely the design and manufacture of electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers by the Company in the United States and its Affiliates in Taiwan, Canada, France and Mexico and the sale and distribution of such electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers worldwide, including, without limitation, the Non-U.S. Business.

"Business Day" means any day that is not Saturday, Sunday or a day on which the banks in New York, New York are required or permitted to be closed.

"BVI" means BVI Holdings Limited.

"Cap" has the meaning specified in Section 7.1(c)(i)(C).

"Certificate" has the meaning specified in Section 2.5(a)(i).

"Claims" has the meaning specified in Section 8.5.

"Closing" has the meaning specified in Section 2.4.

"Closing Balance Sheet" has the meaning specified in Section 2.5(a)(i).

"Closing Date" has the meaning specified in Section 2.4.

"Closing Net Working Capital" has the meaning specified in Exhibit 2.5.

"Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated and the rulings issued thereunder.

"Company" means Schlumberger Electricity, Inc.

"Company Plan" has the meaning specified in Section 5.8(b)(v).

"Competition Act" means the Competition Act (Canada), as amended.

"Competition Bureau" means the Canadian Competition Bureau under the Competition Act.

"Condition Losses" has the meaning specified in Section 8.1(a)(iv).

"Confidentiality Agreement" shall mean the Confidentiality Agreement dated February 6, 2003 between Itron and the Company.

"Contract" means all contracts, agreements, options, leases, licenses, sales and accepted purchase orders, commitments (including Outstanding Bids) and all other instruments of any kind, whether written or oral, which relate to the Business and to which STC, the Non-U.S. Affiliates, the Joint Venture or the Company is a party or is otherwise bound by on the Closing Date, including the Material Contracts.

"Contribution Agreement" has the meaning specified in Section 3.9(f).

"Damages" means, collectively, any damage, loss, Liability, claim, judgment, settlement, fine, cost or expense (including, without limitation, penalties). For the avoidance of doubt, "Damages" is not limited to matters asserted by third parties, but includes Damages incurred or sustained by an Indemnified Party in the absence of third party claims.

"Deadline Date" has the meaning specified in Section 8.1(a)(ii).

"Direct Claim" has the meaning specified in Section 7.2(a).

"Disclosure Schedules " means the Amended and Restated Disclosure Schedules dated as of the date hereof and attached hereto.

"Distribucion" has the meaning specified in the recitals hereto.

"DOJ" has the meaning specified in Section 5.5(a)(ii).

"DOL" means the United States Department of Labor.

"Eligible Employees" has the meaning specified in Section 5.8(a).

"Elster" means Elster Electricity, LLC, a Delaware limited liability company, or any successor or assignee of Elster Electricity, LLC with respect to one or more of the patents in issue in the Patent Infringement Case or the Related Patents.

"Employee Plan" means any pension, retirement, profit-sharing, deferred compensation, stock purchase, stock option, change in control, restricted stock, phantom stock, equity-related award, bonus or incentive plan, any medical, vision, dental or other health plan, any life insurance plan, vacation, severance, fringe benefit, salary continuation, sick leave, employee loan, disability or other employee benefit plan, program, policy or arrangement, whether written or unwritten, domestic or foreign (including, without limitation, any "employee benefit plan" as defined in Section 3(3) of ERISA) (a) which the Company or any of the Non-U.S. Affiliates sponsors, maintains or contributes to, (b) which covers any current or former officer, director, employee, agent or independent contractor of the Company or the Non-U.S. Business (or any dependent or beneficiary of any such individual) or (c) with respect to which the Company or any of the Non-U.S. Affiliates has (or could have) any expense, obligation or Liability.

"Encumbrance" means any lien, claim, charge, security interest, mortgage, hypothecation, encumbrance, or other restriction on transfer or pledge.

"Environmental Law" means any law, statute, regulation, by-law, code, license, permit, authorization, certificate of authorization, order, decree, policy, judgment, decision, order in council or injunction from any Governmental Body (i) governing the protection of the environment, (including air, water, soil and natural resources) or (ii) the use, storage, handling, release, transportation, manufacture, treatment, generation, remediation or disposal of Hazardous Substances, in each case as presently in effect.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the regulations promulgated and the rulings issued thereunder.

"ERISA Affiliate" means any corporation, partnership, limited liability company, sole proprietorship, trade, business or other Person that, together with the Company is (or at the relevant time, was) treated as a single employer under Section 414(b), (c), (m) or (o) of the Code.

"Excise Tax Act" means the *Excise Tax Act*, R.S.C., 1985, c. E-15, together with the regulations promulgated thereunder, as amended or supplemented from time to time.

"Excluded Assets" has the meaning specified in Section 2.2(b).

"Excluded Contracts" has the meaning specified in Section 2.2(b)(i).

"Excluded Liabilities" has the meaning specified Section 2.2(d).

"Extended Deadline Date" has the meaning specified in Section 8.1(a)(ii).

"Financial Statements" has the meaning specified in Section 3.4(a).

"French Eligible Employees" has the meaning specified in Section 3.29.

"FSA" has the meaning specified in Section 5.8(b)(ii).

"FSA Deficit" has the meaning specified in Section 5.8(b)(ii).

"FTC" means the United States Federal Trade Commission.

"GAAP" means United States generally accepted accounting principles as in effect from time to time and applied consistently throughout the periods involved.

"Governmental Body" means any federal, state, provincial, local or foreign court or tribunal, government, regulatory body, agency or authority.

"Governmental Permits" has the meaning specified in Section 3.7(a)(i).

"GST" means the Goods and Services Tax levied under Subsection 165(1) of the Excise Tax Act.

"Hazardous Substances" means any "pollutant", "contaminant", "solid waste", "hazardous waste", "hazardous material", "dangerous good", toxic substance", "residual material" or "hazardous substance" under any Environmental Law and regulations promulgated thereunder.

"Holdings" means Schlumberger B.V.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Inbound Third Party Licenses" has the meaning specified in Section 3.9(d).

"Indebtedness" of any Person means all obligations of such Person (a) for borrowed money, (b) evidenced by notes, bonds, debentures or similar instruments, (c) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (d) under capital or operating leases and (e) in the nature of guarantees of the obligations described in clauses (a) through (d) above or any other Person.

"Indemnified Party" has the meaning specified in Section 7.2(a).

"Indemnitor" means any of the Purchasers, STC or Holdings, as applicable, to the extent such Person is obligated under Article VIII to indemnify an Indemnified Party against Damages.

"Independent Accounting Firm" means a nationally recognized accounting firm reasonably acceptable to STC and Itron.

"Investment Act" means the Investment Canada Act, as amended.

"IRS" means the United States Internal Revenue Service.

"Itron" means Itron, Inc.

"Itron Canada" means Itron Canada, Inc.

"Itron France" means Itron France.

"Joint Venture" means Walsin Schlumberger Electricity Measurement Corporation, a corporation organized and existing under the laws of Taiwan, Republic of China.

"Joint Venture Agreement" means the Agreement for the Establishment of a Joint Venture Company in Taiwan, Republic of China dated May 16, 1993, between BVI, Walsin Technology Corporation and Walsin Lihwa Corporation, as amended on December 28, 1993 and as may be further amended from time to time.

"Knowledge" means, with respect to any member of the Seller Group, the actual knowledge of Malcolm Unsworth, Walter Oettl, Bob Burks, Simon Pontin, David Liang, Leonard Pojunas, Jared Serff, Craig Hiteshew and Ron Renzini, without independent investigation. "Knowledge" means, with respect to the Purchasers, the actual knowledge of LeRoy Nosbaum, David Remington, Ranny Dwiggins and Russell Fairbanks, without independent investigation.

"Laws" means any federal, state, provincial, local or foreign law, code, regulation, rule, order, writ, ordinance, permit, license, injunction, judgment, ruling, policy or decree, including,

without limitation, the Fair Labor Standards Act, the HSR Act, the Competition Act, the Investment Act, the Securities Act and similar applicable laws in other jurisdictions, all Environmental Laws and all permitting and approval requirements.

"Leased Real Property" has the meaning specified in Section 3.8(a)(i).

"Liability" means all Indebtedness, obligations and other liabilities of a Person whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due.

"Material Adverse Effect" means any circumstance, change or effect that, individually or when taken together with all other circumstances, changes or effects is materially adverse to the Business taken as a whole; provided, however, that the foregoing definition excludes the effects of changes that are generally applicable to (i) the industries and markets in which the Business operates, (ii) the United States economy or securities or capital markets or (iii) the world economy or international securities or capital markets.

"Material Contracts" has the meaning specified in Section 3.12(a).

"Mexican Business" means solely the design and manufacture, sale and distribution of electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers by STC and its Affiliates in Mexico.

"Multiemployer Plan" means any "multiemployer plan," as defined in Section 3(37) or 4001(a)(3) of ERISA.

"New Distribucion" has the meaning specified in the recitals hereto.

"New Servicios" has the meaning specified in the recitals hereto.

"New SLB Mexico" has the meaning specified in the recitals hereto.

"Non-U.S. Affiliates" means, collectively, Schlumberger Canada, Schlumberger France and New SLB Mexico.

"Non-U.S. Business" means solely the design and manufacture, sale and distribution of electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers by the Non-U.S. Affiliates outside of the United States.

"Non-U.S. Properties" has the meaning specified in Section 2.2(a)(i).

"Non-U.S. Seller Group" means, collectively, Schlumberger Canada and Schlumberger France.

"NT$" means new Taiwan dollars.

"Oconee Environmental Remediation" means the pump and treat groundwater remediation system installed at the Oconee, South Carolina, manufacturing facility and maintained by STC in response to a consent order with the South Carolina Department of Health and Environmental Control.

"Oconee Environmental Remediation Agreement" means the Agreement between STC and the Company, dated as of the Closing Date, in the form of Exhibit I attached hereto.

"Offering" has the meaning specified in Section 5.22.

"Offering Information" has the meaning specified in Section 5.22.

"Original Purchase Agreement" has the meaning specified in the recitals.

"Other Intellectual Property" has the meaning specified in Section 3.9(b).

"Outbound Third Party Licenses" has the meaning specified in Section 3.9(e).

"Outstanding Bid" means any bid, quote or response to a request for proposal or similar process under which any member of the Seller Group or the Company has submitted a response for the supply or service of electricity meters and which has not yet been awarded as of the Closing Date.

"Owned Intellectual Property" has the meaning specified in Section 3.9(b).

"Owned Real Property" has the meaning specified in Section 3.8(a)(i).

"Patent Litigation" means the patent infringement case under Case No. 01-077-SLR in the United States District Court for the District of Delaware initially captioned as ABB Automation Inc. v. Schlumberger Resource Management Services, Inc., and the pending appeal in the United States Court of Appeals for the Federal Circuit (Case No. 04-1052-1066) from that case (together, the "Patent Infringement Case"), including any counterclaims, attorneys' fees, court costs, expenses of investigation and Damages relating to the Patent Infringement Case, the patent assertions of any patent at issue in the Patent Infringement Case (including, without limitation, Elster's assertions with respect to the '621 Patent) against any of the Seller Group, the Company or their Affiliates and the products related to the Business referenced therein, and any other litigation by Elster against Sellers, the Company or their successors or Affiliates involving both such patents and the products of the Business or any Related Patent. For purposes of this definition, "Related Patent" shall mean a continuation, continuation in part, divisional, reissue or international counterpart of the patents at issue in the Patent Infringement Case. "Damages" relating to the Patent Infringement Case shall include, but not be limited to, any Damages incurred by Purchasers, the Company, or their Affiliates as a result of (i) any Damages arising out of the settlement of Case No. 01-77-SLR before the United States District Court for the District of Delaware, as they relate to the Purchasers, the Company or their Affiliates, whether such Damages arise out of license fees, license conditions, grants of license rights to another party, or any other condition arising out of such settlement as it relates to Purchasers, the Company, or their Affiliates, (ii) the failure of Seller Group to provide a fully paid up, royalty free perpetual and irrevocable licenses to any of the patents that are the subject of the Patent Infringement Case (except for the '621 Patent) that will allow the Company to operate the Business in substantially the manner historically operated, or (iii) any Damages incurred by

Purchaser, the Company, or their Affiliates arising out of any actions or claims by Elster against the Purchasers or their customers, the Company or its customers, or their Affiliates or their customers related to both (a) the products of the Business and (b) any of the patents at issue in Patent Infringement Case (including, without limitation, the '621 Patent) or any Related Patent.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Encumbrances" means to the extent no enforcement, collection, execution, levy or foreclosure proceeding has commenced: (i) Encumbrances listed in Schedule 3.8(b), (ii) Encumbrances for Taxes, assessments and government charges or levies not yet due and payable for which adequate reserves are maintained on the Financial Statements in conformity with GAAP consistently applied, (iii) servitudes, easements, restrictions, rights-of-way and other similar rights in real property or interest therein, provided the same are not of such nature as to materially adversely affect the use of the property subject thereto, (iv) Encumbrances imposed by law, such as materialmen's, mechanics', carriers', workmen's and repairmen's liens and other similar Encumbrances arising in the ordinary course of business securing obligations that are not overdue for a period of more than sixty (60) days or which are being contested in good faith by appropriate proceedings (and for which adequate reserves are maintained on the Financial Statements in conformity with GAAP consistently applied, (v) pledges or deposits to secure obligations under workers' compensation laws or similar legislation or to secure public or statutory obligations and (vi) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leased statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business consistent with past practice.

"Person" means and includes an individual, a partnership, a corporation, a limited liability company, a trust, a joint venture, an unincorporated organization and any Governmental Body.

"Property Leases" means leases, subleases or other documents, instruments and agreements to which the Company or any Non-U.S. Affiliate is a party, whether as lessee, lessor, sublessee or sublessor, pertaining to the current or future use or occupancy of any Leased Real Property, together with all amendments, modifications and supplements thereto.

"Public Software" has the meaning specified in Section 3.9(m).

"Purchase Price" has the meaning specified in Section 2.3(a).

"Purchaser 401(k) Plan" has the meaning specified in Section 5.8(b)(iii).

"Purchaser Indemnified Parties" has the meaning specified in Section 7.1(a).

"Purchasers" means, collectively, Itron, Itron Canada and Itron France.

"QST" means the Québec Sales Tax levied under Title I of the Québec Sales Tax Act.

"Québec Sales Tax Act" shall refer to the Act respecting the Québec Sales Tax, R.S.Q., c. T-0.1, together with the regulations promulgated thereunder, as amended or supplemented from time to time.

"Real Property" has the meaning specified in Section 3.8(a)(i).

"RTEMS" means the radio frequency fixed network solutions business of Atos.

"Sangamo Plan" has the meaning specified in Section 5.8(h).

"Schlumberger Cafeteria Plan" has the meaning specified in Section 5.8(b)(ii).

"Schlumberger Canada" means Schlumberger Canada Limited.

"Schlumberger France" means Axalto S.A.

"Section 338 Allocation" has the meaning specified in Section 2.3(c).

"Section 338(h)(10) Elections" has the meaning specified in Section 5.20.

"Section 1060 Allocation" has the meaning specified in Section 2.3(b).

"Securities Act" means the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder.

"Securities Exchange Act" has the meaning specified in Section 5.23.

"Seller Group" means, collectively, STC, Schlumberger Canada, Schlumberger France and BVI.

"Seller Indemnified Parties" has the meaning specified in Section 7.1(b).

"Seller Retained Names" means "Schlumberger", "SchlumbergerSema", "Sema", "Cellnet", "Convergent", "RTEMS" and all other names, trade names, trademarks or service marks of STC and its Affiliates and any combination or variation on any of the foregoing together with any related goodwill.

"Servicios" has the meaning specified in the recitals hereto.

"STC" means Schlumberger Technology Corporation.

"Stock" means collectively, the U.S. Stock and the Taiwan Stock.

"Stock Sale" has the meaning specified in the recitals hereto.

"Subsidiary" means with respect to any Person (i) any corporation of which a majority of the securities entitled to vote generally in the election of directors thereof, at the time as of which any determination is being made, are owned by such Person, directly or indirectly and (ii) any joint venture, general or limited partnership, limited liability company or other legal entity in which such Person is the record or beneficial owner, directly or indirectly, of a majority of the voting interests or is the general partner.

"Supplemental Agreement" means the Supplemental Agreement between STC and Itron, dated as of July 1, 2004.

"Taiwan Company Law" is the collective reference to and means the Companies Act (Republic of China, Taiwan), as amended; the Fair Trade Law (Republic of China, Taiwan), as amended; the Statute for Investment by Foreign Nationals (Republic of China, Taiwan), as amended; and rules and regulations promulgated by the competent Republic of China (Taiwan) authorities under any of the foregoing resolutions.

"Taiwan Stock" means 1,083,750 shares of the capital stock of the Joint Venture, par value NT$10 per share.

"Taiwan Stock Sale" has the meaning specified in the recitals hereto.

"Tax" or "Taxes" means (a) domestic or foreign federal, state, provincial or local taxes, charges, fees, levies, imposts, duties and governmental fees or other like assessments or charges of any kind whatsoever, whether disputed or not (including, without limitation, any income, net income, gross income, receipts, windfall profit, severance, property, production, sales, use, business and occupation, license, excise, registration, franchise, employment, payroll, withholding, alternative or add-on minimum, intangibles, ad valorem, transfer, gains, stamp, estimated, transaction, title, capital, paid-up capital, profits, occupation, premium, value-added, recording, real property, personal property, inventory and merchandise, business privilege, federal highway use, commercial rent or environmental tax), (b) interest, penalties, fines, additions to tax or additional amounts imposed by any taxing authority in connection with (i) any item described in clause (a) or (ii) the failure to comply with any requirement imposed with respect to any Tax Return and (c) liability in respect of any items described in clause (a) or (b) payable by reason of contract assumption, transferee liability (within the meaning of Section 6901 of the Code or any similar provision of Law), operation of Law, Treasury Regulation Section 1.1502-6(a) (or any predecessor or successor thereof or any similar provision under Law) or otherwise.

"Tax Contest" has the meaning specified in Section 5.11(a).

"Tax Returns" means any return, report or statement required to be filed with respect to any Tax (including any attachments thereto and any amendment thereof), including, without limitation, any information return, claim for refund, amended return or declaration of estimated Tax.

"Third Party Claim" has the meaning specified in Section 7.2(b).

"Title IV Plan" means any (i) Multiemployer Plan, (ii) defined benefit plan as described in Section 3(35) of ERISA, (iii) "employee benefit plan," as defined in Section 3(3) of ERISA, that is subject to Section 302 of ERISA or Section 412 of the Code, or (iv) "employee benefit plan," as defined in Section 3(3) of ERISA, that is subject to Title IV of ERISA.

"Transaction" has the meaning specified in the recitals hereto.

"Transferred Assets" has the meaning specified in Section 2.2(a).

"Transferred Employee" has the meaning specified in Section 5.8(a).

"Transferred Intellectual Property" has the meaning specified in Section 2.2(a)(viii).

"Transition Services Agreement" means the Transition Services Agreement, dated as of the Closing Date, between the Company, certain members of the Seller Group and certain of the Purchasers in the form of Exhibit E hereto.

"Updated Interim Financial Statements" has the meaning specified in Section 5.23.

"U.S. Stock" means the capital stock of the Company, par value $10.00 per share.

"U.S. Stock Sale" has the meaning specified in the recitals hereto.

"WARN Act" means the Worker Adjustment Retraining and Notification Act of 1988.

"Xcel Litigation" means the dispute between Xcel Energy Inc. and SchlumbergerSema, Inc. in Minneapolis, Minnesota, being arbitrated by the American Arbitration Association, File No. 65Y1980062402.

(b) Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender, (ii) words using the singular or plural number also include the plural or singular number, respectively, (iii) the terms "hereof", "herein", "hereby" and derivative or similar words refer to this entire Agreement, (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement, (v) the phrases "ordinary course of business" and "ordinary course of business consistent with past practices" refer to the business and practice of the applicable entity, (vi) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation" and (vii) the terms "dollar", "dollars", "Dollar", "Dollars" and "$" refer to United States dollars. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE II
THE TRANSACTION

2.1 Stock Sale. Subject to the terms and conditions hereof, on the Closing Date (i) STC shall sell to Itron, and Itron shall purchase from STC, the U.S. Stock and (ii) BVI shall sell to Itron, and Itron shall purchase from BVI, the Taiwan Stock.

2.2 Asset Sale. (a) Subject to the terms and conditions hereof, on the Closing Date the Non-U.S. Seller Group shall sell to the Purchasers, and the Purchasers shall purchase from the Non-U.S. Seller Group, free and clear of all Encumbrances, other than Permitted Encumbrances, all of the Non-U.S. Seller Group's right, title and interest in and to all of the following (which shall be collectively referred to herein as the "Transferred Assets"):

(i) All of the Owned Real Property of the Non-U.S. Seller Group set forth on Schedule 2.2(a)(i) (the "Non-U.S. Properties") and all improvements, fixtures and fittings thereon, and easements, servitudes, rights-of-way and other appurtenances thereto (such as appurtenant rights in and to public streets);

(ii) All of the following: (A) machinery, equipment, furniture, office equipment, computer equipment (including all hardware and software), communications equipment, vehicles, storage tanks, spare and replacement parts, fuel and other tangible property of Schlumberger Canada relating to the Non-U.S. Business and (B) laboratory equipment, office equipment, computer equipment (including all hardware and software) and other tangible property of Schlumberger France relating to the Non-U.S. Business (the assets as of April 30, 2004 are set forth on Schedule 2.2(a)(ii));

(iii) All items of inventory owned by the Non-U.S. Seller Group relating exclusively to the Non-U.S. Business notwithstanding how classified in the financial records of the Non-U.S. Seller Group or any of their respective Affiliates, including all supplies, containers, packaging materials, raw materials, work-in-process, finished goods and samples;

(iv) To the extent possible under the terms and conditions thereof, all Contracts relating to the Non-U.S. Business to which any of the Non-U.S. Seller Group is a party on the Closing Date (the assumed contracts as of April 30, 2004 are set forth on the Schedule 2.2(a)(iv)) (collectively, the "Assumed Contracts");

(v) All trade accounts receivable, notes receivable and receivables from Affiliates, together with any unpaid interest or fees accrued thereon or other amounts due with respect thereto, of the Non-U.S. Seller Group relating to the Non-U.S. Business and any security or collateral therefore, including recoverable advances and deposits;

(vi) All prepaid charges and expenses of the Non-U.S. Seller Group relating exclusively to the Non-U.S. Business, including any such charges and expenses with respect to leases and rentals;

(vii) All third party guarantees of any of the Non-U.S. Seller Group's rights, claims, credits, causes of action or rights of set-off against third parties relating exclusively to the Non-U.S. Business (other than those relating exclusively to Excluded Liabilities), whether liquidated or unliquidated, fixed or contingent, including claims pursuant to all warranties, representations and guarantees made by suppliers, manufacturers, contractors or other third parties in connection with products or services purchased by or furnished to the Non-U.S. Seller Group for use exclusively in the Non-U.S. Business;

(viii) All of the transferred intellectual property set forth on Schedule 2.2(a)(viii) (the "Transferred Intellectual Property");

(ix) All transferable franchises, licenses, permits or other authorizations issued or granted by any Governmental Body set forth on Schedule 2.2(a)(ix) that are owned by, granted to or held or used by the Non-U.S. Seller Group relating to the Non-U.S. Business;

(x) All books, records, files and papers of the Non-U.S. Seller Group relating exclusively to the Non-U.S. Business, whether in hard copy or computer format, including but not limited to invoices, engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, lists of present and former suppliers and documentation developed or used for accounting, marketing, engineering, manufacturing or any other purpose related exclusively to the conduct of the Non-U.S. Business;

(xi) All lists of customers of the Non-U.S. Seller Group relating to the Non-U.S. Business for the period from January 1, 2002 to March 31, 2003 set forth on Schedule 2.2(a)(xi);

(xii) All goodwill associated exclusively with the Non-U.S. Business owned by the Non-U.S. Seller Group; and

(xiii) To the extent not covered by the foregoing, all other assets of the Non-U.S. Seller Group related exclusively to the Non-U.S. Business.

(b) Notwithstanding anything herein to the contrary, the Non-U.S. Seller Group shall retain and not transfer, convey, assign or deliver to the Purchasers, and the Purchasers shall not acquire any right, title or interest in or to any assets other than the assets specifically listed or described in Section 2.2(a) as Transferred Assets and, without limiting the generality of the foregoing, Transferred Assets shall expressly exclude the following assets (collectively, the "Excluded Assets"):

(i) The Contracts listed on Schedule 2.2(b)(i) (the "Excluded Contracts") and all other Contracts that are not Assumed Contracts, including related work in progress and accounts receivable;

(ii) All cash and cash equivalents in respect of the Non-U.S. Business on hand on the Closing Date;

(iii) All life insurance policies covering officers and other employees of the Non-U.S. Affiliates and all other insurance policies relating to the operation of the Non-U.S. Business;

(iv) With respect to the Employee Plans relating to the Non-U.S. Seller Group or any of their employees, all assets owned or held by or under such Employee Plans, including assets held in trust or insurance contracts for the benefit of Employee Plan participants or beneficiaries;

(v) All refunds or credits, if any, of Taxes due to or from the Non-U.S. Seller Group by reason of their ownership of the Transferred Assets or the operation of the Non-U.S. Business for any period ending prior to the Closing Date;

(vi) The Non-U.S. Seller Group's rights under this Agreement and the Ancillary Agreements;

(vii) All shares of capital stock or other equity interests in any other Person owned by any of the Non-U.S. Seller Group;

(viii) To the extent held or used by the Non-U.S. Seller Group, the Seller Retained Names;

(ix) The franchises, licenses, permits and authorizations set forth on Schedule 2.2(b)(x); and

(x) the receivables to be received from the financing of research projects exclusive to the Business in France completed before the Closing Date, including but not limited to the Hero and Alligator projects.

(c) Upon the terms and subject to the conditions of this Agreement and solely in reliance upon the representations, warranties and agreements herein set forth, the Purchasers agree, effective at the time of Closing, to assume, perform and discharge all of the following Liabilities (other than the Excluded Liabilities) to the extent relating to the Non-U.S. Business or the Transferred Assets, whether occurring prior to, on or after the Closing Date (collectively, the "Assumed Liabilities"):

(i) All obligations of the Non-U.S. Seller Group with respect to accounts payable of the Non-U.S. Business outstanding on the Closing Date (the accounts payable as of March 31, 2003 are set forth on Schedule 2.2(c)(i));

(ii) All obligations of the Non-U.S. Seller Group under the Assumed Contracts, including obligations with respect to bid bonds, performance bonds and any other performance guarantees relating to the Assumed Contracts (the obligations as of March 31, 2003 set forth on Schedule 2.2(c)(ii)), as well as all warranties, indemnities and similar rights which relate to the Assumed Contracts or any of the Transferred Assets granted to third parties;

(iii) All obligations of the Non-U.S. Seller Group with respect to accrued liabilities of the Non-U.S. Business outstanding on the Closing Date (the obligations as of March 31, 2003 are set forth on Schedule 2.2(c)(iii));

(iv) All obligations of the Non-U.S. Seller Group for replacement of, or refund for, damaged, defective or returned goods sold in the Non-U.S. Business, to the extent such goods are subject to full return privileges from the supplier thereof;

(v) All accrued but unused vacation for any Transferred Employee, subject to the limits set forth in Section 5.8(b)(iv); as of May 31, 2003, the unused vacation for Transferred Employees is as set forth on Schedule 2.2(c)(v);

(vi) All Liabilities of the Non-U.S. Seller Group pursuant to any litigation arising out of, or related to, the conduct or operations of the Non-U.S. Business or the use or ownership of the Transferred Assets;

(vii) Except as otherwise provided herein, all Liabilities of the Non-U.S. Seller Group arising out of, in respect of or as a result of the employment or termination of employment of any Transferred Employee of the Non-U.S. Business (including, without limitation, for employment discrimination or other torts or violations of law);

(viii) Any Liability arising out of, in respect of or as a result of the employment or termination of employment of an employee of the Non-U.S. Business of the Non-U.S. Seller Group who ceases to be an employee of such Non-U.S. Business on or after the Closing Date; and

(ix) To the extent not covered by the foregoing, all other Liabilities of the Non-U.S. Seller Group that were incurred in the ordinary course of business, are transferable in accordance with local Law and are related exclusively to the Non-U.S. Business.

(d) Notwithstanding the provisions of Section 2.2(c), the Purchasers do not assume, agree to perform or discharge, indemnify the Non-U.S. Seller Group against, or otherwise have any responsibility for, any of the following Liabilities of the Non-U.S. Seller Group, whether fixed or contingent (the "Excluded Liabilities"):

(i) All Indebtedness of the Non-U.S. Seller Group incurred prior to the Closing Date (other than current accounts payable or accrued liabilities of the Non-U.S. Seller Group with respect to the Non-U.S. Business incurred or accrued in the ordinary course of business (excluding obligations relating to Excluded Contracts) or obligations set forth on Schedule 2.2(c)(ii));

(ii) Any Liability for claims under health insurance plans of the Non-U.S. Affiliates for Transferred Employees with respect to medical services rendered prior to the Closing Date (but not in respect of any sick leave or disability benefits pertaining to any period after the Closing Date regardless of when the relevant illness or condition arose);

(iii) Any Liability for Taxes of the Non-U.S. Seller Group, excluding Taxes that are the responsibility of the Purchasers pursuant to Section 5.9 and Section 5.14 of this Agreement;

(iv) Any Liability relating to any Employee Plan of the Non-U.S. Seller Group or any Employee Plan applicable to employees of the Non-U.S. Business, except to the extent assumed by the Company or any of the Purchasers in Section 5.8 of this Agreement or the Ancillary Agreements;

(v) Any Liability arising out of or relating to the treatment, storage, release or disposal prior to the Closing Date of Hazardous Substances on or at the Non-U.S. Properties or Leased Properties of the Non-U.S. Seller Group;

(vi) Any Liability arising out of, in respect of or as a result of the employment or termination of employment of an employee of the Non-U.S. Business who ceases to be an employee of the Non-U.S. Business prior to the Closing Date;

(vii) Any Liability of the Non-U.S. Seller Group under the Excluded Contracts; and

(viii) All amounts to be paid back to the financing parties in relation to the financing of research projects exclusive to the Business in France completed before the Closing Date, including but not limited to the Hero and Alligator projects.

To the extent that any Liability is partly an Assumed Liability and partly an Excluded Liability, except as otherwise provided with respect to a particular liability, the apportionment of such Liability shall be determined pursuant to equitable principles. Nothing set forth in the foregoing sentence shall be deemed to affect, amend, modify, supplement or otherwise change the definitions of Assumed Liabilities or Excluded Liabilities. To the extent known, each Liability that is partly an Assumed Liability and partly an Excluded Liability is set forth on Schedule 2.2(d).

(e) With respect to any Assumed Contract and any claim, right or benefit arising thereunder or resulting therefrom to the extent required by the terms of the Assumed Contract, the applicable Non-U.S. Affiliate will use commercially reasonable efforts to obtain the written consent of the other parties to any such Assumed Contract for the assignment thereof to the applicable Purchaser in form and substance reasonably satisfactory to the applicable Purchaser. If any such consent is not obtained prior to the Closing and to the extent requested by Itron in writing, such member of the Non-U.S. Seller Group and the applicable Purchaser shall, with respect to any such Assumed Contract, enter into agreements for each such Assumed Contract for which consent to assignment was not obtained, under which the applicable Purchaser shall obtain the reasonably equivalent rights and benefits of any such Assumed Contracts and the reasonably equivalent corresponding obligations and Liabilities thereunder, so that the parties are put in substantially the same position they would have been in had such consent been obtained unconditionally and without recourse. Such agreements may be in the form of a subcontract, sub-license or sub-lease to a Purchaser or the applicable Non-U.S. Seller Group appointing the relevant Purchaser as agent to such Non-U.S. Seller Group to perform such Assumed Contract or any other arrangement under which the relevant Purchaser would enforce for the benefit of such Purchaser, with the relevant Purchaser assuming such Non-U.S. Seller Group's obligations, and any and all rights and benefits of such Non-U.S. Seller Group against a third party thereto.

(f) For the avoidance of doubt, the Transferred Assets and Assumed Liabilities (i) of Schlumberger Canada shall be transferred to and assumed by Itron Canada and (ii) of Schlumberger France shall be transferred to and assumed by Itron France. Itron hereby guarantees the performance by Itron Canada and Itron France of their respective obligations hereunder and under the Ancillary Agreements to which they are a party.

2.3 The Purchase Price. (a) The aggregate purchase price for the U.S. Stock, the Taiwan Stock and the Transferred Assets shall be $248,000,000.00 (the "Purchase Price"). The

Purchasers and STC, BVI and the Non-U.S. Seller Group agree that the allocation of the Purchase Price shall be as follows: $239.5 million for the U.S. Stock, which allocation includes consideration of the Company's ownership of stock of New SLB Mexico, $1.0 million for the Taiwan Stock, $7.0 million for the Transferred Assets of Schlumberger Canada, and $0.5 million for the Transferred Assets of Schlumberger France (the "Allocation"). Except for the Assumed Liabilities, no party hereto is aware of any other item that would be treated as additional consideration for Tax purposes, but shall notify all other parties hereto should they become aware of any such other item. Except as required pursuant to applicable Law or a determination (as defined in Section 1313 of the Code or any similar provision of Law), the Purchasers and the members of the Seller Group and their Affiliates shall report, act and file Tax Returns in all respects and for all Tax purposes consistently with the Allocation.

(b) As soon as practicable after the Closing Date, Itron (on behalf of itself and the other Purchasers) shall prepare an allocation of that portion of the Purchase Price which is allocated to the Transferred Assets, in accordance with the Allocation and together with the Assumed Liabilities, among each of the Transferred Assets (the "Section 1060 Allocation") in accordance with Section 1060 of the Code and any similar provision of Law, as applicable. Itron (on behalf of itself and the other Purchasers) shall deliver the Section 1060 Allocation to each member of the Non-U.S. Seller Group not later than 60 days after the Closing Date. The Non-U.S. Seller Group and Itron shall then cooperate in good faith to revise and finalize the Section 1060 Allocation. If the Non-U.S. Seller Group and Itron are unable to agree on the Section 1060 Allocation within 90 days after the Closing Date, they shall select an Independent Accounting Firm to determine the Section 1060 Allocation, provided that the Independent Accounting Firm shall take into account the facts, information and documentation used by each party to prepare its Section 1060 Allocation and the strength of the factual and legal arguments made by each party in support thereof and shall specifically comment on such evidence and arguments in rendering its determination. The cost of any such firm shall be borne equally by the Non-U.S. Seller Group and Itron. The Non-U.S. Seller Group, Itron and their Affiliates shall report, act and file Tax Returns (including (when required), but not limited to, IRS Forms 8594) in all respects and for all Tax purposes consistently with the Section 1060 Allocation. The Non-U.S. Seller Group, Itron and their Affiliates shall each cooperate fully with each other and make available to each other, respectively, such Tax data and other information as may be reasonably required in order to timely complete the Section 1060 Allocation and any other required statements or Schedules. Except as required pursuant to applicable Law or a determination (as defined in Section 1313 of the Code or any similar provision of Law), the Non-U.S. Seller Group, Itron and their Affiliates shall not take any Tax position that is inconsistent with the Section 1060 Allocation.

(c) As soon as practicable after the Closing Date, Itron shall prepare an allocation of the deemed sale price of the assets of the Company resulting from the Section 338(h)(10) Elections (the "Section 338 Allocation") among the assets of the Company (including a specific allocation to the capital stock of New SLB Mexico and further allocation thereof among the assets of New SLB Mexico) in accordance with Section 338 of the Code and any similar provision of Law, as applicable. Itron shall deliver the Section 338 Allocation to STC within 60 days after the Closing Date. STC and Itron shall then cooperate in good faith to revise and finalize the Section 338 Allocation. If STC and Itron are unable to agree on the Section 338 Allocation within 90 days after the Closing Date, they shall select an Independent Accounting Firm to determine the Section 338 Allocation, provided that the Independent

Accounting Firm shall take into account the facts, information and documentation used by each party to prepare its Section 338 Allocation and the strength of the factual and legal arguments made by each party in support thereof and shall specifically comment on such evidence and arguments in rendering its determination. The cost of any such firm shall be borne equally by STC and Itron. STC, Itron and their Affiliates shall report, act and file Tax Returns (including, but not limited to, IRS Form 8883) in all respects and for all Tax purposes consistently with the Section 338 Allocation and with Section 5.19 of this Agreement. STC, Itron and their Affiliates shall each cooperate fully with each other and make available to each other, respectively, such Tax data and other information as may be reasonably required in order to timely complete the Section 338 Allocation and file any Section 338(h)(10) Elections and any other required statements or Schedules. Except as required pursuant to applicable Law or a determination (as defined in Section 1313 of the Code or any similar provision of Law), the Purchaser, STC and their Affiliates shall not take any Tax position that is inconsistent with the Section 338 Allocation.

(d) The Purchasers shall deliver the Purchase Price to the Seller Group on the Closing Date by wire transfer of immediately available funds to such account or accounts as the Seller Group may direct. The Purchase Price shall be paid against delivery of (i) stock certificates representing the Stock being sold, in proper form and duly endorsed for transfer and (ii) duly executed Bills of Sale and Assumption Agreements for the Transferred Assets and Assumed Liabilities, in the form attached hereto as Exhibit A, subject only to specific changes which may be necessary or required under applicable Laws to validly transfer the Transferred Assets and Assumed Liabilities.

(e) The portion of the Purchase Price payable with respect to the Transferred Assets and Assumed Liabilities of Schlumberger France shall be payable in euros, as converted from dollars based on the exchange rate published in the "Money & Investing" section of the Wall Street Journal on the date that is two Business Days prior to the Closing Date. The portion of the Purchase Price payable with respect to the Transferred Assets and Assumed Liabilities of Schlumberger Canada shall be payable in Canadian dollars, as converted from dollars based on the exchange rate published in the "Money & Investing" section of the Wall Street Journal on the date that is two Business Days prior to the Closing Date.

2.4 Closing Date. The consummation (the "Closing") of the Transaction shall take place at the offices of Gibson, Dunn & Crutcher LLP, 200 Park Avenue, New York, New York 10166 at 12:01 a.m. (local time) on July 1, 2004 or on such other date and time as STC and the Purchasers shall mutually agree (the date on which the Closing takes place, the "Closing Date"); provided, however, that the closing of the Taiwan Stock Sale and the Asset Sale shall occur at the offices of Schlumberger B.V., Parkstraat 83, 2514 JG, The Hague, The Netherlands.

2.5 Post-Closing Adjustment to Purchase Price. The Purchase Price shall be subject to adjustment, if any, after the Closing Date as specified in this Section 2.5.

(a) As soon as practicable, but in any event within 60 days following the Closing Date, Itron shall prepare and deliver to STC (i) a combined balance sheet of the Business as of the Closing Date prepared in a manner consistent with past practices of the Business and as set forth on Exhibit 2.5 (the "Closing Balance Sheet"); (ii) the Adjusted Balance Sheet; and (iii) a

certificate based on such Adjusted Balance Sheet setting forth Itron's calculation of the Closing Net Working Capital, as prepared in accordance with the provisions set forth on Exhibit 2.5 (the "Certificate"). The Seller Group and Itron shall mutually cooperate and assist each other in order to prepare the Closing Balance Sheet and Adjusted Balance Sheet.

(b) If the Closing Net Working Capital is less than the Base Period Net Working Capital, then within 45 days of delivery of the Certificate, STC (on behalf of itself and the other members of the Seller Group) shall pay, or cause another member of the Seller Group to pay, by wire transfer in immediately available funds to the Purchasers (as directed by Itron on behalf of itself and the other Purchasers) as a downward adjustment to the Purchase Price, the amount equal to the excess of (i) the Base Period Net Working Capital over (ii) the Closing Net Working Capital. If the Closing Net Working Capital is greater than the Base Period Net Working Capital, then within 45 days of delivery of the Certificate, Itron (on behalf of itself and the other Purchasers) shall pay by wire transfer of immediately available funds to the members of the Seller Group (as directed by STC on behalf of itself and the other members of the Seller Group) as an upward adjustment to the Purchase Price, the amount equal to the excess of (x) the Closing Net Working Capital over (y) the Base Period Net Working Capital.

(c) The Seller Group may dispute any amounts reflected on the Adjusted Balance Sheet; provided, however, that STC shall have notified Itron in writing of each disputed item specifying the amount thereof in dispute, the calculation of the disputed amount and setting forth, in reasonable detail, the basis for such dispute, within 45 days of STC's receipt of the Adjusted Balance Sheet and the Certificate. To the extent STC shall not have notified Itron in writing by such time of any disputed amount reflected on the Closing Balance Sheet, STC shall be deemed to have agreed with all items and amounts contained in the Closing Balance Sheet and Itron's calculation of the Closing Net Working Capital. In the event of a dispute, Itron and STC shall attempt in good faith to reconcile their differences. If Itron and STC are unable to reach a resolution within 30 Business Days after receipt by Itron of STC's written notice of dispute, Itron and STC shall submit the items remaining in dispute for resolution by an Independent Accounting Firm, to whom Itron and STC, respectively, shall submit the items remaining in dispute for resolution. The Independent Accounting Firm shall be instructed to resolve, within 30 Business Days of such submission, such remaining disputed items. The report of the Independent Accounting Firm shall be final, conclusive and binding on Itron, STC and their Affiliates. The fees and expenses of the Independent Accounting Firm shall be allocated to Itron and STC in proportion to the amount unsuccessfully disputed by such party out of the aggregate disputed amount submitted to the Independent Accounting Firm. Itron and STC shall pay the costs and expenses of their own accountants and attorneys.

(d) Itron (on behalf of itself and the other Purchasers), STC, BVI and each member of the Non-U.S. Seller Group, as appropriate, shall cooperate to prepare an adjusted Allocation, an adjusted Section 338 Allocation and an adjusted Section 1060 Allocation to reflect any adjustments to the Purchase Price made pursuant to Section 2.5(b). If, on the one hand, the payment of the adjusted Purchase Price pursuant to Section 2.5(b) occurs after the finalization or determination of an allocation under Section 2.3, then the parties shall have 15 days from the date of such payment to agree upon the corresponding adjusted allocation required by this Section 2.5(d). If, on the other hand, the payment of the adjusted Purchase Price pursuant to Section 2.5(b) occurs before the finalization or determination of an allocation under Section 2.3,

then the parties (i) shall not prepare a separate corresponding adjusted allocation under this Section 2.5(d), (ii) shall instead take into account such adjusted Purchase Price in such original allocation under Section 2.3 and (iii) shall have an additional 15 days beyond the date specified in Section 2.3 to agree upon such allocation. If the parties are unable to agree on any of the adjusted allocations within the above specified periods, they shall select an Independent Accounting Firm to determine any such disputed allocation, provided that the Independent Accounting Firm shall take into account the facts, information and documentation used by each party to prepare its version of such disputed allocation and the strength of the factual and legal arguments made by each party in support thereof and shall specifically comment on such evidence and arguments in rendering its determination.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF STC AND HOLDINGS

STC (on behalf of itself, the Company and New SLB Mexico) hereby makes the representations and warranties set forth in this Article III to the Purchasers as of the date hereof. Holdings (on behalf of itself, the Joint Venture, BVI and the Non-U.S. Seller Group) hereby makes the representations and warranties set forth in this Article III to the Purchasers as of the date hereof.

3.1 Corporate Organization. (a) The Company (i) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified or licensed to transact business as a foreign corporation and, except as set forth on Schedule 3.1(a), is in good standing in each other United States jurisdiction in which the ownership or leasing of its properties or assets or the conduct of its business requires such qualification except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not have a Material Adverse Effect, (iii) has all requisite corporate power and authority to own, lease and operate and use its properties and to carry on its businesses as now conducted except where the failure to have such power and authority would not have a Material Adverse Effect, (iv) has delivered or made available to Itron complete and correct copies of its articles of organization (or equivalent thereof) and bylaws, each as in effect on the date hereof and (v) except as set forth on Schedule 3.1(a), does not have any Subsidiaries or otherwise own or control, directly or indirectly, any interest or investment in any corporation, partnership, joint venture, association or other form of business entity.

(b) Each of the Non-U.S. Affiliates (i) is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation, (ii) is duly qualified or licensed to transact business as a foreign corporation and is in good standing in each other jurisdiction in which the ownership or leasing of its properties or assets or the conduct of its business requires such qualification except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not have a material adverse effect on the Non U.S. Business and (iii) has all requisite corporate power and authority to own, lease and operate and use its properties and to carry on its business as now conducted except where the failure to have such power and authority would not have a material adverse effect.

(c) The Joint Venture (i) is a corporation duly organized, validly existing and in good standing under the laws of Taiwan, (ii) is duly qualified or licensed to transact business as a foreign corporation and is in good standing in each other jurisdiction in which the ownership or leasing of its properties or assets or the conduct of its business requires such qualification except in such jurisdictions where the failure to be so duly qualified or licensed and in good standing would not have a material adverse effect on the Joint Venture, (iii) has all requisite corporate power and authority to own, lease and operate and use its properties and to carry on its business as now conducted except where the failure to have such power and authority would not have a material adverse effect on the Joint Venture, (iv) has delivered or made available to Itron complete and correct copies of the Joint Venture Agreement as in effect on the date hereof and (v) except as set forth on Schedule 3.1(c), does not have any Subsidiaries or otherwise own or control, directly or indirectly, any investment or interest in any corporation, partnership, joint venture association or other form of business entity.

(d) STC is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.

(e) BVI is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.

(f) Holdings is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation.

3.2 Capital Stock. (a) (i) The authorized capital stock of the Company consists of 100 shares of capital stock, (ii) prior to giving effect to the Transaction, (x) 100 shares of capital stock of the Company are outstanding and (y) all of the outstanding shares of capital stock of the Company are held by STC; (iii) there are no agreements, including stockholders agreements, warrants, puts, calls, rights, preemptive rights, options or other commitments of any character to which the Company, STC or any other member of the Seller Group or any Affiliate thereof is a party or by which they are bound that (A) obligates the Company to issue, deliver, register or sell any additional shares of the Company's capital stock or any securities or instruments convertible into or exchangeable for any such additional shares of capital stock or (B) could affect have a material adverse effect on this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby, (iv) there is no stockholders agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any capital stock of the Company and (v) all outstanding shares of U.S. Stock are duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances and were issued in compliance with all applicable Laws regulating the offer, sale or issuance of securities.

(b) (i) The authorized capital stock of the Joint Venture consists of 2,125,000 shares of common stock, (ii) prior to giving effect to the Transaction (x) 2,125,000 shares of common stock of the Joint Venture are outstanding and (y) 51% of the outstanding shares of common stock of the Joint Venture are held by BVI, (iii) except for the Joint Venture Agreement and the pre-emptive rights under the Taiwan Company Law, there are no agreements, including stockholders agreements, warrants, puts, calls, rights, preemptive rights, options or other commitments of any character to which BVI or the Joint Venture or any Affiliate thereof is a party or by which they are bound that (A) obligates the Joint Venture to issue, deliver, register or

sell any additional share of the Joint Venture's capital stock or any securities or instruments convertible into or exchangeable for any such additional shares of capital stock or (B) could have a material adverse effect on this Agreement, the Ancillary Agreements or the transaction contemplated hereby or thereby, (iv) except for the Joint Venture Agreement, BVI is not a party to any stockholders agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any capital stock of the Joint Venture and (v) all outstanding shares of Taiwan Stock are duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances and were issued in compliance with all applicable laws regulating the offer, sale or issuance of securities.

(c) i) The authorized capital stock of New Distribucion consists of 50,000 shares of capital stock and the authorized capital stock of New Servicios consists of 50,000 shares of capital stock, (ii) prior to giving effect to the Transaction, 50,000 shares of capital stock of New Distribucion are outstanding and 50,000 shares of capital stock of New Servicios are outstanding; (iii) there are no agreements, including stockholders agreements, warrants, puts, calls, rights, preemptive rights, options or other commitments of any character to which the Company, STC or any other member of the Seller Group or any Affiliate thereof is a party or by which they are bound that (A) obligate New Distribucion or New Servicios to issue, deliver, register or sell any additional shares of the capital stock of New Distribucion or New Servicios or any securities or instruments convertible into or exchangeable for any such additional shares of capital stock of New Distribucion or New Servicios or (B) could affect have a material adverse effect on this Agreement, the Ancillary Agreements or the transactions contemplated hereby or thereby, (iv) there is no stockholders agreement, voting trust, proxy or other agreement or understanding with respect to the voting of any capital stock of New Distribucion or New Servicios and (v) all outstanding shares of stock of New Distribucion and New Servicios are duly and validly issued, fully paid and nonassessable, free and clear of all Encumbrances and were issued in compliance with all applicable Laws regulating the offer, sale or issuance of securities.

(d) (i) STC is the owner of all of the shares of U.S. Stock and at the Closing, subject to the terms and conditions of this Agreement, the U.S. Stock will be transferred to Itron free and clear of all Encumbrances, (ii) BVI is the owner of all of the shares of Taiwan Stock and at the Closing, subject to the terms and conditions of this Agreement, the Taiwan Stock will be transferred to the Itron free and clear of all Encumbrances, and (iii) the Company is the owner of 49,999 shares of stock of New Distribucion and 49,999 shares of stock of New Servicios and Malcolm Unsworth is the owner of 1 share of stock of New Distribucion and 1 share of stock of New Servicios, and at the Closing, subject to the terms and conditions of this Agreement, the transfer of the U.S. Stock to Itron will not result in any Encumbrances on the stock of New Distribucion and New Servicios.

3.3 Corporate Authority; Noncontravention. (a) With respect to each member of the Seller Group, the Joint Venture and the Company (i) such Person has all requisite corporate power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder, (ii) the execution, delivery and performance by such Person of this Agreement and the Ancillary Agreements to which such Person is a party have been duly authorized by all requisite corporate action and (iii) this Agreement and the Ancillary Agreements to which such Person is a party have been duly executed and delivered by

such Person and constitute the valid and binding obligations of such Person enforceable in accordance with their terms (except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by general principles of equity and public policy).

(b) With respect to each member of the Seller Group, the Joint Venture and the Company, the execution and delivery of this Agreement and the Ancillary Agreements to which such Person is a party, the consummation by it of any of the transactions contemplated hereby and thereby and the performance by it of its obligations hereunder and thereunder will not:

(i) Violate any provision of its articles of incorporation, bylaws or other constituent documents except as would not be reasonably likely to have a material adverse effect on the Transaction;

(ii) Contravene any Law except to the extent such contravention would not have a Material Adverse Effect or would not be reasonably likely to have a material adverse effect on the Transaction;

(iii) Violate or conflict with, constitute a default of or breach under, entitle any party to accelerate, terminate or rescind any material obligation or right under, or result in the creation or imposition of any Encumbrance upon any of its material assets or, as applicable, any of its Stock or Transferred Assets pursuant to any provision of any material mortgage, lien, lease, agreement, indenture, license, instrument to which it is a party or by which it or any of its material assets is bound except as would not be reasonably likely to have a material effect on the Transaction;

(iv) Constitute an event permitting material modification, amendment or termination of a material mortgage, lien, lease, agreement, indenture, license, instrument, order, arbitration award, judgment or decree to which it is a party or by which it or any of its material assets is bound except as would not be reasonably likely to have a material effect on the Transaction; or

(v) Except as may be required under the HSR Act, the Competition Act or the Investment Act, require the approval, consent, authorization or act of, or the making by it of any declaration, filing or registration with, any Governmental Body except to the extent such contravention would not have a Material Adverse Effect or would not be reasonably likely to have a material effect on the Transaction.

3.4 Financial Statements. (a) Correct and complete copies of the combined audited balance sheets of the Business for the fiscal years ended December 31, 2001, 2002 and 2003 and related combined statements of income and statements of cash flows for the periods ended December 31, 2001, 2002 and 2003 based on the operation of the Business, with accompanying footnotes, titled "Electricity Products Business of Schlumberger Limited" and audited by PricewaterhouseCoopers (collectively, the "Financial Statements") are attached hereto as Schedule 3.4(a).

(b) The Financial Statements have been prepared based on the books and records of the Seller Group and present fairly, in accordance with GAAP, consistently applied during the periods involved, in all material respects, the financial condition and results of operations of the Business as of the dates indicated or the periods indicated.

3.5 Absence of Certain Events. Since December 31, 2003, the Business has been operated only in the ordinary course of business and except as disclosed in Schedule 3.5 or as reflected or reserved against in the Financial Statements, there has not been:

(a) Any change, event or condition that has had a Material Adverse Effect;

(b) Any declaration, setting aside or payment of any dividend (whether in cash, stock or property) with respect to any of the capital stock of the Company, New SLB Mexico or the Joint Venture;

(c) With respect to any executive officer of the Business, (i) any granting or payment to such officer of any increase in compensation, bonus or similar payment, (ii) any granting to any such executive officer of any increase in severance or termination pay or (iii) any entry by any member of the Seller Group, the Company, New SLB Mexico or the Joint Venture into any employment, severance or termination agreement with any such executive officer, except, in each case in this subsection (c), such grants or entries that are in the ordinary course of business;

(d) Any amendment, waiver or forgiveness of any material term of any outstanding equity or debt security of the Company, New SLB Mexico or the Joint Venture;

(e) Any repurchase, redemption or other acquisition by any member of the Seller Group or New SLB Mexico of any outstanding shares of capital stock or other equity securities of, or other ownership interests in, the Company, New SLB Mexico or the Joint Venture, except as contemplated by any Employee Plans;

(f) Any damage, destruction or other property loss suffered by or related to the Business, whether or not covered by insurance that in the aggregate exceeded $1,000,000; or

(g) Any change in accounting methods, principles or practices used by the Business, except insofar as may have been required by a change in GAAP or Law.

Furthermore, except as disclosed in Schedule 3.5, since December 31, 2003, to the Knowledge of the Seller Group, neither the Company, New SLB Mexico, the Joint Venture, any member of the Seller Group nor any of the Seller Group's, the Company's, New SLB Mexico's nor the Joint Venture's officers, directors or agents in their representative capacities on behalf of any member of the Seller Group has:

(h) Taken any action or entered into or agreed to enter into any transaction, agreement or commitment other than in the ordinary course of business that would have a Material Adverse Effect;

(i) Paid, discharged or satisfied any material claims, liabilities or obligations (absolute, accrued or contingent) owed with respect to the Business other than the payment, discharge or satisfaction in the ordinary course of business and consistent with past practice of claims, liabilities and obligations reflected or reserved against in the Financial Statements or prepaid any material obligation owed with respect to the Business having a fixed maturity of more than ninety (90) days from the date such obligation was issued or incurred;

(j) Permitted or allowed any of the Transferred Assets or any of the material property or assets (real, personal or mixed, tangible or intangible) of the Company, New SLB Mexico or the Joint Venture to be subjected to any Encumbrances except Permitted Encumbrances;

(k) Sold, transferred or otherwise disposed of any of the Transferred Assets or the material properties or assets (real, personal or mixed, tangible or intangible) of the Company, New SLB Mexico or the Joint Venture with an aggregate net book value in excess of $100,000, except the sale of inventory in the ordinary course of business or consistent with past practice;

(l) Disposed of or permitted to lapse any rights to the use of any material trademark, trade name, patent or copyright currently used exclusively in the conduct of the Business, or disposed of or disclosed to any Person (other than representatives of Purchasers or any other Person subject to a confidentiality agreement or non-disclosure obligation) any material trade secret, formula, process or know-how not theretofore a matter of public knowledge, which was used exclusively in the conduct of the Business;

(m) Made any single capital expenditure or commitment in excess of $250,000 for additions to property, plant, equipment or intangible capital assets of the Business or made aggregate capital expenditures in excess of $2,000,000 for additions to property, plant, equipment or intangible capital assets of the Business;

(n) Received written notice of any other event or fact that could reasonably be expected to have a Material Adverse Effect; or

(o) Agreed, whether in writing or otherwise, to take any action described in this Section 3.5.

3.6 Taxes. (a) Each of the Company, the Joint Venture, and the Non-U.S. Affiliates, and each "affiliated group" (within the meaning of Section 1504 of the Code or any similar provision of Law) of which any of them is or has been a member, has (i) timely filed or has caused to be timely filed with the appropriate Governmental Body all Tax Returns required to be filed and (ii) timely paid or deposited all Taxes which are required to be paid or deposited, and no other Taxes are due and payable by any of them with respect to items or periods covered by such Tax Returns (whether or not shown on or reportable on such Tax Returns) or with respect to any period (or portion thereof) ending on or prior to the date of this Agreement; provided, however, that for purposes of this Section 3.6(a) and Section 3.6(b), Taxes and Tax Returns of the Non-U.S. Seller Group shall include only Taxes and Tax Returns that relate to the Transferred Assets;

(b) Each of the Tax Returns described in subparagraph (a) is accurate, correct and complete in all respects;

(c) All Taxes that the Company, New SLB Mexico and the Joint Venture have been or are required to withhold or to collect for payment have been duly withheld and collected and have been paid (unless not yet due) over to the appropriate Governmental Body;

(d) Each of the Company, New SLB Mexico and the Joint Venture has established adequate reserves (other than reserves for deferred Taxes) in accordance with GAAP on its books and records and on its Financial Statements for all liabilities relating to Taxes;

(e) There are no Encumbrances on any of the assets of the Company, New SLB Mexico or the Joint Venture or on the Transferred Assets, as applicable, that arose in connection with any failure (or alleged failure) to pay any Tax except for Permitted Encumbrances;

(f) There are no actions, suits, investigations, audits or claims by any Governmental Body in progress relating to Taxes of the Company, the Joint Venture or any of the Non-U.S. Affiliates, and none of the Company, the Joint Venture or any of the Non-U.S. Affiliates, or any of their officers or directors have received any notice from any Governmental Body that it intends to conduct such an audit or investigation or has any reason to believe that any such notice will be received in the future; no audit report has been issued prior to the date of this Agreement relating to Taxes due with respect to the Company or the Joint Venture; provided, however, that for purposes of this Section 3.6(f), Taxes of the Non-U.S. Seller Group shall include only Taxes that relate to the Transferred Assets;

(g) Neither the Company, New SLB Mexico nor the Joint Venture is subject to any private letter ruling of the IRS or comparable ruling of any other Governmental Body with respect to Taxes;

(h) Neither the Company, the Joint Venture nor any of the Non-U.S. Affiliates (i) is or has been a member of any "affiliated group" within the meaning of Section 1504 of the Code or any similar provision of Law that filed or was required to file a consolidated, combined or unitary Tax Return (other than any group the common parent of which was STC) or (ii) has any Liability for the Taxes of any Person (other than STC and any of its Subsidiaries) under Treasury Regulations Section 1.1502-6 (or any comparable provision of Law);

(i) Neither the Company, New SLB Mexico nor the Joint Venture has (i) agreed or requested permission to, nor is it required to, make any adjustments pursuant to Sections 481(a) or 482 of the Code (or any predecessor provisions thereof or similar provisions of Law), nor has the IRS or any other Governmental Body proposed any such adjustment; (ii) filed a consent pursuant to Section 341(f) of the Code or agreed to have Section 341(f)(2) of the Code apply to any disposition of a "subsection (f) asset" (as such term is defined in Section 341(f)(4) of the Code); (iii) made any payment or payments, is obligated to make any payment or payments, or is a party to (or participating employer in) any agreement or Employee Plan that could obligate it or the Purchasers to make any payment or payments (including any payment or payments arising out of or resulting from the transactions contemplated by this

Agreement) that would constitute an "excess parachute payment," as defined in Section 280G of the Code (or any comparable provision of Law); or that would otherwise not be deductible under Section 162 or 404 of the Code; (iv) been a United States real property holding corporation within the meaning of Section 897(c)(2) of the Code during the applicable period specified in Section 897(c)(1)(A)(ii) of the Code; (v) executed, become subject to, or entered into any closing agreement pursuant to Section 7121 of the Code or any similar or predecessor provision thereof under the Code or other Tax Law; (vi) incurred or assumed any Liability for the Taxes of any person; or (vii) been either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) with respect to a distribution of stock intended to qualify for gain or income non-recognition under Section 355 of the Code;

(j) Neither the Company, New SLB Mexico nor the Joint Venture has granted to any Person any power of attorney with respect to any Tax matter;

(k) The Company has disclosed on each of its federal income Tax Returns all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Section 6662 of the Code;

(l) Neither the Company, New SLB Mexico nor the Joint Venture does business in or derives income from any state, local or foreign jurisdiction other than those jurisdictions for which it has duly filed Tax Returns; neither the Company, New SLB Mexico nor the Joint Venture has ever had a permanent establishment in any country, as defined in any applicable Tax treaty or convention, other than the country under the Laws of which it was formed; with respect to each of the Company, New SLB Mexico and the Joint Venture, no claim has been made by a Governmental Body in a jurisdiction where such company does not file Tax Returns to the effect that such company is or may be subject to taxation by that jurisdiction;

(m) Each of the Company, New SLB Mexico and the Joint Venture has delivered or made available to Itron correct and complete copies of all Tax Returns for which the statute of limitations has not expired, examination reports and statements of deficiencies assessed against or agreed to by it;

(n) No election pursuant to Treasury Regulations Section 301.7701-3 has been made with respect to the Joint Venture; neither the Company, New SLB Mexico nor the Joint Venture is a party to any joint venture, partnership, or other arrangement or contract which could be treated as a partnership for federal income Tax purposes or owns an interest in any "disregarded entity" within the meaning of Treasury Regulations Section 301.7701-3(b);

(o) There are no outstanding waivers in writing or comparable consents regarding the application of any statute of limitations in respect of Taxes of the Company, New SLB Mexico or the Joint Venture;

(p) Neither the Company, New SLB Mexico nor the Joint Venture is a party to, bound by or obligated under any allocation, indemnity, sharing or similar contract or arrangement (whether or not written) with respect to Taxes;

(q) None of the Transferred Assets are, and neither New SLB Mexico nor the Joint Venture holds an interest in, United States real property within the meaning of

Section 897(c) of the Code, and neither the Joint Venture nor New SLB Mexico is engaged in a United States trade or business (within the meaning of Section 864 of the Code) or owns any assets within the United States; the Joint Venture is not, and, to Seller Group's Knowledge never has been, a "controlled foreign corporation," within the meaning of Section 957(a) of the Code.

(r) All transactions among or between the Company, New SLB Mexico, the Joint Venture and/or STC or its Affiliates comply and have complied with the requirements of Section 482 of the Code (and any similar provisions of Law);

(s) The Company is a member of the "selling consolidated group," as defined in Section 338(h)(10)(B) of the Code, of which STC is the common parent;

(t) There is no taxable income of the Company, New SLB Mexico or the Joint Venture that will be reportable in the taxable period beginning on or after the Closing Date that is attributable to a transaction that occurred prior to the Closing Date; and

(u) Neither STC nor the Company is a foreign person within the meaning of Section 1445 of the Code.

3.7 Compliance with Applicable Laws. (a) (i) The Non-U.S. Affiliates, the Company, and the Joint Venture own, hold or possess and are in full compliance with all of the terms and requirements of all governmental licenses, permits, privileges, immunities, approvals and other authorizations that are necessary for the lawful ownership, leasing, operation and use of the Company's assets or the Transferred Assets or that are required by applicable Law for the conduct of the Business as currently conducted (the "Governmental Permits") except for failures to hold such Government Permits which would not have a Material Adverse Effect, (ii) each Governmental Permit is valid and in full force and effect and, to the Knowledge of the Seller Group, no suspension or cancellation of any Governmental Permit has been threatened and (iii) except as set forth in Section 2.2, each Governmental Permit that is used exclusively by any member of the Non-U.S. Seller Group in the Non-U.S. Business and is assignable under applicable Law to the Purchasers in connection with the Transaction is included in the Transferred Assets.

(b) Except as set forth in Schedule 3.20, each of the Company, New SLB Mexico and the Joint Venture is, and has been, in full compliance with all Laws applicable to it or to the conduct or operation of the Business or the ownership or use of any of its assets except where the failure to comply would not have a Material Adverse Effect. No investigation or review by any Governmental Body with respect to the Business (excluding the Non-U.S. Business) is pending or, to the Knowledge of the Seller Group, threatened, nor has any Governmental Body indicated an intention to conduct any such investigation or review.

(c) (i) Each of the members of the Non-U.S. Seller Group is, and has been, in full compliance with all Laws applicable to it or to the conduct or operation of the Non-U.S. Business or the ownership of the Transferred Assets and Assumed Liabilities, except where the failure to comply would not have a Material Adverse Effect and (ii) no investigation or review by any Governmental Body with respect to the Non-U.S. Business or the Transferred Assets is pending or, to the Knowledge of the Seller Group, threatened, nor has any Governmental Body indicated an intention to conduct any such investigation or review.

3.8 Ownership of Property. (a) (i) Schedule 3.8(a)(i) sets forth as of the date hereof (x) an accurate and complete list of all real property with respect to which the Company, the Joint Venture or any of the Non-U.S. Affiliates is an owner and is exclusively used in the Business (the "Owned Real Property"); and (y) an accurate and complete list of all real property with respect to which the Company, the Joint Venture or any of the Non-U.S. Affiliates is a lessee, sublessee, licensee or other occupant or user and is exclusively used in the Business (the "Leased Real Property" and, together with the Owned Real Property, the "Real Property") and (ii) except as set forth in Schedule 3.8(a)(ii), neither the Company, the Joint Venture nor any of the Non-U.S. Affiliates is in breach or default under any of the Property Leases to which it is a party, nor to the Knowledge of the Seller Group, is any other party to any of the Property Leases in default thereunder except where such breach would not have a material adverse effect on the value of the Real Property.

(b) Each of the Company, New SLB Mexico and the Joint Venture has good and marketable title to all of its material assets used in the Business (or leasehold interest with respect to its Leased Real Property or licenses with respect to its Other Intellectual Property) free and clear of all Encumbrances, except (i) for inventory sold, consumed or otherwise disposed of in the ordinary course of business, (ii) as set forth in Schedule 3.8(b), or (iii) other Permitted Encumbrances. Each of the members of the Non-U.S. Seller Group has good and marketable title to the material Transferred Assets (or leasehold interest with respect to the Leased Real Property of the Non-U.S. Affiliates) free and clear of all Encumbrances, except (x) for inventory sold, consumed or otherwise disposed of in the ordinary course of business, (y) as set forth in Schedule 3.8(b), (z) licensed Transferred Intellectual Property or (xx) other Permitted Encumbrances.

(c) There are no pending or, to the Knowledge of the Seller Group, threatened condemnation proceedings, lawsuits, orders, notices or administrative actions relating to the Real Property or other matters, which would adversely affect the use, occupancy or value thereto.

(d) Except for the Oconee Environmental Remediation, each facility located on any Real Property is supplied with utilities and other services necessary for the operation of such facility and are provided via public roads or via appurtenant easements or servitudes, each such facility abuts on and has vehicular access to a public road, or has access to a public road via an easement or servitude except in accordance with this Agreement and to the extent such invalidity or transfer could not reasonably be expected to have a material adverse effect on the value of the Real Property.

(e) Each Property Lease is in full force and effect and neither the Company, the Joint Venture, nor any Non-U.S. Affiliate has assigned, transferred, conveyed, mortgaged, deeded in trust or otherwise encumbered any interest in the Leased Real Property except in accordance with this Agreement and to the extent such encumbrance could not reasonably be expected to have a material adverse effect on the value of the Real Property. Each of the Company, the Joint Venture and the Non-U.S. Affiliates has complied in all material respects with the terms of the Property Leases to which it is a party.

(f) No third party consents are required for the transfer of title to the Owned Real Property to the Purchasers.

(g) To the Knowledge of the Seller Group, (i) the offices, facilities and other structures on the Real Property are materially adequate for the uses to which they are currently being put and (ii) there are no applicable adverse zoning, building or land use codes or rules, ordinances, regulations or other restrictions relating to zoning or land use that currently or could reasonably be expected to prevent or cause the imposition of material fines or penalties as a result of the current use of the Real Property or the conduct of the Business as presently conducted.

3.9 Intellectual Property. (a) Schedule 3.9(a) contains a complete and correct list of each issued patent, patent application, registered trademark, trademark application, registered service mark, service mark application, unregistered trademark, unregistered service mark, trade name and copyright registered with the U.S. Copyright Office or its foreign equivalents that is used in and material to the Business and owned by the Seller Group or the Company. All patents, registered copyrights, registered trademarks, and registered service marks described in Schedule 3.9(a) are, to the Knowledge of the Seller Group, valid, enforceable and subsisting. To the Knowledge of the Seller Group, all necessary registration, maintenance and renewal fees in connection with such items have been paid, and all necessary documents and certificates in connection therewith have been filed with the relevant patent, copyright, trademark, other authorities in the United States or foreign jurisdictions, as the case may be, for the purpose of maintaining such items. As of the Effective Date, to the Knowledge of the Seller Group, except as disclosed in the schedules to the Supplemental Agreement, there are no actions that must be taken by the Company or any member of the Seller Group or New SLB Mexico within one hundred twenty (120) days after the Closing Date for the purpose of obtaining, maintaining, perfecting, preserving or renewing such items.

(b) Except as set forth in Schedule 3.9(b) or as could not reasonably be expected to have a Material Adverse Effect, neither the Company nor any member of the Seller Group nor New SLB Mexico has received a "cease and desist letter" or any other written or oral communication from any third party challenging the Company's, the Joint Venture's or a Non-U.S. Affiliate's ownership or rights in any Owned Intellectual Property (as defined below) and there is no action pending or, to the Knowledge of the Seller Group, threatened against the Company, the Joint Venture or any Non-U.S. Affiliate relating to the Business claiming that the Company, the Joint Venture or any Non-U.S. Affiliate has infringed or is infringing or has misappropriated or otherwise violated any Intellectual Property of any third party. To the Knowledge of the Seller Group, there is no unauthorized use, disclosure, infringement or misappropriation of any Owned Intellectual Property by any third party, including, without limitation, any employee or former employee of the Company or any member of the Seller Group or New SLB Mexico. "Owned Intellectual Property" means Intellectual Property used in and material to the Business that is owned or exclusively licensed in perpetuity by the Company (including, without limitation, the Intellectual Property described in Schedule 3.9(a) and the Transferred Intellectual Property). "Other Intellectual Property" means Intellectual Property used in and material to the Business that is not Owned Intellectual Property. "Intellectual Property" means patent disclosures, patent rights (including any and all continuations, continuations-in-part, divisionals, provisionals, reissues, reexaminations, utility, models and

design patents or any extensions thereof), inventions, invention disclosures, discoveries and improvements, whether patentable or not, right in trademarks, service marks, service names, logos, or trade dress, works of authorship and right associated with any works of authorship, including copyrights, copyright registrations, rights relating to trade secrets (including those trade secrets defined in the Uniform Trade Secrets Act and under corresponding foreign statutory and common law), confidential business, technical and know-how information, Internet domain names, World Wide Web URLs or addresses, software source codes and object codes, databases, and any goodwill symbolized by or associated with any of the foregoing.

(c) The Company, the Joint Venture or a Non-U.S. Affiliate own or otherwise have valid right or license to all Intellectual Property used in and material to the Business. The Purchasers will acquire all right, title and interest in and to the Owned Intellectual Property free and clear of any and all Encumbrances on the Closing Date upon the consummation of the transactions contemplated by this Agreement. The Purchasers will receive a valid and enforceable license to all Other Intellectual Property on the Closing date upon the consummation of the transactions contemplated by this Agreement. The Purchasers' rights and licenses with respect to the Owned Intellectual Property and Other Intellectual Property will be sufficient for the conduct of the Business.

(d) Schedule 3.9(d) contains a true and complete list of all material licenses, sublicenses and other agreements as to which the Company, the Joint Venture, New SLB Mexico or a member of the Seller Group is a party and pursuant to which any such Person is authorized to use any third party Intellectual Property used in and material to the Business ("Inbound Third Party Licenses"). True and complete copies of all such Inbound Third Party Licenses have been delivered or made available to the Purchasers. To the Knowledge of the Seller Group, all such Inbound Third Party Licenses are valid and enforceable and in full force and effect, and to the Knowledge of the Seller Group, there exists no event or condition that does or will result in a breach or violation of, or constitute (with or without due notice or the lapse of time or both) a default by any party thereunder. To the Knowledge of the Seller Group, no party to any Inbound Third Party License intends to cancel, withdraw, modify or amend such license. All Inbound Third Party Licenses used in and material to the Business as to which a Non-U.S. Affiliate is party are either included in the Transferred Assets or all right, title and interest thereto are held by New SLB Mexico.

(e) Schedule 3.9(d) contains a true and complete list of all material licenses, sublicenses and other agreements as to which the Company, the Joint Venture, New SLB Mexico or a member of the Seller Group is a party and pursuant to which any third party is authorized to use any Owned Intellectual Property or Other Intellectual Property ("Outbound Third Party Licenses"). True and complete copies of all such Outbound Third Party Licenses have been delivered or made available to the Purchasers. To the Knowledge of the Seller Group, all such Outbound Third Party Licenses are valid and enforceable and in full force and effect, and to the Knowledge of the Seller Group, there exists no event or condition that does or will result in a breach or violation of, or constitute (with or without due notice or the lapse of time or both) a default by any party thereunder. All Outbound Third Party Licenses material to the Business as to which a Non-U.S. Affiliate is party are either included in the Transferred Assets or all right, title and interest thereto are held by New SLB Mexico.

(f) The Company and New SLB Mexico have, consistent with reasonable business judgment, taken appropriate steps to protect, preserve and maintain the secrecy and confidentiality of the Company's and New SLB Mexico's material confidential information and to preserve and maintain all of its interests and proprietary rights in the Owned Intellectual Property used in and material to the Business. To the Knowledge of the Seller Group, all officers, employees and consultants of the Company, New SLB Mexico and the members of the Seller Group having access to material confidential information of the Company or its customers or business partners have executed and delivered to the Company, New SLB Mexico or a member of the Seller Group an agreement regarding the protection of such proprietary information (in the case of proprietary information of the Company's customer and business partners, to the extent required by such customers and business partners) and true and complete copies of all such agreements have been delivered or made available to the Purchasers. To the Knowledge of the Seller Group, the Company and New SLB Mexico secured valid written assignments from all of the Company's and New SLB Mexico's consultants, contractors and employees who were involved in, or who contributed to, the conception, creation, development, discovery or reduction to practice of any Owned Intellectual Property owned by the Company or New SLB Mexico and used in and material to the Business, of the rights to such contributions that may be owned by such Persons or that the Company or New SLB Mexico does not already own by operation of law. To the Knowledge of the Seller Group, Atos secured valid written assignments from all of Atos' consultants, contractors and employees who were involved in, or who contributed to, the conception, creation, development, discovery or reduction to practice of any Intellectual Property contributed to the Company pursuant to the Contribution Agreement between the Company and Atos dated January 1, 2003 (the "Contribution Agreement"), of the rights to such contributions that may have been owned by such Persons or that Atos did not obtain ownership by operation of law.

(g) Each member of the Non-U.S. Seller Group has, consistent with reasonable business judgment, taken appropriate steps to protect, preserve and maintain the secrecy and confidentiality of its material confidential information related to or included in the Transferred Assets and to preserve and maintain all of its interests and proprietary rights in the Owned Intellectual Property used in and material to the Business. To the Knowledge of the Seller Group, all officers, employees and consultants of each member of the Non-U.S. Seller Group having access to material confidential information related to or included in the Transferred Assets have executed and delivered to the applicable member of the Non-U.S. Seller Group an agreement regarding the protection of such proprietary information; and true and complete copies of all such agreements have been delivered or made available to Purchasers. To the Knowledge of the Seller Group, each member of the Non-U.S. Seller Group has secured valid written assignments from all of its consultants, contractors and employees who were involved in, or who contributed to, the conception, creation, development, discovery or reduction to practice of any Intellectual Property included in the Transferred Assets, of the rights to such contributions that may be owned by such Persons or that such member of the Non-U.S. Seller Group does not already own by operation of law.

(h) No Person who worked on the creation, development or improvement of the Owned Intellectual Property owned by the Company or New SLB Mexico has any right, license, claim or interest whatsoever in or with respect to any such Intellectual Property.

(i) To the Knowledge of the Seller Group, there has been no publication by the Company, New SLB Mexico or any member of the Seller Group of the inventions claimed in any patents or patent applications included in the Owned Intellectual Property or other activities that would or might invalidate any claim(s) of any such patent or patent applications, except as disclosed to the U.S. Patent and Trademark Office in the course of the prosecution of such patents and patent applications.

(j) The execution, delivery and performance of this Agreement and the transactions contemplated hereby will not: (i) constitute a material breach or default under any instrument, contract, license or other agreement governing any Intellectual Property used in and material to the Business; (ii) cause the forfeiture or termination, or give rise to a right of forfeiture or termination, of any Intellectual Property used in and material to the Business; or (iii) in any way impair the right of the Purchasers to use (including distribute, manufacture, market, license, sell or dispose of in any way) any Intellectual Property used in and material to the Business.

(k) The use, development, manufacture, marketing, distribution, license, sale, furnishing or intended use of any product or service currently utilized, manufactured, marketed, distributed, sold, or furnished by the Company or New SLB Mexico or included in the Transferred Assets does not violate any license or agreement between the Company, New SLB Mexico or any member of the Seller Group and any third party or, to the Knowledge of the Seller Group, infringe any copyright or trade secret or misappropriate any Intellectual Property of any other Person.

(l) There are no fines, forfeitures, notices of apparent liability, orders to show cause or any other administrative or judicial orders outstanding nor any proceedings pending against the Company, New SLB Mexico or the Seller Group or, to the Knowledge of the Seller Group, threatened against the Company or the Seller Group, the effect of which would be the revocation, cancellation, non-renewal, suspension or modification of any licenses issued by the Federal Communications Commission to the Company, New SLB Mexico or any member of the Seller Group (the "FCC Licenses") where such revocation, cancellation, non-renewal, suspension or modification could reasonably be expected to have a Material Adverse Effect. No action, approval, consent, authorization or other action by or filing with any governmental or quasi-governmental agency, commission, board, bureau or instrumentality, was necessary or required in connection with the Atos' contribution of the FCC Licenses to the Company or is necessary or required in connection with the Purchaser's acquisition of the U.S. Stock or otherwise in connection with the consummation of the Transaction.

(m) To the Knowledge of the Seller Group, no Public Software (i) was or is used in connection with the development of any Owned Intellectual Property, or (ii) was or is incorporated in whole or in part, or has been distributed, in whole or in part, in conjunction with any Owned Intellectual Property. "Public Software" means any software that contains, or is derived (in whole or in part) from, any software that is distributed as free software, open source software (e.g., Linux) or similar licensing or distribution models, including, but not limited to, software licensed or distributed under any of the following licenses or distribution models, or licenses or distribution models similar to any of the following: (A) GNU's General Public License (GPL) or Lesser/Library GPL (LGPL); (B) the Artistic License (e.g., PERL); (C) the

Mozilla Public License; (D) the Netscape Public License; (E) the Sun Community Source License (SCSL); (F) the Sun Industry Standards License (SISL); (G) the BSD License; and (H) the Apache License.

3.10 Labor Relations. (a) Except as set forth on Schedule 3.10(a), (i) there are no pending labor grievances or unfair labor practice claims or charges relating to the Business which, individually or in the aggregate, has, or could reasonably be expected to have, a Material Adverse Effect and (ii) to the Knowledge of the Seller Group, there are no, nor in the past five years have there been any, organizing efforts by any union or other group seeking to represent any three or more employees of the Business, nor is there any pending decertification proceeding relating to the Business.

(b) Except as set forth on Schedule 3.10(b), neither the Company, the Joint Venture nor any Non-U.S. Affiliate is a party to any collective bargaining or similar agreement relating to the Business.

3.11 Employee Plans. (a) Schedule 3.11(a) sets forth all Employee Plans. With respect to each Employee Plan, the Seller Group has made available to Itron, to the extent applicable to such Employee Plan, a copy of the plan document and most recent summary plan description, most recent actuarial report prepared for such Employee Plan, IRS Form 5500 with all attachments for the years ended December 31, 2000, 2001 and 2002, proof of registration of such Employee Plan with the applicable Canadian federal and provincial authorities, trust agreements and the most recent determination or qualification letter from the IRS. There has been no amendment, interpretation or other announcement (written or oral) by the Company, New SLB Mexico, the Seller Group or any ERISA Affiliate relating to, or change in participation or coverage under, any Employee Plan that, either alone or together with other such items or events, could materially increase the expense of maintaining or contributing to such Employee Plan (or the Employee Plans taken as a whole) above the level of expense incurred by the Company or the Non-U.S. Affiliates, as applicable, with respect thereto for the most recent fiscal year included in the Financial Statements.

(b) Except as set forth in Schedule 3.11(b), none of the Company, the Joint Venture or any Non-U.S. Affiliate sponsors, maintains, participates in or contributes to, or has ever sponsored, maintained, participated in, or contributed to (or been obligated to sponsor, maintain, participate in or contribute to), any Title IV Plan.

(c) Each Employee Plan has been established, operated, funded, maintained and administered in all material respects in compliance with its terms and with all applicable Laws, including, without limitation (to the extent applicable), ERISA and the Code. The Seller Group, the Company, New SLB Mexico, the Joint Venture, the ERISA Affiliates (and their respective officers, directors and employees) and, to the Knowledge of the Seller Group, all other Persons (including, without limitation, all fiduciaries) have at all times and in all material respects, properly performed all of their duties and obligations (whether arising by operation of Law or by contract) under or with respect to each Employee Plan, including, without limitation, all reporting, disclosure and notification obligations.

(d) All payments and contributions required by any applicable Law, by the terms of any Employee Plan, or by any agreement relating thereto for periods ending before the Closing Date have been timely made to each Employee Plan or have been accrued by the Seller Group on the Financial Statements in accordance with GAAP in all material respects. All income taxes and wage taxes that are required by Law to be withheld from benefits derived under the Employee Plans have been properly withheld and remitted (unless not yet due) to the appropriate depository or Governmental Body, as applicable.

(e) Each Employee Plan that is intended to be qualified under Section 401(a) of the Code is the subject of an unrevoked favorable determination letter from the IRS with respect to such Employee Plan's qualified status under the Code, as amended by those Laws commonly referred to as "GUST". Nothing has occurred or is reasonably expected by the Seller Group to occur that would reasonably be expected to adversely affect the qualified status of such Employee Plan or the tax-exempt status of its related trust.

(f) None of the Company, the Joint Venture, New SLB Mexico, any ERISA Affiliate or any of their officers, directors or employees nor, to the Knowledge of the Seller Group, any other "party in interest" as defined in ERISA Section 3(14) has engaged in any nonexempt "prohibited transaction", as defined in Section 4975 of the Code or Section 406 of ERISA, with respect to any Employee Plan.

(g) Except as set forth on Schedule 3.11(g) and other than routine claims for benefits, there are no actions, audits, investigations, suits or claims pending or, to the Knowledge of the Seller Group, threatened against any of the Employee Plans that would reasonably be expected to result in any material liability to the Business, including, without limitation, any audit or inquiry by the IRS, the DOL, the PBGC or any other Governmental Body.

(h) Except as disclosed on Schedule 3.11(h) or required by Section 5.8, and except for severance obligations which arise as a matter of Law, the consummation of the Transaction (either alone or upon the occurrence of any other event or events) will not (i) entitle any of the current or former employees, officers, directors, independent contractors, or agents of the Company, the Joint Venture or the Non-U.S. Affiliates to severance pay or any other similar payment, (ii) accelerate the time of payment or vesting, remove any restriction or condition, forgive any indebtedness or increase the amount of compensation or benefits due any such employee, officer, director, independent contractor or agent or (iii) require the Company or the Purchasers to transfer or set aside any assets to fund or otherwise provide for any benefits for any such employee, officer, director, independent contractor or agent.

(i) Neither the Company nor any ERISA Affiliate has incurred any material liability (that will not be satisfied prior to the Closing Date) under Title IV of ERISA. With respect to each Title IV Plan sponsored, maintained or contributed to by the Company or any ERISA Affiliate (or which the Company or any ERISA Affiliate was obligated to sponsor, maintain or contribute to) at any time during the last six years: (i) the Company and each ERISA Affiliate have timely made all contributions that each of them has ever been required to make by operation of Law or by contract to such Title IV Plan, (ii) neither the Company nor any ERISA Affiliate has withdrawn, or intends to withdraw, from such Title IV Plan during a plan year in which it was (or is) a "substantial employer" (within the meaning of Section 4001(a)(2) of

ERISA or the Laws applicable to Employee Plans of the Non-U.S. Affiliates, as applicable), (iii) neither the Company nor any ERISA Affiliate has terminated, or intends to terminate, such Title IV Plan, (iv) neither the PBGC nor any other Person has instituted proceedings or has notified the Company, any ERISA Affiliate or such Title IV Plan that it intends to institute proceedings, to terminate (or appoint a trustee to administer) such Title IV Plan, nor to the Knowledge of the Seller Group, is there a reasonable basis for the commencement of any such proceeding by the PBGC or any other Person, (v) except as set forth on Schedule 3.11(i), no reportable event (as described in Section 4043 of ERISA) for which notice to the PBGC is required has occurred or is threatened or about to occur, including, without limitation, as a result of the consummation of the Transaction, with respect to such Title IV Plan, (vi) no other event or condition has occurred or exists (or is about to occur) which would reasonably be expected to constitute grounds under Section 4042 of ERISA or the Laws applicable to Employee Plans of the Non-U.S. Affiliates, as applicable, for the termination of, or the appointment of a trustee to administer such Title IV Plan, (vii) all required premium payments to the PBGC have been paid when due, (viii) no amendment with respect to which security is required under Section 307 of ERISA or Section 401(a)(29) of the Code has been made, or is reasonably expected by the Seller Group to be made to such Title IV Plan, (ix) such Title IV Plan has been funded in accordance with commercially reasonable actuarial assumptions and practices, which have been consistently applied, (x) the most recent actuarial report prepared for such Title IV Plan fairly presents the financial condition and the results of operations for such Title IV Plan as of the date of such report, in accordance with GAAP, (xi) no accumulated funding deficiency (as defined in Section 302 of ERISA or Section 412 of the Code (or the Laws applicable to Employee Plans of the Non-U.S. Affiliates, as applicable)), whether or not waived, exists, (xii) nothing has occurred and no condition exists that with the passage of time would reasonably be expected to result in an accumulated funding deficiency within six years, and (xiii) none of the Company, any ERISA Affiliate or any Person to which the Company or any ERISA Affiliate is a successor or parent corporation (within the meaning of Section 4069(b) of ERISA) has engaged in a transaction that could reasonably be expected to result in liability to the Company under Section 4069 of ERISA.

(j) Neither the Company nor any ERISA Affiliate contributes, or has been required to contribute within the last six years, to any Multiemployer Plan.

(k) Each “group health plan” as defined in Section 607(1) or 733(a)(1) of ERISA or Section 4980B(g)(2) of the Code or the Laws applicable to Employee Plans of the Non-U.S. Affiliates, as applicable, sponsored, maintained, administered or contributed to by the Company or any ERISA Affiliate has been maintained, administered and operated at all times since its inception in compliance in all material respects with the requirements of Part 6 and 7 of Subtitle B of Title I of ERISA or Section 4980B(f) of the Code (or the Laws applicable to Employee Plans of the ERISA Affiliates, as applicable) and any other Legal Requirements relating to the provision or continuation of health insurance coverage or other welfare benefits (within the meaning of Section 3(1) of ERISA). The Company and each ERISA Affiliate have properly performed, at all times and in all material respects, all obligations, whether arising by operation of Law or by contract, required to be performed by any of them in connection with each such group health plan, including, without limitation, any notification obligations imposed under Part 6 or 7 of Subtitle B of Title I of ERISA or Section 4980B(f) of the Code (or the Laws applicable to Employee Plans of the Non-U.S. Affiliates, as applicable).

(l) None of the Company, New SLB Mexico the Joint Venture or the Purchasers will have any Liability or expense with respect to any Employee Plan after the Closing, except to the extent such Liability or expense is explicitly assumed by the Purchasers in this Agreement or is explicitly assumed by the Purchasers in a writing signed by Itron and STC, and the Seller Group shall timely pay or accrue on the Financial Statements in accordance with GAAP in all material respects, all contributions and other amounts payable to or under any Employee Plan for periods ending on or before the Closing Date. It is acknowledged that the Purchasers are assuming the liability for the I.A.M.A.W. Employer-Union Pension Plan (Quebec), but only with respect to any Liability or expense related to such Plan arising on and after the Closing Date.

(m) Except as set forth on Schedule 3.11(m), none of the Company, STC, any Non-U.S. Affiliate, the Joint Venture or any Employee Plan provides or has any obligation to provide (or contribute toward the cost of) post-employment or post-termination benefits of any kind, including, without limitation, death and medical benefits, with respect to any current or former officer, employee, director, agent or independent contractor of the Company or any Non-U.S. Affiliate, other than (i) continuation coverage mandated by applicable law, (ii) retirement benefits under any Employee Plan that is qualified under Section 401(a) of the Code, and (iii) deferred compensation that is accrued as a liability on the Financial Statements.

3.12 Certain Contracts. (a) Schedule 3.12 contains a true and complete list of each of the following material contracts relating exclusively to the Business to which a Non-U.S. Affiliate, the Joint Venture or the Company is a party (the "Material Contracts"):

(i) All Contracts providing for a commitment of employment or consultation services and payments in excess of Seventy-Five Thousand Dollars ($75,000) in total or in any one-year period;

(ii) All Contracts with any Person containing any provision or covenant prohibiting or materially limiting the ability of any Non-U.S. Affiliate, the Joint Venture or the Company to engage in any business activity or compete with any Person in relation to the Business;

(iii) All Contracts relating to Indebtedness;

(iv) All Contracts (other than this Agreement) providing for (A) the future disposition or acquisition of any assets or properties individually or in the aggregate material to the Business, other than dispositions or acquisitions in the ordinary course of business and (B) any merger or other business combination;

(v) All Contracts that involve the payment, pursuant to the terms of any such Contract, to or by (with respect to the Non-U.S. Business) any Non-U.S. Affiliate, the Joint Venture or the Company of more than $1,000,000 annually;

(vi) All Contracts relating to any corporate joint venture, partnership, material alliance or similar arrangement relating to the Business;

(vii) Any collective bargaining agreement or other agreement with any labor union; and

(viii) Any employment contract, severance agreement or similar binding agreement or policy with any officer or director of any Non-U.S. Affiliate, the Joint Venture or the Company.

(b) Except for the Excluded Contracts, all Material Contracts to which a member of the Non-U.S. Seller Group is a party are included in the Transferred Assets.

3.13 Absence of Questionable Payments. To the Knowledge of the Seller Group, no director, officer, agent or employee of any member of the Seller Group, the Joint Venture, New SLB Mexico, the Company, or any Affiliate thereof has used any funds of the Business or on behalf of the Business for unlawful contributions, payments, gifts or entertainment, or made any unlawful expenditures relating to political activity to domestic or foreign government officials or others. To the Knowledge of the Seller Group, no current director, officer, agent or employee of the Joint Venture, New SLB Mexico or the Company has accepted or received any unlawful contributions, payments, gifts or expenditures. To the Knowledge of the Seller Group, the Company, New SLB Mexico and the Joint Venture have at all times complied, and are in compliance, in all respects with the Foreign Corrupt Practices Act and all foreign laws and regulations relating to prevention of corrupt practices and similar matters. To the Knowledge of the Seller Group, the Company, New SLB Mexico and the Joint Venture have not received any notice that any transaction was unlawful within the meaning of this Section 3.13.

3.14 Bank Accounts. Schedule 3.14 sets forth the names, locations and account numbers, if applicable, of all banks, trust companies, savings and loan associations and other financial institutions at which the Company maintains safe deposit boxes or accounts of any nature and the names of all Persons authorized to draw thereon, make withdrawals therefrom or have access thereto.

3.15 Government Contracts. Neither the Company, New SLB Mexico nor the Joint Venture has ever been, nor, to the Knowledge of the Seller Group, as a result of the consummation of the transactions contemplated by this Agreement will the Company, New SLB Mexico or the Joint Venture be, suspended or debarred from bidding on contracts or subcontracts for any Governmental Body, nor to the Knowledge of the Seller Group has such suspension or debarment been threatened or action for suspension or debarment been commenced.

3.16 Orders and Warranties. Schedule 3.16 contains an accurate summary, prepared consistent with past practices, as of December 31, 2003, of the Non-U.S. Affiliates', the Joint Venture's and the Company's total backlog (including all accepted and unfulfilled service contracts) relating to the Business. All such sale and purchase commitments were made in the ordinary course of business. Schedule 3.16 contains an accurate description of the standard warranty policies of the Business. Except as set forth on Schedule 3.16, as of May 31, 2004 there are no exceptions to the standard warranty policies applicable to the assets of the Business sold by any member of the Seller Group, the Company or the Joint Venture.

3.17 Accounts Receivable. All accounts receivable of the Non-U.S. Affiliates, the Joint Venture and the Company reflected in the Financial Statements for 2003 ("Accounts Receivable") represent uncollected amounts due or to be due for services performed or sales actually made in the ordinary course of business up to December 31, 2003. The Accounts Receivable and the bad debt reserves and allowances reflected in the December 31, 2003 combined balance sheet were calculated in accordance with GAAP consistently applied.

3.18 Inventory. All items in the inventory currently owned by the Company, New SLB Mexico or the Joint Venture or that are included in the Transferred Assets (a) have been valued at the lower of cost or market on a last-in, first-out (LIFO) basis in accordance with GAAP consistently applied and (b) are of a quality and quantity usable and salable in the ordinary course of business.

3.19 Condition of Transferred Assets. The material fixed assets that are included in the Transferred Assets are in reasonable working condition, subject to normal wear and tear, and function in accordance with the use currently intended for them.

3.20 Environmental Matters. Except as set forth on Schedule 3.20:

(a) With respect to the Business, none of the Non-U.S. Affiliates, the Joint Venture or the Company (A) is subject to any compliance order, consent decree, notice, demand, enforcement proceeding or injunction issued or initiated by any Governmental Body relating to any Environmental Law or (B) has received written notice that it is a responsible party or potentially responsible party under or in violation of or noncompliance with any Environmental Law;

(b) To the Knowledge of the Seller Group, no Real Property is contaminated with any Hazardous Substance; and

(c) To the Knowledge of the Seller Group, each of the Non-U.S. Affiliates, the Joint Venture and the Company is in compliance with and has not violated any limitations, restrictions, conditions, standards, requirements, schedules and timetables required or imposed by Environmental Law relating to the Business.

3.21 Litigation. (a) Except as set forth on Schedule 3.21, (i) there is no material action, suit, proceeding or investigation pending or, to the Knowledge of the Seller Group, threatened against the Business and (ii) there is no action, suit, investigation or proceeding pending or, to the Knowledge of the Seller Group, threatened involving the Business that seeks to enjoin or obtain damages in respect of the consummation of the transactions contemplated hereby or by the Ancillary Agreements.

(b) None of the Company, the Joint Venture or any Non-U.S. Affiliate is in default in respect of any judgment, order, writ, injunction or decree of any court or any Governmental Body relating to the Business that could reasonably be expected to have a Material Adverse Effect.

(c) There are no outstanding or unsatisfied judgments, orders, decrees or stipulations relating to the Business to which any of the Non-U.S. Affiliates, the Joint Venture or the Company is a party, which could reasonably be expected to have a Material Adverse Effect.

3.22 Finders Fee. Except for the arrangement with Morgan Stanley & Co. whereby STC will pay certain of the fees and expenses of Morgan Stanley & Co., neither the Company, the Joint Venture nor any member of the Seller Group has made any arrangement that would obligate the Purchasers, the Company, the Joint Venture or any other member of the Seller Group to pay any fee or commission to (or reimburse expenses of) any broker, finder or similar intermediary for or on account of the transactions contemplated by this Agreement.

3.23 Books and Records. The books and all corporate (including minute books and stock record books) and financial records of the Business are complete and correct and have been maintained in accordance with applicable business practices, laws and other requirements, except where a failure to do so would not have a Material Adverse Effect.

3.24 Transactions with Affiliates. Set forth in Schedule 3.24 is an accurate and complete list and description of all transactions relating to the Business currently in effect by and between a member of the Seller Group, New SLB Mexico, the Joint Venture or the Company on the one hand and their respective Affiliates on the other hand other than (i) agreements concerning the transfer of the Mexican Business or the transfer, ownership or voting of capital stock of the Company or New SLB Mexico or distributions in respect thereof and (ii) customary inter-company administrative services provided to the Business in the ordinary course of business; provided, that except for with respect to the Transition Services Agreement, the Supplemental Agreement, the lease for office space in Montrouge, France and the Environmental Remediation Agreement, the agreements and services referenced in (i) and (ii) above shall be terminated on or prior to the Closing Date.

3.25 Registration with Respect to QST. Schlumberger Canada is duly registered under the Excise Tax Act with respect to the GST and under the Québec Sales Tax Act with respect to the QST and its registration numbers are R119377125 and 1011188521 TQ0006, respectively.

3.26 Residency. Schlumberger Canada is not a non-resident of Canada within the meaning of the Income Tax Act (Canada).

3.27 Sufficiency of Stock and Transferred Assets. This Agreement, the Ancillary Agreements and the instruments and documents to be delivered by the Company and the Seller Group to the Purchaser at the Closing shall be adequate and sufficient to transfer to the Purchaser the Seller Group's entire right, title and interest in and to the Stock and the Transferred Assets. The Stock and the Transferred Assets, when taken together with the rights and services under the Ancillary Agreements, are sufficient in all material respects to permit the Purchasers to carry on the Business as presently conducted by the Seller Group, New SLB Mexico, the Joint Venture and the Company; provided, however, that the Purchasers acknowledge and agree that the Seller Group and their Affiliates provide the assets and services set forth on Schedule 3.27 hereto, which the Purchaser shall need to establish and provide to carry on the Business as presently conducted.

3.28 Competition Act. (a) The aggregate value of the Transferred Assets being sold by Schlumberger Canada hereunder**,** calculated in accordance with the rules set out in the Competition Act and the Notifiable Transactions Regulations thereunder, does not exceed Cdn.$50 million; and

(b) The aggregate annual gross revenues from sales in or from Canada generated from the Transferred Assets being sold by Schlumberger Canada hereunder, calculated in accordance with the rules set out in the Competition Act and the Notifiable Transactions Regulations thereunder, do not exceed Cdn.$50 million.

3.29 French Eligible Employees. All employees currently employed by Schlumberger France and who work exclusively for the Non-U.S. Business in France are listed as French Employees on Exhibit B hereto (the "French Eligible Employees").

3.30 Name Change. Schlumberger France changed its name from Schlumberger Systèmes, S.A. to Axalto S.A. as of March 11, 2004. Notwithstanding such name change, the Transferred Assets, Excluded Assets, Transferred Liabilities and Excluded Liabilities attributable to Schlumberger France under this Agreement remain substantially the same as such assets and liabilities before such name change.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

The Purchasers jointly and severally make the representations and warranties set forth in this Article IV to the Company and each member of the Seller Group. Such representations and warranties shall be deemed to be made as of the date hereof.

4.1 Organization of the Purchasers. Each of the Purchasers is a corporation duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation and has full power and authority to own or lease and to operate and use its properties and assets and to carry on its business as now conducted.

4.2 Authority of the Purchasers. (a) Each of the Purchasers has the requisite power and authority to execute and deliver this Agreement and the Ancillary Agreements to which it is a party, to consummate the transactions contemplated hereby and thereby and to perform its obligations hereunder and thereunder. The execution, delivery and performance of this Agreement and the Ancillary Agreements to which it is a party by each of the Purchasers have been duly authorized and approved by all necessary action and do not require any further authorization or consent of such Purchaser or its equity holders. This Agreement and the Ancillary Agreements to which each Purchaser is a party are the legal, valid and binding obligations of such Purchaser enforceable against such Purchaser in accordance with their respective terms (except to the extent that enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws relating to creditors' rights generally or by general principles of equity and public policy).

(b) Neither the execution and delivery of this Agreement or the Ancillary Agreements to which any Purchaser is a party by such Purchaser, the consummation by each of the Purchasers of any of the transactions contemplated hereby or thereby, nor performance by

each of the Purchasers of its obligations hereunder or thereunder will violate, conflict with or result in a breach of the terms, conditions or provisions of, or constitute a default, an event of default or an event creating rights of acceleration, termination or cancellation or a loss of rights under the charter, bylaws, trust agreement, partnership agreement, operating agreement, certificate of formation, or certificate of partnership or other constitutive documents of such Purchaser, or any note, instrument, agreement, mortgage, lease, license, franchise, Governmental Permit or judgment, order, award or decree to which such Purchaser is a party, to which any of its properties is subject or by which such Purchaser is bound, except as would not prevent or delay consummation of the transactions contemplated hereby or thereby.

4.3 Consents and Approvals; No Violations. Except for filings, permits, authorizations, consents and approvals as may be required under and other applicable requirements of the HSR Act, the Competition Act, the Investment Act or Taiwan Company Law, no filing with or notice to, and no permit, authorization, consent or approval of, any Governmental Body is necessary for the execution and delivery by any Purchaser of this Agreement or the Ancillary Agreements to which any Purchaser is party or the consummation by the Purchaser of the transactions contemplated hereby or thereby, except where the failure to obtain such permits, authorizations, consents or approvals or to make such filings or give such notice would not have a material adverse effect on any Purchaser's ability to enter into or perform its obligations under this Agreement or the Ancillary Agreements to which it is a party.

4.4 Financial Ability. The Purchasers have obtained binding commitments for the provision of financing in an amount that, together with other funds of the Purchasers, is sufficient to fund the Purchase Price and the other transactions contemplated by this Agreement in accordance with the terms hereof. True and correct copies of such executed commitments are attached hereto as Exhibit 4.4.

4.5 Brokers. No broker, finder or investment banker is entitled to any brokerage, finders or other fee or commission from STC or its Affiliates in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of the Purchasers or any of their Affiliates.

4.6 Disclaimer Regarding Estimates and Projections. In connection with the Purchasers' investigation of the Business, the Purchasers have received certain projections, including projected statements of operating revenues and income from operations of the Business for fiscal years 2003 through 2005 and certain business plan information for such fiscal years and succeeding fiscal years. The Purchasers acknowledge that there are uncertainties inherent in attempting to make such estimates, projections and other forecasts and plans, that the Purchasers are familiar with such uncertainties and that the Purchasers are taking full responsibility for making their own evaluation of the adequacy and accuracy of all estimates, projections and other forecasts and plans so furnished to them (including the reasonableness of the assumptions underlying such estimates, projections and forecasts). Accordingly, STC and its Affiliates make no representation or warranty with respect to such estimates, projections and other forecasts and plans (including the reasonableness of the assumptions underlying such estimates, projections and forecasts) except that they were prepared in good faith.

4.7 Litigation. There are no judicial or administrative actions, proceedings or investigations pending or, to the Knowledge of the Purchasers, threatened that question the validity of this Agreement or any related agreements or documents or any action to be taken by any Purchaser in connection with this Agreement or any such related agreements or documents or that, if adversely determined, would have a material averse effect on such Purchaser's ability to enter into or perform its obligations under this Agreement or any of the Ancillary Agreements to which it is a party.

4.8 No Knowledge of Misrepresentations or Omissions. The Purchasers do not have any knowledge that any representation or warranty of STC or Holdings contained in this Agreement is untrue or incorrect in any material respects.

4.9 Purchase for Investment. Itron will acquire the U.S. Stock for its own account for the purpose of investment and not with a view to the resale or distribution of all or any part of the U.S. Stock. Itron represents and warrants that it is an "accredited investor" as such term is defined in Rule 501 of Regulation D under the Securities Act. Itron understands that the U.S. Stock has not been registered under the Securities Act in reliance on an exemption therefrom under Section 4(2) of the Securities Act and Regulation D thereunder and that the certificates for such securities shall bear the following legend:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED OR SOLD EXCEPT (1) TO THE COMPANY OR ANY SUBSIDIARY THEREOF OR (2) PURSUANT TO (A) AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR (B) AN APPLICABLE EXEMPTION FROM REGISTRATION THEREUNDER."

4.10 Goods and Services Tax/Harmonized Sales Tax. Itron Canada is duly registered under the Excise Tax Act with respect to the GST and the Harmonized Sales Tax and its registration number is: 883 642 RT0001.

ARTICLE V
COVENANTS

5.1 Certain Agreements. Each of the parties hereto shall use such party's reasonable best efforts to consummate the Transaction. Each party shall promptly notify the others of any action, suit or proceeding that shall be instituted or threatened against such party to restrain, prohibit, or otherwise challenge the legality of or delay the Transaction.

5.2 Further Assurances. Each of the parties hereto agrees to use its reasonable best efforts to take any and all actions required in order to consummate the Transaction and the transactions contemplated by the Ancillary Agreements to which it is a party.

5.3 Conduct of the Business. (a) Except as otherwise set forth in this Agreement, during the period from July 16, 2003 to the Closing Date, STC will cause the Business in the United States and the Mexican Business to be conducted in the ordinary course of business consistent with past practice and Holdings shall cause the Non-U.S. Business other than the Mexican Business to be conducted in the ordinary course of business consistent with past

practice. STC shall cause the Company and New SLB Mexico not to and BVI shall cause the Joint Venture not to, without the prior written consent of Itron (which consent shall not be unreasonably delayed or withheld):

(i) Amend its articles of organization or bylaws;

(ii) Issue, transfer, sell or deliver any shares of its capital stock (or options or other securities convertible into or exchangeable or exercisable for, with or without additional consideration, such capital stock) or any other interest therein;

(iii) Split, combine or reclassify any shares of its capital stock or declare, set aside or pay any dividends or make any other distributions (whether in cash, stock or other property) in respect of such shares, except for dividends and distributions payable by it;

(iv) Redeem, purchase or otherwise acquire for any consideration (A) any outstanding shares of its capital stock or securities carrying the right to acquire or which are convertible into or exchangeable or exercisable for, with or without additional consideration, such capital stock, (B) any of its other securities, or (C) any interest in any of the foregoing, except as contemplated by this Agreement;

(v) Incur any Indebtedness for borrowed money, except borrowings in the ordinary course of business;

(vi) Except for the acquisition by the Company of the capital stock of New SLB Mexico, make any acquisition or disposition of stock or other securities or assets of any Person or materially increase its inventory levels, except acquisitions or dispositions of inventory and equipment in the ordinary course of business consistent with past practice;

(vii) Incur capital expenditures in excess of $250,000 other than capital expenditures set forth in the budgets provided to the Purchasers and attached hereto as Schedule 5.3(a)(vii) or defer or cancel any material contemplated expenditure;

(viii) Merge or consolidate with any corporation or other entity;

(ix) Enter into any employment or similar contract with, or materially increase the compensation payable to, any officer, director or material employee except in the ordinary course of business;

(x) Alter in any material respect its historical practices and policies relating to the payment and collection of accounts payable and accounts receivable;

(xi) Adopt, amend in any material respect or terminate any Employee Plan, severance plan or collective bargaining agreement or make awards or distributions under any Employee Plan, except awards or distributions to any participant or employee in the ordinary course, not to exceed $50,000 in the aggregate;

(xii) Create, assume or suffer to be incurred any Encumbrance of any kind on any of its properties or assets other than Permitted Encumbrances;

(xiii) Except for the amendments to the Technology Transfer and License Agreement and Manufacturing and Support Services Agreement, amend, supplement or modify any Material Contract except in the ordinary course of business;

(xiv) Enter into any agreement, contract or commitment that extends for a period greater than one (1) year or that obligates it to pay aggregate gross amounts in excess of $100,000 or that may produce proceeds to it in amounts in excess of $200,000, except for contracts in the ordinary course of business;

(xv) Commence a lawsuit other than (A) for the routine collection of bills, or (B) in such cases where it determines in good faith that failure to commence suit could have a Material Adverse Effect;

(xvi) Settle any proceeding except for the Patent Litigation and except in the ordinary course of business or in amounts that are not material, individually or in the aggregate, to the Business;

(xvii) Take any action that would cause or constitute a material breach of any of the representations and warranties relating to it set forth in Article III, or that could reasonably be expected to cause any of such representations and warranties to be inaccurate in any material respect;

(xviii) Make or change any election concerning Taxes or Tax Returns, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement with respect to Taxes, settle any Tax claim or assessment or surrender any right to claim a refund of Taxes or obtain or enter into any Tax ruling, agreement, contract, understanding, arrangement or plan; or

(xix) Commit to do any of the foregoing.

(b) Except as otherwise contemplated by this Agreement, during the period from the date hereof to the Closing Date, Holdings shall ensure that, with respect to the Non-U.S. Business, each member of the Non-U.S. Seller Group will not, without the prior written consent of the Purchasers (which consent shall not be unreasonably delayed or withheld):

(i) Acquire, sell, lease or dispose of any equipment that constitutes a Transferred Asset in any single transaction or series of related transactions having a fair market value in excess of $100,000 in the aggregate (other than installation or sales of electricity meters and related reading equipment and services in the ordinary course of business);

(ii) Enter into any contract or agreement other than in the ordinary course of business consistent with past practice, which would be material to the Non-U.S. Business taken as a whole;

(iii) Except as otherwise provided herein, enter into any new Contract obligating the Non-U.S. Business to make payments thereunder in excess of $50,000 in any twelve-month period other than Contracts entered into in the ordinary course of business;

(iv) Take any action with respect to Taxes that could reasonably be expected to have a Material Adverse Effect;

(v) Enter into any employment or similar contract with, or materially increase the compensation payable to, any Eligible Employee of the Non-U.S. Business, except in the ordinary course of business;

(vi) Alter in any material respect its historical practices and policies relating to the payment and collection of accounts payable and accounts receivable of the Non-U.S. Business;

(vii) Adopt, amend in any material respect or terminate any Employee Plan, severance plan or collective bargaining agreement applicable to any Eligible Employee or make awards or distributions under any Employee Plan to any Eligible Employee, except awards or distributions in the ordinary course of business, not to exceed $50,000 in the aggregate;

(viii) Create, assume or suffer to be incurred any Encumbrance of any kind on any of the Transferred Assets other than Permitted Encumbrances;

(ix) Amend, supplement or modify any Assumed Contract except in the ordinary course of business; or

(x) Take or agree in writing or otherwise to take any of the actions described in clauses (i) through (ix) or any action which would make any of the representations or warranties relating to it contained in this Agreement untrue or incorrect in any material respect.

5.4 Access to Information. (a) Between the date hereof and the Closing Date, (i) STC will provide the Purchasers and their authorized representatives with reasonable access during normal business hours to the facilities where the Business is conducted in the United States and Mexico and STC's, the Company's and New SLB Mexico's data, books and records relating solely to the Business conducted in the United States and Mexico and (ii) Holdings will provide the Purchasers and their authorized representatives with reasonable access during normal business hours to the facilities of the Joint Venture and the facilities where the Non-U.S. Business is conducted outside of Mexico, the Non-U.S. Seller Group's data, books and records relating solely to the Non-U.S. Business outside of Mexico and the data, books and records of the Joint Venture, provided, that (x) the Purchasers agree that such access will give due regard to minimizing interference with the operations, activities and employees of the Business and (y) such access and disclosure would not (A) violate the terms of any agreement by which the Seller Group, New SLB Mexico, the Company or the Joint Venture is bound or any applicable Law or regulation or (B) cause competitive harm to the Seller Group, New SLB Mexico, the Company or the Joint Venture or any of their respective Affiliates if the transactions contemplated by this Agreement are not consummated.

(b) Between the date hereof and the Closing Date, (i) STC shall or shall cause the Company or New SLB Mexico to furnish to the Purchasers and their authorized representatives such existing financial and operating data and other information with respect to the Business conducted in the United States and Mexico and properties thereof as the Purchasers may from time to time reasonably request and (ii) Holdings shall cause the Joint Venture and the Non-U.S. Seller Group to furnish to the Purchasers and their authorized representatives such existing financial and operating data and other information with respect to the Non-U.S. Business outside Mexico and properties thereof, including the Transferred Assets, as the Purchasers may from time to time reasonably request.

(c) Each of the parties hereto will hold and cause its consultants and advisors to hold in confidence all documents and information furnished to it in connection with the Transaction pursuant to the terms of the Confidentiality Agreement, which shall continue in effect notwithstanding anything herein or therein to the contrary.

5.5 Regulatory Issues. (a) HSR Act. (i) Each of the Purchasers and each member of the Seller Group shall make, as necessary, an appropriate filing of a Notification and Report Form pursuant to the HSR Act with respect to the transactions contemplated hereby as promptly as practicable and in any event within ten (10) Business Days of the date hereof and to supply as promptly as practicable any additional information and documentary material that may be requested pursuant to the HSR Act and to take all other actions necessary to cause the expiration or termination of the applicable waiting periods under the HSR Act as soon as practicable.

(ii) In connection with the efforts referenced in Section 5.5(a), each of the Purchasers on the one hand and each member of the Seller Group on the other hand shall (A) use its reasonable best efforts to cooperate in all respects with each other in connection with any filing or submission and in connection with any investigation or other inquiry, including any proceeding initiated by a private party, regarding the transactions contemplated hereby, (B) keep the other party or parties, including their counsel, as the case may be, informed of any material communication by or to such party or its counsel from or to the FTC, the Antitrust Division of the Department of Justice (the "DOJ") or any other Governmental Body and of any material communication received or given in connection with any proceeding by a private party, in each case regarding any of the transactions contemplated hereby, (C) permit the other party or parties, as the case may be, and their legal counsel to review, consult with each other in advance of and consider in good faith the views of the other in connection with any correspondence, filings or communications given by it to, or between it and, the FTC, the DOJ or any other Governmental Body or in connection with any proceeding by a private party, regarding the transactions contemplated hereby, and (D) permit the other party or parties and their legal counsel to attend and participate in, any meeting or conference with, the FTC, the DOJ or any such other Governmental Body or, in connection with any proceeding by a private party, with any other Person, regarding the transactions contemplated hereby.

(iii) The Purchasers and the members of the Seller Group and their respective legal counsels may share information, including, without limitation, information that is protected by attorney-client privilege and by the work product doctrine (the "Joint Defense Materials") solely in order to comply with the provisions of this Section 5.5(a).

(b) Competition Act. The Purchasers, STC and Schlumberger Canada shall make all filings and notifications, if any, required under the Competition Act and the regulations adopted thereunder at least thirty (30) days prior to the Closing Date. The Purchasers shall pay the fees payable to the Competition Bureau or other governmental authorities having jurisdiction in connection with any filings or notifications made pursuant to the Competition Act.

(c) Investment Act. Within thirty (30) days of the Closing Date, the Purchasers shall make the filings, if any, required under the Investment Act.

5.6 Approvals and Consents. (a) The parties shall use their respective commercially reasonable best efforts to obtain all consents, waivers, approvals, authorizations or orders, including, without limitation, (i) all regulatory rulings and approvals of any Governmental Body and (ii) all actions, consents, approvals, notifications, novations or waivers from any party to any Material Contract, that is required or reasonably appropriate, in connection with the consummation of the transactions contemplated by this Agreement. Subject to the terms and conditions of this Agreement, in taking such actions or making any such filings, the parties hereto shall furnish information required in connection therewith and timely seek to obtain any such actions, consents, approvals or waivers. In addition, the Company shall give notice of the consummation of the transactions contemplated by this Agreement to certain material suppliers, distributors, licensors and licensees to the extent reasonably requested by Itron and subject to the Company's reasonable business judgment that such notice is appropriate in connection with the transactions contemplated by this Agreement and the Ancillary Agreements.

(b) Notwithstanding the foregoing, the Purchasers will, as promptly as practicable, take all steps necessary or desirable to obtain all consents, waivers, approvals, authorizations or orders from, or make all registrations, declarations or filings with and give all notices to all Governmental Bodies or any other Person required by the Purchasers to consummate the transactions contemplated hereby, including, without limitation, (i) holding separate, or causing their respective Subsidiaries or Affiliates to hold separate any portion of their assets, or otherwise conducting its business or any portion of its business in a specified manner and (ii) taking such actions with respect to its assets or the assets of any of their respective Subsidiaries or Affiliates (including selling, licensing, holding separate or otherwise disposing of such assets or agreeing to or permitting any of the foregoing with respect to such assets) that limit the Purchasers' or their Subsidiaries' or Affiliates' (including any Affiliates or Subsidiaries that become Affiliates or Subsidiaries on or after the Closing Date) freedom of action with respect to, or its ability to retain, one or more of its or its Subsidiaries of Affiliates business, product lines or assets; provided however, that the Purchasers will not be required to take any action that would result in a material adverse effect on the Purchasers and their Affiliates or Subsidiaries (including any Affiliates or Subsidiaries that become Affiliates or Subsidiaries on or after the Closing Date), taken as a whole.

5.7 Public Announcements. On and after the date hereof and through the Closing Date, the Seller Group and the Purchasers shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement or the Transaction contemplated hereby, and none of the parties shall issue any press release or make any public statement prior to obtaining the written approval of the other parties, which approval shall not be unreasonably withheld or delayed, except that no such approval shall be necessary to the extent disclosure may be required by law or applicable stock exchange rule or any listing agreement of any party hereto.

5.8 Employees. (a) The parties hereto intend that there will be continuity of employment with respect to all Eligible Employees who become Transferred Employees. Accordingly, the employment of all of the employees of the Business (other than those employees who are not actively at work on the Closing Date due to short-term or long-term disability leave), including, without limitation, those named on Exhibit B who are employed by the Company, New SLB Mexico or a member of the Seller Group in connection with the Business immediately prior to the Closing (the "Eligible Employees"), shall either be automatically transferred to and continued by the Purchasers (where applicable law provides for an automatic transfer of employees upon the sale of the stock of an employer or the transfer of assets or of a business as a going concern), or the Purchasers shall offer employment to commence as of the Closing Date to all of the Eligible Employees. The Company, New SLB Mexico and the Seller Group shall take all steps necessary to transfer employees of the Business who are not Eligible Employees (including, without limitation, those on short-term or long-term disability leave) to STC or another ERISA Affiliate prior to the Closing Date in such a way as to assure that such employees will not lose any of the employee benefits to which they are entitled immediately prior to such transfer. In the event any such employee becomes capable of returning to active employment in their prior position (as determined in accordance with the terms of the Seller Group's disability plan) within six months after the Closing Date, the Company or the Purchasers shall offer employment to such employee, commencing on the date such employee is capable of returning to active employment upon terms no less favorable than would have been offered to such individual had he been a Transferred Employee as of the Closing Date, and, upon acceptance of such offer and commencement of such employment, such employee shall become a Transferred Employee (provided such commencement occurs within six months after the Closing Date). Purchasers agree to provide an appropriate liaison to work with the Seller Group's disability plan administrator regarding plan administration issues. The Purchasers shall reimburse STC for all reasonable expenses incurred by STC to provide employee benefits, including short-term disability payments and health benefits, after the Closing Date to any such transferred employee who is on short-term disability leave as of the Closing Date for so long as such employee remains on short-term disability leave. Notwithstanding the first sentence of this Section 5.8(a), the Purchasers agree that certain Eligible Employees, who participate in, and meet the requirements to begin receiving an immediate early or normal retirement pension from, the Schlumberger Technology Corporation Pension Plan and whose employment would otherwise be automatically transferred or continued, may retire the day immediately prior to the Closing Date, and the Purchasers shall offer employment to such Eligible Employees to commence as of the Closing Date. Those Eligible Employees who either transfer and continue employment or accept the Purchasers' offer of employment and commence working with the Purchasers on the Closing Date shall hereafter be referred to as "Transferred Employees". To the extent Transferred Employees are covered by a

collective bargaining agreement, the Purchasers shall assume such agreement, become the successor employer thereunder, comply with the terms and conditions thereof, and be solely responsible for all obligations thereunder with respect to the Transferred Employees on or after the Closing Date; provided, however, that the Seller Group shall be responsible for, and shall indemnify, release and hold harmless the Company and the Purchasers from and against, any Damages arising as a result of, or relating to, any breach by any member of the Seller Group or the Company of any collective bargaining agreement prior to the Closing. For a period of not less than twelve (12) months beginning on the Closing Date, the Company or the Purchasers shall provide to each Transferred Employee who is not covered by a collective bargaining agreement, compensation and employee benefits that are not materially less favorable, in the aggregate, than those provided to such Transferred Employee by the Company or the Non-U.S. Affiliates immediately prior to the Closing Date, excluding retiree medical, retiree life insurance and defined benefit pension benefits. The Seller Group agrees that the Company and the Purchasers shall have satisfied the requirements of the preceding sentence with respect to employee benefits, if Transferred Employees are eligible to participate in the plans identified in Schedule 5.8(a) under terms that are not less favorable than those provided to similarly situated employees of the Purchasers; provided, however, that eligibility to participate in such plans shall not be deemed to be the only method by which the Company and the Purchasers can satisfy such requirements. To the extent length of service is relevant for purposes of eligibility and vesting (but not benefit accrual) under any employee benefit plan, program, policy or arrangement of the Company or the Purchasers extended to Transferred Employees (and for purposes of determining vacation, sick leave and severance), Transferred Employees shall receive credit for their service with the Company and its ERISA Affiliates prior to the Closing Date. With respect to each "employee welfare benefit plan," as defined in Section 3(1) of ERISA, extended to Transferred Employees by the Company or the Purchasers, the Purchasers shall (i) waive any pre-existing condition limitations and exclusions with respect to each Transferred Employee and his or her eligible spouse and dependents to the extent that the Transferred Employee and his or her eligible spouse and dependents are covered, immediately prior to the Closing Date, with respect to such condition under a similar Employee Plan, and (ii) recognize for purposes of annual deductible and out-of-pocket limits any deductible and out-of-pocket expenses paid by Transferred Employees and their spouses and dependants under similar Employee Plans during the calendar year in which the Closing Date occurs. The Purchasers shall cause their respective health plan(s) to be responsible (subject to and in accordance with the terms of the applicable plan) for all health benefit claims incurred by Transferred Employees and their covered dependants on and after the Closing Date while the Company shall cause its respective health plans(s) to be responsible (subject to and in accordance with the terms of the applicable plan) for all health benefit claims incurred by Transferred Employees and their covered dependents prior to the Closing Date. Notwithstanding the foregoing, with respect to Transferred Employees located in Canada, France, Taiwan, or Mexico, to the extent necessary under local legislation or labor law requirements to avoid any liability of the Seller Group to Transferred Employees, the Purchasers shall maintain salaries, wages, bonus, incentive and other terms and conditions of employment and shall also offer at least equivalent employee benefits on an individual per employee basis (and not just in the aggregate), including, without limitation, taking into account each such employee's total retirement benefits had they remained in the Seller Group's retirement plans. If, within the twelve (12) month period following the Closing Date, the Purchasers terminate any Transferred Employee without cause, the Purchasers shall provide severance pay

to such Transferred Employee equal to the greater of the severance pay that such employee would have been entitled to, taking into account service with both the Purchasers and the Seller Group and their Affiliates and applicable law, under either (i) the Company's severance plan covering such Transferred Employee immediately prior to the Closing or (ii) the Purchasers' severance plan covering such Transferred Employee at the time of his or her termination.

(b) (i) Effective as of the close of business on the date immediately preceding the Closing Date, all Eligible Employees shall be 100% vested in their benefits under each Employee Plan that is an "employee pension benefit plan" as defined in Section 3(2) of ERISA, and STC shall take all actions necessary to accomplish such vesting.

(ii) On the Closing Date, the Seller Group shall transfer to the Purchasers (or such other person(s) as the Purchasers may designate) (A) the health care spending accounts and the dependent care spending accounts of all Transferred Employees under the Schlumberger Cafeteria, Health Care Spending Account and Dependent Care Spending Account Plan (such plan is referred to hereinafter as the "Schlumberger Cafeteria Plan" and such accounts are referred to hereinafter, collectively, as the "FSAs") and the Purchasers shall assume all liabilities related thereto, subject to the truth of the Seller Group's representations and warranties under Article III and the Seller Group's proper performance of its obligations under this paragraph (ii), and (B) a cash payment equal to the amount by which the aggregate salary reductions (and other contributions) made for 2004 by Transferred Employees under the FSAs on or before the Closing Date exceed the aggregate claims for 2004 paid to Transferred Employees under the FSAs on or before the Closing Date; provided, however, that to the extent the aggregate salary reductions (and other contributions) made for 2004 by Transferred Employees under the FSAs on or before the Closing Date are exceeded by the aggregate claims for 2004 paid to Transferred Employees under the FSAs on or before the Closing Date (the "FSA Deficit"), Purchasers shall transfer to the Seller Group a cash payment equal to the FSA Deficit. Within a reasonable period of time after the signing of this Agreement (and, in any event, prior to the Closing Date), the Seller Group shall provide to the Purchasers copies of the 2004 Schlumberger Cafeteria Plan elections of all Eligible Employees. At or before the Closing, the Seller Group shall provide the Purchasers with the calculation of the amount to be transferred pursuant to clause (B) above.

(iii) The Purchasers shall establish (or, if previously established, continue to maintain) a U.S. tax qualified 401(k) plan ("Purchaser 401(k) Plan"), and all U.S. based Transferred Employees shall be eligible to participate in Purchaser 401(k) Plan effective as of the Closing Date. Subject to the last sentence of this paragraph (iii), as soon as practicable following the Closing Date and the contribution of the prorated discretionary employer contribution for 2004 (but in no event later than April 1, 2005), the Seller Group's 401(k) Plan shall transfer to the Purchaser 401(k) Plan (i) the obligation for benefit payments to Transferred Employees under the Seller Group's 401(k) Plan and (ii) an amount of assets, in cash or kind, as agreed to by STC and Itron, equal to the aggregate account balances of the Transferred Employees under the Seller Group's 401(k) Plan, determined as of a valuation date agreed to by STC and Itron; provided, however, that to the extent a Transferred Employee's account balance consists in whole or in part of an outstanding loan, the Seller Group's 401(k) Plan trustee shall

transfer and assign to the Purchaser 401(k) Plan trustee, and the Purchaser 401(k) Plan trustee shall accept and assume in lieu of cash, the promissory notes and related documents evidencing such loan. The Purchaser 401(k) Plan shall, both at the time of its adoption and when the transfers described herein are made, (i) be tax-qualified under Section 401(a) of the Code, (ii) preserve all optional forms of benefits and other rights within the scope of Section 411(d)(6) of the Code to the extent required by such Code Section, and (iii) meet all the requirements of Section 401(k) of the Code with respect to amounts being transferred hereunder which originally were contributed pursuant to a qualified cash or deferred arrangement under Section 401(k) of the Code. Notwithstanding anything contained herein, STC shall not be required to transfer any amounts from the Seller Group's 401(k) Plan to the Purchaser 401(k) Plan until Itron delivers to STC a copy of (A) a favorable determination letter issued by the IRS with respect to the Purchaser 401(k) Plan or (B) assurances satisfactory to STC that Itron will timely request a favorable determination letter from the IRS and make any and all amendments as may be required by the IRS to receive such determination letter. In no event shall any obligation to make benefit payments be transferred from the Seller Group's 401(k) Plan to the Purchaser 401(k) Plan prior to the transfer to the Purchaser 401(k) Plan of all assets related to such obligation. As soon as practicable following the date hereof, the Seller Group's 401(k) Plan shall be amended to eliminate all distribution options for Transferred Employees other than a lump sum option, and such amendment will be effective as soon as allowed by applicable regulations, but in no event earlier than the Closing Date. No assets or obligation to make benefit payments shall be transferred from the Seller Group's 401(k) Plan to the Purchaser 401(k) Plan until such elimination is effective.

(iv) As of the Closing Date, the Purchasers shall assume, honor and be responsible for any accrued but unused vacation time up to 240 hours per Transferred Employee (or, solely with respect to employees of the Non-U.S. Business, any additional amount required by Law) to which any Transferred Employee is entitled pursuant to the vacation policy applicable to such employee immediately prior to the Closing Date, and, with respect to employees in the United States, the Seller Group shall promptly reimburse the Company, the Joint Venture and the Purchasers for any and all expenses, costs or liabilities incurred by any of them with respect to unused vacation in excess of 240 hours per Transferred Employee, including, without limitation, any amounts paid to a Transferred Employee to cash-out such excess. The Closing Balance Sheet shall be adjusted to reflect STC's payment of vacation amounts in excess of 240 hours per employee. The Purchasers shall allow such Transferred Employee to use such accrued vacation, which shall be nonforfeitable, in accordance with the Purchaser's vacation policy applicable to similarly situated employees of Purchaser; provided, that the Purchasers shall be liable for and pay in cash an amount equal to the value of any remaining accrued vacation time to any Transferred Employee upon such employee's termination of employment with the Company and the Purchasers.

(c) The Seller Group shall make reasonably available to the Purchasers such actuarial, financial, personnel and related information as may be reasonably requested by the Purchasers with respect to any Employee Plan as it relates to a Transferred Employee, including but not limited to, compensation and employment histories. In addition, the Seller Group shall

give the Purchasers reasonable access to Eligible Employees after the signing of this Agreement, and prior to the Closing Date, for purposes of facilitating the Purchasers' obligations under this Section 5.8 or as Purchaser may deem necessary to ensure the orderly transition of the workforce.

(d) The terms of this Section 5.8 shall continue in full force and be binding upon any purchaser, successor, or assign of the Purchasers or any of their respective businesses or assets, and the Purchasers shall make proper provision such that any such purchaser, successor, or assign shall expressly agree to assume and honor the Purchasers' obligations under this Section 5.8.

(e) Without limiting the generality of any other provision of this Agreement, the Purchasers shall defend, indemnify and hold the Seller Group harmless from and against any and all liability, damages, costs and expenses (including, without limitation, court costs and attorneys' fees) the Seller Group may incur in connection with any constructive or wrongful termination or dismissal claim asserted by any employee of the Business located in Canada, France or Mexico relating to or arising in connection with any act or omission of the Purchasers, including, without limitation, (a) the Purchasers not offering any such Canadian, French or Mexican employee employment on substantially the same terms and conditions (including location) as such employee's employment terms and conditions with the Seller Group, (b) the Purchasers not complying or continuing to comply with the provisions of this Section 5.8 or (c) any liability to make payment of pension or other benefits accrued by Transferred Employees after the Closing Date, but excluding severance obligations that arise as a matter of law solely as a result of the consummation of the Transaction (but not as a result of Purchasers' breach of their obligations under this Section 5.8), which severance obligations are to be shared with the Seller Group as described in the second sentence of Section 5.8(g) below.

(f) Purchasers shall be responsible for and shall indemnify and hold harmless the Seller Group from and against any Damages related to severance costs of any kind associated with the termination or constructive termination of a Transferred Employee's employment on or after the Closing Date. Purchasers and the Seller Group agree to share equally severance costs incurred as a result of the severance obligations with respect to Transferred Employees that arise as a matter of Law solely as a result of the consummation of the Transaction (but not as a result of Purchasers' failure to offer equivalent benefits or Purchasers' breach of their obligations under this Section 5.8, as described in Section 5.8(f) above).

(g) The employment agreements of the Transferred Employees of Schlumberger France being automatically transferred pursuant to Article L 122-12 of the French Labor Code, Itron France shall be subrogated in all obligations of Schlumberger France under any contract, undertaking or any other agreement whatsoever regarding the Transferred Employees of Schlumberger France entered into with Schlumberger France prior to the Closing Date.

(h) STC shall retain all obligations and Liabilities related to, the Sangamo Electric Company Retirement Wage Plan (the "Sangamo Plan"). The Closing Balance Sheet shall be adjusted to reflect the Seller Group's assumption of liability for the Sangamo Plan pursuant to Exhibit 2.5. The Seller Group shall indemnify, hold harmless and defend the

Company and the Purchaser Indemnified Parties from and against any and all Damages and obligations incurred, directly or indirectly, by any of them in connection with the Sangamo Plan. This indemnity shall be in addition to, and not in lieu of, any indemnity the Company or the Purchaser Indemnified Parties may have under Article VII hereof or any other provision of this Agreement, shall not be subject to any of the limitations set forth in Section 7.1(c)(i) hereof, and shall survive the Closing indefinitely.

(i) The parties acknowledge that, following the Closing, the Company or the Purchasers may terminate the employment of or, subject to the constraints set forth in this Section 5.8, change the place of work, responsibilities, status, compensation, employee benefits or description of, any employee or group of employees, including, without limitation, any Transferred Employee, at any time.

(j) The parties acknowledge that for the period beginning on the Closing Date and ending on July 4, 2004, the Transferred Employees who are paid bi-weekly on an hourly basis shall remain on the payroll (but not benefits) of the Seller Group. The Purchasers shall promptly reimburse the Seller Group for any and all amounts paid or attributable to the Transferred Employees during such period. All other Transferred Employees shall terminate on the payroll and the benefits of the Seller Group on the Closing Date.

(k) The parties acknowledge that following Closing and during the month of July 2004, the Purchasers shall pay all retention bonuses and all amounts pro-rated up to June 30, 2004 under the Management Incentive Plan maintained by Seller Group with respect to the Transferred Employees at the time and in accordance with the terms of the plans governing such payments. Upon notification by the Purchasers that all such payments have been properly made, Seller Group shall, as soon as practicable, reimburse the Purchasers any and all such amounts paid on its behalf

5.9 Taxes of Non-U.S. Seller Group. Subject to the provisions of Section 5.14, the Non-U.S. Seller Group shall pay all Taxes (excluding any Taxes reflected on the Adjusted Balance Sheet pursuant to paragraph 3(g) of Exhibit 2.5) as levied by any jurisdiction with respect to the ownership, use or operation of the Transferred Assets prior to the Closing Date and the Purchasers or their Affiliates shall pay all such Taxes with respect to ownership, use or operation of the Transferred Assets after the Closing Date.

5.10 Tax Returns. (a) Itron shall cause the Company to consent to join, for all taxable periods ending before the Closing Date for which it is eligible to do so, in all consolidated, combined, or unitary Tax Returns of or including STC or its other Affiliates that STC requests it to join. STC shall prepare and timely file or cause to be prepared and timely filed all such consolidated, combined, or unitary Tax Returns of the Company and all other Tax Returns of the Company and New SLB Mexico required to be filed prior to the Closing Date, and shall pay or cause to be paid all Taxes to which such Tax Returns relate for all periods covered by such Tax Returns. Holdings shall cause the Joint Venture to prepare and timely file and/or join in all such consolidated, combined, or unitary Tax Returns of the Joint Venture and all other Tax Returns of the Joint Venture required to be filed prior to the Closing Date, and shall pay or cause to be paid all Taxes to which such Tax Returns relate for all periods covered by such Tax Returns.

(b) Itron shall prepare and timely file or caused to be prepared and timely filed all Tax Returns of the Company, New SLB Mexico and the Joint Venture (other than consolidated, combined, or unitary Tax Returns) for all periods ending prior to the Closing Date that are required to be filed after the Closing Date and all periods that begin before the Closing Date and end after the Closing Date. Not later than five (5) days before the due date for the payment of Taxes with respect to any such Tax Returns, STC (in the case of a Company or New SLB Mexico Tax Return) or Holdings (in the case of a Joint Venture Tax Return) shall pay or cause to be paid to Itron (on behalf of itself and the other Purchasers) the amount of Tax due on such Tax Returns which is properly allocable to periods ending prior to the Closing Date and which has not been reflected on the Adjusted Balance Sheet pursuant to paragraph 3(g) of Exhibit 2.5.

(c) From and after the Closing Date, STC and Holdings, on the one hand, and the Purchasers, on the other hand, shall cooperate fully, as and to the extent reasonably requested by the other party, in connection with the preparation and filing of Tax Returns.

(d) The Seller Group and the Purchasers shall file their respective income tax returns in accordance with Section 2.3.

(e) For purposes of this Agreement (including, without limitation, Sections 5.9 and 7.3), Taxes shall be computed based on the closing of the books method as of the end of the Closing Date; provided, however, that (i) exemptions, allowances and deductions (such as depreciation deductions) allowed in a period beginning before and ending on or after the Closing Date and which are calculated on an annual basis shall be prorated on a per diem basis, (ii) Taxes resulting from any act (other than the Section 338(h)(10) Elections), transaction or omission of the Purchasers, the Company or the Joint Venture that occurs after the Closing and which is not in the ordinary course of business shall be allocated to a period beginning after the Closing Date, and (iii) in the case of any Tax imposed upon the ownership, use, operation or holding of real or personal property, such Taxes shall be prorated based upon the number of days of such period included in the pre-Closing Tax period (which period shall include the Closing Date) and the number of days of such Tax period after the Closing Date.

5.11 Tax Contests. (a) With respect to any audit, court proceeding or other dispute with respect to any Tax matter (each a "Tax Contest") that (i) arises in a consolidated, combined or unitary Tax Return that includes a period (or portion thereof) ending before the Closing Date and that includes the Company or the Joint Venture or (ii) otherwise relates to the Company, the Joint Venture, New SLB Mexico or the Transferred Assets for any period (or portion thereof) ending before the Closing Date, STC or Holdings, as appropriate, shall have the right to represent the interests of the Company, the Joint Venture, New SLB Mexico and other members of the Seller Group, to employ counsel of its choice at its expense and to control the conduct of such Tax Contest, including settlement or other disposition thereof; provided, however, that STC or Holdings, as appropriate, shall allow the Purchasers and their counsel to participate in, but not control, any such Tax Contest (to the extent that it relates to the Company, the Joint Venture, New SLB Mexico or the Transferred Assets) at the Purchasers' sole expense, provided, further, that STC or Holdings, as appropriate, shall keep the Purchasers fully and timely informed with respect to the commencement, status and nature of any Tax Contest involving any Tax liability of the Company, the Joint Venture or New SLB Mexico or with respect to the Transferred Assets

for such taxable periods; provided, further, that if the results of any such Tax Contest (other than a Tax Contest arising under the Code or under any other Law in which the Company is considered a new taxpayer after the Closing Date by virtue of a Section 338(h)(10) Election) involve an issue that (x) recurs in any taxable period (or portion thereof) of the Purchasers, the Company, New SLB Mexico or the Joint Venture beginning after the Closing Date or (y) otherwise may reasonably be expected to materially and adversely affect the Purchasers, the Company, the Joint Venture New SLB Mexico or any of their respective Affiliates for any taxable period (or portion thereof) beginning after the Closing Date, then there shall be no settlement, closing or other agreement with respect to that issue without the consent of such affected party, which consent shall not be unreasonably withheld or delayed. The Purchasers shall have the right to control the conduct of any Tax Contest relating to the Company, the Joint Venture, New SLB Mexico or the Transferred Assets with respect to any Tax matter arising in a period (or portion thereof) beginning after the Closing Date.

(b) The Purchasers and the members of the Seller Group shall cooperate with each other and the other's representatives in a prompt and timely manner in connection with any Tax Contest. Such cooperation shall include, but not be limited to, making available to the other party and its representatives, during normal business hours, all books, records, returns, documents, files, other information (including, without limitation, working papers and schedules), officers or employees (without substantial interruption of employment) or other relevant information necessary or useful in connection with any Tax Contest requiring any such books, records and files.

(c) To the extent not inconsistent with this Section 5.11, the provisions of Section 7.2 shall apply with respect to any Tax Contest.

5.12 Signage and Labels. Notwithstanding any provision of this Agreement to the contrary, the Purchasers will not use or employ in any manner, directly or indirectly, the Seller Retained Names, except as set forth in this paragraph below. The Purchasers will remove the Seller Retained Names from all assets, properties and all other items related to the Business as soon as practicable but in any event within ninety (90) days after the Closing Date; provided, however, that (a) with respect to assets, properties and other items that will require tooling changes to remove the Seller Retained Names, the Purchasers shall have one hundred eighty (180) days from the Closing Date to remove such items, (b) with respect to the existing inventory of finished goods as of the Closing Date, the Purchasers shall have the right to ship such goods without removing the Seller Retained Names and (c) with respect to historical items detailing, chronicling and displaying the history of the development and production of electric meters (as now exists in show cases at the Company's Oconee facility), Seller Retained Names need not be removed. The Purchasers may not use publicly any business records without first removing or obliterating all portrayals or references to any of the Seller Retained Names contained in such records.

5.13 [Intentionally Omitted]

5.14 Transfer and Sales Taxes. Except for the registration tax on the transfer of the French assets that shall be split equally between Itron France and Schlumberger France, the Purchasers shall be liable for and shall pay all sales, goods and services, health services, use,

transfer, documentation, recording and similar Taxes (including, without limitation, title recording or filing fees, mutation taxes and other amounts payable in respect of transfer filings) payable upon and incurred in connection with the Asset Sale and the sales by Distribucion and Servicios of their assets related exclusively to the Business to New Distribucion and New Servicios as described in the recitals hereto. The Purchasers and the Seller Group shall consult with each other in good faith and shall cooperate fully with each other in planning for the reduction or elimination of any such Taxes in accordance with applicable Laws.

5.15 Xcel Litigation and the Oconee Environmental Remediation. The Purchasers shall cooperate fully with STC and its representatives in a prompt and timely manner in connection with the Xcel Litigation and the Oconee Environmental Remediation. Such cooperation shall include, without limitation, making available to STC and its representatives, during normal business hours, all books, records, documents, files, other information, officers, employees (without substantial interruption of employment) or other relevant information necessary or useful in connection with the Xcel Litigation or the Oconee Environmental Remediation, granting STC and its representatives access to the Company's Oconee facility, and permitting STC and its representatives to take any action reasonably necessary to perform STC's obligations with respect to the Oconee Environmental Remediation.

5.16 [Intentionally Omitted]

5.17 Canadian Tax Elections. Schlumberger Canada and the Itron Canada shall jointly elect in prescribed form to have Section 22 of the Income Tax Act (Canada), Section 184 of the Taxation Act (Québec) and the equivalent or comparable provisions in any provincial, territorial, municipal, regional, urban, local or any other statute or law apply to any and all of the Transferred Assets. Such joint elections shall allocate the consideration among the accounts receivable forming part of the Transferred Assets in accordance with the Section 1060 Allocation. Schlumberger Canada and Itron Canada shall cooperate fully in the joint filing of the aforesaid elections as required by the Income Tax Act (Canada) or the Taxation Act (Québec), and equivalent or comparable provisions of any other statute or Law.

5.18 GST and QST. Schlumberger Canada and Itron Canada shall, prior to the transfer of the Transferred Assets, be duly registered under subdivision (d) of Division V of Part IX of the Excise Tax Act with respect to the GST and under Division I of Chapter VIII of Title I of the Québec Sales Tax Act with respect to the QST. Both Schlumberger Canada and Itron Canada shall cooperate fully with each other and make any and all elections required in order that the minimum possible GST and QST, if any, be payable in connection with the transactions contemplated hereby involving the Transferred Assets. Schlumberger Canada and Itron Canada shall jointly elect in prescribed form under Subsection 167(1) of the Excise Tax Act (and under any corresponding provisions of the Québec Sales Tax Act) that no tax be payable pursuant to (i) Part IX of the Excise Tax Act or (ii) the Québec Sales Tax Act, with respect to the sale of the Transferred Assets under this Agreement. Schlumberger Canada and Itron Canada shall make such elections in prescribed form containing the prescribed information pursuant to the said legislation. For the avoidance of doubt, Schlumberger Canada will complete, sign, and deliver to Itron Canada all necessary forms required to make the joint elections on the Closing Date. Itron Canada shall file the joint elections with the returns required to be filed by Itron Canada under

the Excise Tax Act and the Québec Sales Tax Act for Itron Canada's reporting period in which the sale is made, in compliance with the requirements of such Law.

5.19 Section 338(h)(10) Elections. STC and Itron shall take all actions necessary and appropriate (including timely filing such forms, Tax Returns, elections, schedules and other documents as may be required), at each party's cost and expense, to effect and preserve a timely election under Section 338(h)(10) of the Code and Section 338(g) of the Code in accordance with the requirements of Section 338 of the Code and any elections under corresponding or similar provisions of Law as specified by Itron at or prior to the Closing or pursuant to the notice provisions of Section 8.2 with respect to the purchase and sale of the U.S. Stock and the deemed purchase and sale of capital stock of New SLB Mexico, respectively (the "Section 338(h)(10) Elections"). STC and Itron shall each report, for Tax purposes, the transactions contemplated herein consistent with the Section 338(h)(10) Elections and shall take no Tax position in any Tax Return, any discussion with or proceeding before any Governmental Body, or otherwise, or take any action contrary thereto or inconsistent therewith unless and to the extent required to do so under applicable Law or pursuant to a determination (as defined in Section 1313(a) of the Code or any similar provision of Law).

5.20 Covenants Not to Compete or Solicit. (a) During the five-year period commencing on the Closing Date, no member of the Seller Group nor any of their Affiliates shall design or manufacture electricity meters or electricity instrument transformers, whether directly or indirectly, for its account or otherwise, or as a shareholder, owner, partner, principal, agent, joint venturer, consultant, advisor, franchisor or franchisee, independent contractor or otherwise, in, with or of any Person that engages in such activities.

(b) During the two-year period commencing on the Closing Date, no member of the Seller Group nor any of their Affiliates shall, directly or indirectly, solicit or encourage to leave the employment of the Purchasers or any of their Affiliates, any Transferred Employee hired by the Purchasers, or have any arrangement (financial, consulting or otherwise) with any such individual; provided, that this Section 5.20(b) shall not apply to any Transferred Employee whose employment is terminated by the Purchasers.

(c) Notwithstanding anything else contained herein, the Purchasers hereby acknowledge and agree that the "Business" (as defined in the Actaris Agreement and set forth on Exhibit 5.20 hereto) shall be conducted in all respects, as applicable, in compliance with the terms and conditions of the Actaris Agreement set forth on Exhibit 5.20 hereto.

5.21 Offering Information. In the event of any public offering or private placement initiated by the Purchasers, involving or relating to the Company, the Joint Venture or the Business or any financing of the Purchasers' purchase hereunder (each, an "Offering"), (i) the Purchasers shall promptly notify STC in writing of any such Offering at least fifteen (15) days prior thereto; (ii) the Purchasers shall have the right to include in the offering memorandum or prospectus (and any amendments thereto or modifications thereof) used in connection with such Offering such information relating to the Business, the Company and the Joint Venture, including, without limitation, the operations of the Business or ownership of the Company or the Joint Venture during the period on or prior to the Closing Date (including the Financial Statements) and the transactions contemplated hereby as is customary for a transaction of the

type of the Offering (the "Offering Information"), and to include such Offering Information in any filing made with, or submitted to, any third party or Governmental Body in connection with such Offering; provided that STC will have the right to review and approve (which approval shall not be unreasonably withheld or delayed) any Offering Information, filing or submission or any amendments thereto or modifications thereof prior to the Purchasers' distribution of it to or filing of it with any third party; and the Purchasers will not seek to recover from STC or any of its Affiliates or their employees, directors, officers, representatives or agents (including pursuant to the indemnification under Article VII hereof) for any Damages incurred or sustained by the Purchasers or their employees, directors, officers, representatives or agents in connection with any such Offering. The Purchasers shall be entitled to distribute an offering memorandum or prospectus containing the Offering Information to the extent reasonably necessary to complete the Offering; provided that STC shall have the rights to set forth in the previous sentence with respect to any such offering memorandum or prospectus and any amendments thereto or modifications thereof.

5.22 Cooperation with Itron's 8-K. STC shall, and shall cause the Company and New SLB Mexico to, and Holdings shall, and shall cause each member of the Seller Group and the Joint Venture to, reasonably cooperate with Itron in connection with Itron's preparation of a report or reports on Form 8-K and Form 8-K-A as applicable, in connection with the Transaction as required by the Securities Exchange Act of 1934, as amended and the rules and regulations promulgated thereunder (the "Securities Exchange Act").

5.23 Cooperation with Financing. STC shall, and shall cause the Company and New SLB Mexico to, and Holdings shall, and shall cause each member of the Seller Group and the Joint Venture to, reasonably cooperate with the Purchasers (and use commercially reasonable efforts to cause PricewaterhouseCoopers to reasonably cooperate with the Purchasers) to the extent necessary in connection with the consummation and syndication of the debt financings undertaken by the Purchasers in connection with the transactions contemplated hereby and in connection with the preparation of written offering materials used to complete such financings; provided that such materials such comply with Section 5.21, which cooperation shall include (i) providing reasonable and customary management and legal representations to PricewaterhouseCoopers and (ii) arranging (to the extent requested in writing by Itron) for employees of the Business to participate in such presentations, road shows and due diligence meetings as may reasonably be required in relation to such financing. The Purchasers agree to give due regard to minimizing interference with the operations, activities and employees of the Business. Without limiting the foregoing, between the date hereof and the Closing, STC shall use commercially reasonable efforts to (i) deliver to Itron as soon as practical and in any event on or before the date that is fifteen (15) days from the date hereof, the Financial Statements in a form that complies with Regulation S-X and (ii) deliver to Itron true and complete copies of the unaudited combined balance sheet of the Business for each calendar quarter after December 31, 2002 that ends at least forty-five (45) days prior to such consummation and syndication of the debt financings undertaken by the Purchaser in connection with the transactions contemplated hereby and the related combined statements of operations, changes in shareholder's equity and cash flows for the period beginning January 1, 2003 and ending on such quarter end date, together with the comparable financial information for the corresponding period in the preceding fiscal year (collectively, the "Updated Interim Financial Statements") as soon as practical and in any event within thirty (30) days after the date hereof or for any calendar quarter that ends after

the date hereof and prior to the Closing Date within forty-five (45) days after the end of such calendar quarter. Prior to delivery by STC to Itron of such Updated Interim Financial Statements, STC shall use commercially reasonable efforts to cause PricewaterhouseCoopers to perform a SAS-100 review with respect to such Updated Interim Financial Statements. The Purchasers shall promptly reimburse STC for the fees, costs and expenses incurred in connection with delivering the Financial Statements in a form that complies with Regulation S-X, creating the Updated Interim Financial Statements and any SAS-100 review. Unless otherwise agreed, such Updated Interim Financial Statements shall present fairly, in accordance with GAAP, applied on the same basis as the Financial Statements attached as Schedule 3.4(a) hereto in all material respects, the combined financial position, results of operations and cash flows of the Business for the periods and dates covered thereby (subject to normal and recurring year end adjustments and the absence of notes) and will comply in all material respects with the requirements of Regulation S-X. STC shall use commercially reasonable efforts to cause PricewaterhouseCoopers to (i) provide the Purchasers, at the Purchasers' expense, with all opinions and consents (including, without limitation, audit reports) with respect to the financial statements of the Business and/or members of the Seller Group, the Company and their Affiliates necessary for inclusion in any offering memoranda prepared in connection with any offering of securities pursuant to Rule 144A promulgated under the Securities Act, or for the completion of filings with the SEC under the Securities Act and the Securities Exchange Act until such time as such financial statements, opinions and consents are no longer required to be included in such filings by the Securities Act or the Securities Exchange Act and (ii) provide, at the Purchasers' expense, any customary "comfort letters."

5.24 Receivables. Holdings shall cause the Joint Venture and each member of the Non-U.S. Seller Group and STC shall, and shall cause each of its other Affiliates to, to the extent reasonably practical, settle all accounts payable by such Persons to the Company and New SLB Mexico so that all of the Company's and New SLB Mexico's receivables from STC's Affiliates may be collected by the Company and New SLB Mexico on or prior to the Closing Date. Holdings shall and shall cause the Non-U.S. Seller Group to use reasonable best efforts to cooperate with the Purchasers to transfer any accounts payable to the Joint Venture or to the Non-U.S. Seller Group with respect to the Non-U.S. Business on or after the Closing Date to the bank accounts directed by the Purchaser and the Purchasers shall have the right to audit any such transfers. This cooperation shall include, but shall not be limited to, promptly transferring to Purchasers any amounts received by STC or its Affiliates in payment of any accounts receivable constituting part of the Transferred Assets, and cooperating in switching over to Purchasers any existing third-party payment mechanisms related to the Transferred Assets.

5.25 Payables to Affiliates. The Purchasers shall, and shall cause the Company, New SLB Mexico and the Joint Venture to, settle all accounts payable by the Company, New SLB Mexico or the Joint Venture to the Seller Group and all other Affiliates of STC so that all of such Person's receivables from the Company, New SLB Mexico or the Joint Venture as of the Closing Date may be collected by such Person in the ordinary course of business after the Closing Date.

5.26 Covenanting Parties. Notwithstanding anything to the contrary contained in this Agreement, the covenants and agreements contained herein that are made by the Company are intended to be, and shall be deemed to have been, made by STC and the covenants and agreements contained herein that are made by the Joint Venture or any member of the Non-U.S.

Seller Group or relate to the Non-U.S. Business are intended to be, and shall be deemed to have been, made by Holdings to the extent such covenant or agreement relates to the Joint Venture or the Non-U.S. Business. Nothing in this Agreement is intended to be nor shall be construed in a manner that would indicate that (i) an entity organized in the United States is taking, or failing to take, any action or agreeing to take, or fail to take, any action on behalf of an entity organized outside of the United States nor that (ii) an entity organized outside of the United States is taking, or failing to take, any action or agreeing to take, or fail to take, any action on behalf of an entity organized inside of the United States.

5.27 Shutdown Costs. STC will reimburse the Company for shutdown costs directly incurred by the Company and paid to third parties in connection with the termination of the services provided to Atos under the Amendment and Termination of Manufacturing and Support Services Agreement.

5.28 [Intentionally Omitted]

5.29 French Employees. Holdings hereby agrees that Schlumberger France shall not, at any time after July 16, 2003 and prior to the Closing, (i) terminate the employment of the French Eligible Employees without cause or (ii) change any duties, titles, responsibilities, benefits, compensation, location or other material term of employment of the French Employees.

ARTICLE VI
CONDITIONS TO CLOSING

6.1 Conditions to Each Party's Obligations to Closing. The respective obligations of each party hereto to effect the Transaction contemplated by this Agreement are subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) no statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or enforced by any Governmental Body that prohibits, restrains, enjoins or restricts the consummation of the Transaction contemplated hereby; and

(b) any waiting period applicable to the Transaction contemplated hereby under the HSR Act, the Competition Act or the Investment Act shall have terminated or expired and any other governmental or regulatory notices, approvals or clearance required to have been given or obtained prior to the Closing Date with respect to the Transaction contemplated hereby under applicable laws shall have been either filed or received.

6.2 Conditions to the Obligations of the Company, the Joint Venture and the Seller Group. The obligation of the Company, the Joint Venture and the members of the Seller Group to effect the Transaction contemplated hereby is subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) The representations and warranties of the Purchasers contained in this Agreement or in any other document delivered pursuant hereto shall be true and correct (except to the extent that any breaches thereof, whether individually or in the aggregate, would not have a material adverse effect on the Purchasers' ability to consummate the transactions contemplated

by this Agreement and the Ancillary Agreements to which they are parties) on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except to the extent such representations specifically related to an earlier date, in which case such representations shall be true and correct as of such earlier date).

(b) Each of the covenants and obligations of the Purchasers to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed in all material respects on or before the Closing Date.

(c) On the Closing Date, the Purchasers shall have delivered the following to the Seller Group:

(i) A copy of this Agreement and the Ancillary Agreements to which it is a party executed by each of the Purchasers;

(ii) The Purchase Price, in accordance with Section 2.2 hereof;

(iii) A duly executed Bill of Sale and Assumption Agreement and such other agreements as maybe required under applicable Laws with respect to the Transferred Assets to be acquired by the Purchasers hereunder;

(iv) An opinion or opinions of counsel to Purchasers, dated the Closing Date, addressed to the Seller Group, in substantially the form attached hereto as Exhibit C;

(v) A certificate of each of the Purchasers dated as of the Closing Date and signed by an officer or director of each such Purchaser, in substantially the form attached hereto as Exhibit D;

(vi) A certificate of good standing or the equivalent for each of the Purchasers issued as of a recent date by the Secretary of State or equivalent of the relevant jurisdiction of incorporation;

(vii) A duly executed Oconee Environmental Remediation Agreement; and

(viii) All other documents required by the terms of this Agreement to be delivered to the Seller Group on the Closing Date.

(d) On the Closing Date, Itron Canada shall be duly registered under the Québec Sales Tax Act.

6.3 Conditions to the Obligations of the Purchasers. The respective obligations of the Purchasers to effect the Transaction contemplated hereby are subject to the satisfaction on or prior to the Closing Date of the following conditions:

(a) The representations of STC and Holdings contained in this Agreement or in any other document delivered pursuant hereto shall be true and correct (except to the extent

that any breaches thereof, whether individually or in the aggregate, would not have a Material Adverse Effect) on and as of the Closing Date with the same effect as if made on and as of the Closing Date (except to the extent such representations specifically related to an earlier date, in which case such representations shall be true and correct as of such earlier date).

(b) Each of the covenants and obligations of STC or Holdings to be performed on or before the Closing Date pursuant to the terms of this Agreement shall have been duly performed in all material respects on or before the Closing Date.

(c) On the Closing Date, the Seller Group shall have delivered the following to the Purchasers:

(i) A stock certificate duly executed by an authorized officer of the Company representing the U.S. Stock purchased by Itron and a stock certificate duly executed by an authorized officer of the Joint Venture representing the Taiwan Stock purchased by Itron;

(ii) A certificate of good standing for the Company, executed by the Secretary of State of the State of Delaware;

(iii) Duly executed copies of the Amendment and Termination of Manufacturing and Support Services Agreement, the Amended and Restated Technology Transfer and License Agreement and the Supplemental Agreement;

(iv) A copy of this Agreement and the other Ancillary Agreements to which they are a party executed by the Company, the Joint Venture, the Non-U.S. Affiliates, and STC, as applicable;

(v) A duly executed Bill of Sale and Assumption Agreement and such other agreements as may be required under applicable Laws with respect to the Transferred Assets to be acquired by the Purchasers hereunder, including executed consents to assignment of the Assumed Contracts requiring such consents to assignment;

(vi) Opinions of counsel to STC and the Company dated the Closing Date, addressed to Itron, in substantially the form of Exhibit G hereto;

(vii) A certificate of each member of the Seller Group and the Company, dated as of the Closing Date and signed by an officer or director of each member of the Seller Group or the Company, as applicable, in substantially the form of Exhibit H hereto;

(viii) A Certificate of Non-Foreign Status duly executed by an authorized officer of the seller of the U.S. Stock; and

(ix) All other documents required by the terms of this Agreement to be delivered to the Purchasers on the Closing Date.

(d) The members of the Seller Group shall have entered into a Transition Services Agreement in the form of Exhibit E hereto. STC, on behalf of itself and its Affiliates, hereby acknowledges that, as of the Closing Date, the Contribution Agreement (x) shall be superceded by this Agreement and the Ancillary Agreements with respect to Itron's and its Affiliates' obligations vis-à-vis STC and its Affiliates set forth herein and therein and (y) shall not expand on such obligations in any manner.

(e) The Purchasers shall have received the proceeds of the financing described in Exhibit 4.4 on terms and conditions no less favorable than those described in Exhibit 4.4.

ARTICLE VII
INDEMNIFICATION

7.1 Indemnification. (a) Indemnification by STC and Holdings.

(i) STC shall indemnify, hold harmless and defend the Purchasers and each of their respective officers, directors, employees, shareholders, partners, and agents (the "Purchaser Indemnified Parties") against any and all Damages incurred, directly or indirectly, by the Purchasers, the Company or New SLB Mexico arising out of or relating to:

(A) A breach of any representation or warranty made by STC and contained in Article III, excluding the representations and warranties contained in Section 3.6; or

(B) A breach of any covenant or agreement made by STC or the Company and contained in this Agreement.

(ii) Holdings shall indemnify, hold harmless and defend the Purchaser Indemnified Parties against any and all Damages incurred, directly or indirectly, by the Purchasers and 51% of any and all Damages incurred, directly or indirectly, by the Joint Venture, arising out of or relating to:

(A) A breach of any representation or warranty made by Holdings and contained in Article III, excluding the representations and warranties contained in Section 3.6;

(B) A breach of any covenant or agreement made by Holdings, the Non-U.S. Seller Group, BVI or the Joint Venture and contained in this Agreement;

(C) Any Excluded Liability;

(D) The Non-U.S. Seller Group's failure to comply with the bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement; or

(E) The (i) treatment, storage, disposal or release prior to the Closing Date of Hazardous Substances on or at the Real Property leased by the Joint Venture or any other real property previously owned, leased, subleased or used by the Joint Venture

and its predecessors in interest and Subsidiaries and (ii) generation or transportation of Hazardous Substances by the Joint Venture and its predecessors in interest prior to the Closing Date.

(iii) STC shall indemnify, hold harmless and defend Purchaser Indemnified Parties against any and all Damages incurred, directly or indirectly, by the Purchasers or the Company arising out of or relating to:

(A) The (i) treatment, storage, disposal or release prior to the Closing Date of Hazardous Substances on or at the Real Property owned or leased by the Company or any other real property previously owned, leased, subleased or used by the Company and its predecessors in interest and Subsidiaries, including, without limitation, the Oconee Environmental Remediation and (ii) generation or transportation of Hazardous Substances by the Company and its predecessors in interest prior to the Closing Date; or

(B) The Patent Litigation.

(b) Indemnification by the Purchasers. The Purchasers shall indemnify, hold harmless and defend STC and its Affiliates, including, without limitation, BVI, Holdings and the Non-U.S. Seller Group, and each of their respective officers, directors, employees, shareholders, partners, and agents (the "Seller Indemnified Parties") against any and all Damages incurred, directly or indirectly, by the Seller Indemnified Parties arising out of or relating to:

(i) A breach of any representation or warranty made by the Purchasers and contained in this Agreement;

(ii) A breach of any covenant or agreement made by the Purchasers and contained in this Agreement;

(iii) Any Assumed Liability;

(iv) The employment or termination of employment of the Transferred Employees on or after the Closing Date, including, without limitation, severance costs and expenses and constructive dismissal claims;

(v) Any product manufactured, produced, distributed or processed by STC, the Company, Atos, the Non-U.S. Affiliates or any of their respective Affiliates relating to the Business, whether such product was manufactured, produced, distributed, processed or sold prior to, on or after the Closing Date, and whether or not such product is installed in a RTEMS project, provided, however, that (i) for avoidance of doubt, the Purchasers shall have no liability for any product manufactured, produced, or processed by Actaris, (ii) the Purchasers shall have no liability for Damages relating to RTEMS' products produced, distributed, processed or sold prior to, on or after the Closing Date to the extent such Damages arose or arise solely from a defect in the design of such RTEMS' product and such design defect is unrelated to any patent transferred or licensed to the Purchasers pursuant to this Agreement or the Amended and Restated Technology Transfer and License Agreement and (iii) the Purchasers' liability for Damages relating to

any RTEMS' products produced, distributed, processed or sold prior to the Closing Date and which are determined to be defective (and such defect is not in the design) shall be limited to repair or replacement of the RTEMS' product;

(vi) A breach of any representation, warranty or covenant with respect to WARN or similar Canadian federal or provincial Law referred to in Section 8.15;

(vii) The Offering Information, any offering memorandum or prospectus containing the Offering Information, the Offering, Itron's filings under the Securities Act or the Securities Exchange Act, or the performance by the members of the Seller Group and their Affiliates of the obligations set forth in Sections 5.21, 5.22 or 5.23 of this Agreement, except to the extent such Damages were caused by the gross negligence or willful misconduct of any member of the Seller Group or their Affiliates, employees or representatives; or

(vii) Any other aspect of the Business, except with respect to any liability expressly retained by the Seller Group and subject to indemnification by STC or Holdings, including, without limitation, any Excluded Liability.

(c) Limitations on Liability.

(i) Purchaser Indemnified Parties.

(A) The Purchaser Indemnified Parties shall not be entitled to any recovery under Section 7.1(a)(i)(A) or (B), Section 7.1(a)(ii)(A) or (B) or Section 7.3 unless a claim for indemnification is made on or before the expiration of the time period for survival set forth in Section 8.8. Damages to the Purchaser Indemnified Parties will be (x) decreased by any insurance proceeds received by the Purchaser Indemnified Parties (after deduction of costs and expenses incurred in connection with recovery of such proceeds) with respect to such Damages and any net tax benefit realized, directly or indirectly, by the Purchaser Indemnified Parties arising from the incurrence of such Damages, and (y) increased by any net tax cost incurred, directly or indirectly, by the Purchaser Indemnified Parties arising from the receipt or accrual of payments under this Article VII (including any tax resulting from payments under this Section 7.1(c)(i)(A)). In computing the amount of any such net tax benefit or net tax cost, the Purchaser Indemnified Parties shall be treated as recognizing all other items of income, gain, loss, deduction or credit that arose prior to the incurrence of Damages (including, without limitation, any net operating loss, capital loss or tax credit carryovers) before recognizing any item arising from the incurrence of Damages or the receipt or accrual of any payment hereunder. Any Damages to the Purchaser Indemnified Parties shall initially be made without regard to this Section 7.1(c)(i)(A) and shall be decreased or increased to reflect any such net tax benefit or net tax cost (including gross-up) only after the Purchaser Indemnified Parties have actually realized such tax benefit or tax cost. The Purchaser Indemnified Parties shall be deemed to actually realize net tax benefits or net tax costs at the time at which the amount of taxes payable by the Purchaser Indemnified Parties is reduced below or

increased above, as the case may be, the amount of taxes that the Purchaser Indemnified Parties would be required to pay (determined in accordance with this Section 7.1(c)(i)(A)) but for the incurrence of Damages or the receipt or accrual of payment or payments hereunder, in each case at the highest marginal federal income tax rate in effect for such year, and at the average state income tax rate applicable to the Purchaser Indemnified Parties for such year, taking into account, if applicable, the deductibility of state income taxes for federal income tax purposes. The Purchasers hereby waive on behalf of themselves and the other Purchaser Indemnified Parties, to the extent permitted under their applicable insurance policies, any subrogation rights that their insurers may have with respect to any indemnified Damages.

(B) Except for claims for Damages relating to breaches of the representations and warranties contained in Section 3.11(d) and Section 3.11(1), the Purchaser Indemnified Parties shall not be entitled to recover any amount under Section 7. 1(a)(i)(A) or Section 7.1(a)(ii)(A) of this Agreement or under Section 4 of the Supplemental Agreement unless and until the aggregate amount of all claims made pursuant to such sections exceeds $2,000,000.00 (the "Basket"), in which event the entire amount in respect of such claims will be payable.

(C) Except for claims for Damages relating to breaches of the representations and warranties contained in Section 3.1, 3.2 or 3.3(a), the Purchaser Indemnified Parties shall not be entitled to recover an amount in excess of $30,000,000.00 (the "Cap") in the aggregate for all claims made pursuant to Section 7.1(a)(i)(A) and Section 7.1(a)(ii)(A) of this Agreement and Section 4 of the Supplemental Agreement.

(ii) Seller Indemnified Parties.

(A) The Seller Indemnified Parties shall not be entitled to any recovery under Section 7.1(b)(i) or (ii) unless a claim for indemnification is made on or before the expiration of the time period for survival set forth in Section 8.8. Damages to the Seller Indemnified Parties will be decreased by any insurance proceeds received by the Seller Indemnified Parties (after deduction of costs and expenses incurred in connection with recovery of such proceeds) with respect to such Damages and any net tax benefit realized, directly or indirectly, by the Seller Indemnified Parties arising from the incurrence of such Damages, and (y) increased by any net tax cost incurred, directly or indirectly, by the Seller Indemnified Parties arising from the receipt or accrual of payments under this Article VII (including any tax resulting from payments under this Section 7.1(c)(ii)(A)). In computing the amount of any such net tax benefit or net tax cost, the Seller Indemnified Parties shall be treated as recognizing all other items of income, gain, loss, deduction or credit that arose prior to the incurrence of Damages (including, without limitation, any net operating loss, capital loss or tax credit carryovers) before recognizing any item arising from the incurrence of Damages or the receipt or accrual of any payment hereunder. Any Damages to

the Seller Indemnified Parties shall initially be made without regard to this Section 7.1(c)(ii)(A) and shall be decreased or increased to reflect any such net tax benefit or net tax cost (including gross-up) only after the Seller Indemnified Parties have actually realized such tax benefit or tax cost. The Seller Indemnified Parties shall be deemed to actually realize net tax benefits or net tax costs at the time at which the amount of taxes payable by the Seller Indemnified Parties is reduced below or increased above, as the case may be, the amount of taxes that the Seller Indemnified Parties would be required to pay (determined in accordance with this Section 7.1(c)(ii)(A)) but for the incurrence of Damages or the receipt or accrual of payment or payments hereunder, in each case at the highest marginal federal income tax rate in effect for such year, and at the average state income tax rate applicable to the Seller Indemnified Parties for such year, taking into account, if applicable, the deductibility of state income taxes for federal income tax purposes. STC hereby waives on behalf of itself and the other Seller Indemnified Parties, to the extent permitted under its applicable insurance policies, any subrogation rights that its insurer may have with respect to any indemnified Damages.

(B) The Seller Indemnified Parties shall not be entitled to recover any amount under Section 7.1(b)(i) unless and until the aggregate amount of all claims made pursuant to such sections exceeds $2,000,000.00, in which event the entire amount in respect of such claims will be payable.

(C) Except for claims of breach of the representations and warranties in Section 4.1 and 4.2(a), the Seller Indemnified Parties shall not be entitled to recover an amount in excess of $25,000,000.00 in the aggregate for all claims made pursuant to Section 7.1(b)(i).

(iii) Scope of Liability. Nothing under this Section 7.1(c) shall limit any claim for indemnification for any award or judgment (whether by arbitration, mediation or litigation) against any Indemnified Party resulting from Third Party Claims against such Indemnified Party for special, indirect, incidental, punitive or consequential damages. Notwithstanding the foregoing, recovery for Direct Claims shall in no event include any special, indirect, incidental, punitive or consequential damages whatsoever.

7.2 Procedure. (a) Direct Claims. Any claim by the Seller Indemnified Parties or the Purchaser Indemnified Parties (any Seller Indemnified Party or Purchaser Indemnified Party an "Indemnified Party") for indemnification under Section 7.1 or Section 7.3 that is not a Third Party Claim (a "Direct Claim") may be asserted by giving the Indemnitor notice in reasonable detail of the facts giving rise to such Direct Claim and shall include the amount or method of computation of the Direct Claim and a reference to the provision of this Agreement upon which such claim is based. Any dispute between an Indemnified Party and its applicable Indemnitor shall be governed by Section 8.5 hereof.

(b) Third Party Claims. (i) Promptly after receipt by an Indemnified Party of notice of the commencement of any action or proceeding by a third party (a "Third Party Claim") with respect to any matter for which indemnification is permitted pursuant to Section 7.1 or

Section 7.3, the Indemnified Party will give timely notice thereof to the Indemnitor setting forth such claim in reasonable detail, provided, however, that the failure of the Indemnified Party to notify the Indemnitor will not relieve the Indemnitor of its obligations hereunder, except to the extent that the Indemnitor demonstrates that the defense of such Third Party Claim has been actually and materially prejudiced by the Indemnified Party's failure to give such timely notice.

(ii) If a Third Party Claim is brought against an Indemnified Party and such Indemnified Party gives notice to the Indemnitor of the commencement of such Third Party Claim, the Indemnitor shall have twenty days after receipt of such notice to undertake, conduct and control, through counsel of its own choosing and its expense, the settlement or defense thereof, and the Indemnified Party shall reasonably cooperate with it in connection therewith; provided, that (i) the Indemnified Party may participate in such settlement or defense through counsel chosen by such Indemnified Party and paid at its own expense; provided, further, that if, in the opinion of counsel for such Indemnified Party, there is a reasonable likelihood of a conflict of interest between the Indemnitor and the Indemnified Party, the Indemnitor shall be responsible for reasonable fees and expenses of one such counsel in connection with the Indemnified Party's defense and (ii) the Indemnitor shall not pay or settle any claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld or delayed. If the Indemnitor does not notify the Indemnified Party within ten (10) days after receipt of the Indemnified Party's notice of a claim of indemnity hereunder that it elects to undertake the defense thereof, the Indemnified Party shall have the right to (A) undertake, at Indemnitor's cost, risk and expense, the defense, compromise or settlement of the claim, but shall not thereby waive any right to indemnity therefore pursuant to this Agreement or (B) seek an immediate declaration of the Indemnified Party's right to indemnification under Section 7.1 or Section 7.3, as applicable, and if the Indemnified Party is successful in obtaining such declaration the Indemnitor shall reimburse such Indemnified Party for the costs, fees and expenses (including reasonable attorney's fees), incurred in obtaining such declaration.

(iii) The Indemnified Party and the Indemnitor agree to provide each other with reasonable access during regular business hours to the properties, books and records, employees and representatives of the other, as reasonably necessary in connection with the preparation for an existing or anticipated Third Party Claim and its obligations with respect thereto pursuant to this Article VII.

(iv) The Indemnitor will pay the Indemnified Party promptly, and in any event within fifteen (15) days after the earlier of (with respect to the claim as to which the indemnity relates): (i) the entry of an appealable judgment against the Indemnified Party and the expiration of the applicable appeal period; (ii) the entry of a non-appealable judgment or final appellate decision against the Indemnified Party; or (iii) the execution of a settlement agreement.

(c) Notwithstanding the foregoing, the provisions of Section 5.11 shall apply to Tax Contests to the extent inconsistent with the provisions of this Section 7.2.

7.3 Tax Indemnity. (a) STC shall indemnify, hold harmless and defend the Purchaser Indemnified Parties from and against any and all Damages incurred, directly or indirectly, by the Purchasers, the Company or New SLB Mexico arising out of or relating to:

(i) A breach of any representation or warranty made by STC in Section 3.6 of this Agreement; or

(ii) Any Taxes (including any Taxes arising out of the Section 338(h)(10) Elections, but excluding any Taxes reflected on the Adjusted Balance Sheet pursuant to paragraph 3(g) of Exhibit 2.5) imposed on the Company (or any predecessor thereof) or New SLB Mexico, or for which the Company (or any predecessor thereof) or New SLB Mexico may be liable, for taxable periods (or portions thereof) ending before the Closing Date.

(b) Holdings shall indemnify, hold harmless and defend the Purchaser Indemnified Parties from and against any and all Damages incurred, directly or indirectly, by the Purchasers and 51% of any and all Damages incurred, directly or indirectly, by the Joint Venture arising out of or relating to:

(i) A breach of any representation or warranty made by Holdings in Section 3.6 of this Agreement;

(ii) Any Taxes (excluding any Taxes reflected on the Adjusted Balance Sheet pursuant to paragraph 3(g) of Exhibit 2.5) imposed on the Joint Venture (or any predecessor thereof), or for which the Joint Venture (or any predecessor thereof) may be liable, for taxable periods (or portions thereof) ending before the Closing Date; or

(iii) Any Taxes (excluding any Taxes reflected on the Adjusted Balance Sheet pursuant to paragraph 3(g) of Exhibit 2.5) of the Non-U.S. Seller Group or any Taxes levied with respect to the ownership, use or operation of the Transferred Assets prior to the Closing Date.

(c) The Purchaser Indemnified Parties shall not be entitled to recover any amount under this Section 7.3 unless or until (i) the aggregate of all unpaid claims under this Section 7.3 equals or exceeds $50,000 or (ii) six months have elapsed after the later of (x) the Closing Date and (y) the date of the most recent payment of a claim under this Section 7.3.

7.4 Mitigation; Exclusivity of Remedy. (a) Prior to the assertion of any claims for indemnification under this Article VII with respect to any breach of a representation or warranty, a party seeking indemnification shall utilize all commercially reasonable efforts, consistent with normal practices and policies and good commercial practice, to mitigate any Damages.

(b) The remedies in this Article VII shall be the exclusive remedies of the parties with respect to all disputes, controversies or claims arising out of or relating to this Agreement or a breach hereof, except for the remedies of specific performance, injunction and other equitable relief as specifically set forth in this Agreement in connection with the failure of any party to perform its agreements and covenants hereunder.

7.5 Multiple Breaches From Same Facts. For the avoidance of doubt, it is agreed that if, on account of the same facts or circumstances, (i) a party is entitled to indemnification under one or more of the provisions of this Article VII and/or (ii) there is a breach of more than one representation, warranty or covenant, such facts or circumstances shall give rise to indemnification as provided by this Article VII, but shall not give rise to indemnification more than once on account thereof.

7.6 Other Limitations on Liability. Notwithstanding anything to the contrary in this Agreement, the parties acknowledge and agree that if to the Knowledge of the Purchasers on or prior to the Closing Date any inaccuracy exists with respect to any representation or warranty of STC or Holdings contained in this Agreement or breach exists in any covenant contained in this Agreement, the Purchaser Indemnified Parties shall be deemed to have waived and released any claim for Damages related thereto and the Purchaser Indemnified Parties, their successors, assigns and Affiliates shall not be entitled to assert any such claim hereunder.

7.7 Purchase Price Adjustments. The Purchasers and the Seller Group shall treat any amounts payable under this Article VII as an adjustment to the Purchase Price in addition to any adjustment pursuant to Section 2.5.

7.8 New SLB Mexico Indemnification. Notwithstanding anything contained herein to the contrary, neither STC, Holdings nor any of their Affiliates shall indemnify or have any obligation to indemnify any Purchaser Indemnified Party for any Damages incurred by the Purchaser Indemnified Parties, directly or indirectly, relating to the formation, ownership or operation of New SLB Mexico by any Purchaser Indemnified Parties prior to June 4, 2004.

ARTICLE VIII
GENERAL PROVISIONS

8.1 Termination. (a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by mutual written consent of Itron (acting on behalf of itself and the other Purchasers) and STC (acting on behalf of itself and the Company) and Holdings (acting on behalf of itself and the Non-U.S. Seller Group);

(ii) by Itron (acting on behalf of itself and the other Purchasers) or the Seller (acting on behalf of itself and the Company) and Holdings (acting on behalf of itself and the Non-U.S. Seller Group), if (A) any court of competent jurisdiction in the United States or other United States Governmental Body shall have issued a final order, decree or ruling or taken any other final action restraining, enjoining or otherwise prohibiting the consummation of the transactions contemplated hereby and such order, decree, ruling or other action is or shall have become final and nonappealable or (B) the transactions contemplated hereby have not been consummated by July 14, 2004 (the "Deadline Date" or the "Extended Deadline Date"); provided, that no party may terminate this Agreement pursuant to this clause (B) if such party's failure to fulfill any of its obligations under this Agreement shall have been the reason that the Closing Date shall not have occurred on or before said date;

(iii) by STC (acting on behalf of itself and the Company) and Holdings (acting on behalf of itself and the Non-U.S. Seller Group), if: (A) there shall have been a material breach of any representation or warranty on the part of the Purchasers set forth in this Agreement or if any representation or warranty of the Purchasers shall have become untrue, in either case such that the conditions set forth in Section 6.2 would be incapable of being satisfied by Deadline Date or (B) there shall have been a material breach by the Purchasers of any of their covenants or agreements hereunder, and the Purchasers have not cured such breach within twenty (20) Business Days after notice by any member of the Seller Group thereof; provided that no member of the Seller Group has breached any of its material obligations hereunder; or

(iv) by Itron (acting on behalf of itself and the other Purchasers) if (A) there shall have been a material breach of any representation or warranty on the part of the Seller Group set forth in this Agreement or if any representation or warranty of STC or Holdings shall have become untrue in either case such that the conditions set forth in Section 6.3 would be incapable of being satisfied by the Deadline Date or (B) there shall have been a breach by STC or Holdings of its covenants or agreements hereunder, and STC or Holdings, as applicable, has not cured such breach within twenty (20) Business Days after notice by the Purchaser thereof; provided, that the Purchasers have not breached any of their material obligations hereunder. Notwithstanding the foregoing, the conditions of the Purchasers to consummate the Closing contained in Section 6.3 shall be deemed satisfied if STC or Holdings delivers to Itron (on behalf of itself and the other Purchasers) a certificate dated the Closing Date and signed by an authorized officer of STC or Holdings, as applicable, setting forth any failure of any condition contained in Section 6.2 and undertaking to indemnify the Purchasers with respect to any and all damage, loss, liability and reasonable expense ("Condition Losses"); provided however, that the exception set forth in this Section 8.1(a)(iv) shall apply only in the case where (A) the failure of the applicable condition results in Condition Losses which are capable of being adequately recompensed by the payment of money and (B) the amount of any such Condition Losses, in the aggregate, does not exceed an amount equal to $5,000,000. In the absence of fraud or willful misconduct on the part of any member of the Seller Group or Holdings, or any of their respective officers, directors, employees or agents in connection with the negotiation, execution or delivery of this Agreement or the consummation of the transactions contemplated hereby, the remedy contained in this Section 8.1(a)(iv) shall constitute the sole and exclusive remedy of the Purchasers with respect to any failure of the conditions to the obligations of the Purchasers to consummate the Closing contained in Section 6.3 to be satisfied as of the Closing Date and, without limitation, the Purchasers shall have no right to indemnification pursuant to Article VIII for any Condition Losses incurred as a result of such breach or failure; provided, that Itron has consented to the payment of such Condition Loss and the amount of money offered by STC therefor, which consent shall not be unreasonably withheld or delayed, and STC has paid such amount to Itron.

(b) In the event of the termination and abandonment of this Agreement pursuant to Section 8.1(a), this Agreement shall forthwith become void and have no effect (except that the Confidentiality Agreement shall remain in full force and effect) without any liability on the part of any party hereto or its Affiliates, directors, officers or stockholders.

Nothing contained in this Section 8.1(b) shall relieve any party from liability for any breach of this Agreement.

8.2 Notices. All notices, requests, claims, demands and other communications given shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by facsimile if followed up in a writing as provided under this Section 8.2, by registered or certified mail (postage paid, return receipt requested), or by a nationally recognized overnight courier to the parties at the following addresses (or at such other addresses as shall be specified by the parties by like notice):

(a) if to the Purchasers or the Company following the Closing Date:

ITRON, INC.
2818 North Sullivan Road
Spokane, WA 99216
Attention: David G. Remington, VP and CFO
Telecopy: (509) 891-3334

with a copy to:

Perkins Coie LLP
1201 Third Avenue, Suite 4800
Seattle, Washington 98101
Attention: Andrew Bor
Telecopy: (206) 583-8500

(b) if to STC (or the Company on or prior to the Closing Date):

SCHLUMBERGER TECHNOLOGY CORPORATION
c/o Schlumberger Limited
153 East 53rd Street
57th Floor
New York, NY 10022-4624
Attn: General Counsel
Telecopy: (212) 350-9401

with a copy to:

Gibson, Dunn & Crutcher LLP
200 Park Avenue
New York, New York 10166
Attention: Barbara L. Becker, Esq.
Telecopy: (212) 351-4035

(c) if to Holdings, the Joint Venture or the Non-U.S. Seller Group:

SCHLUMBERGER B.V.
Parkstraat 83-89
2514 JG The Hague
The Netherlands
Attn: President
Contact Attorney

with a copy to:

Gibson, Dunn & Crutcher LLP
166 rue du faubourg Saint-Honoré
7800 Paris
France
Attention: Frederique Sauvage
Telecopy: 33 1 56 43 1300

8.3 Validity. If any provision of this Agreement or the application thereof to any Person or circumstance is held invalid or unenforceable, the remainder of this Agreement and the application of such provision to other Persons or circumstances shall not be affected thereby; provided such invalidity or unenforceability does not materially and adversely affect the rights or benefits of either party under this Agreement and to such end the provisions of this Agreement are severable.

8.4 Execution in Counterparts; Facsimile Signatures. This Agreement may be executed in two or more counterparts, each of which shall be considered an original instrument, but all of which shall be considered one and the same agreement, and shall become binding when one or more counterparts have been signed by each of the parties and delivered to each of the Company, STC, BVI, each member of the Non-U.S. Seller Group and the Purchasers. Facsimile signatures shall be treated as originals to the extent the sender can show that such facsimile was actually transmitted.

8.5 Governing Law; Waiver of Trial by Jury. THIS AGREEMENT, AND ALL DISPUTES, CONTROVERSIES OR CLAIMS (COLLECTIVELY, "CLAIMS") ARISING OUT OF OR RELATING TO THIS AGREEMENT OR A BREACH HEREOF, SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, EXCLUDING ITS CONFLICTS OF LAWS PROVISIONS. NO CLAIM MAY BE COMMENCED, PROSECUTED OR CONTINUED IN ANY COURT OTHER THAN THE STATE OR FEDERAL COURTS IN THE UNITED STATES OF AMERICA. EACH OF THE PARTIES HERETO WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY CLAIM (WHETHER BASED UPON CONTRACT, TORT OR OTHERWISE).

8.6 Parties in Interest. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person any rights, benefits or remedies of any nature whatsoever.

8.7 Expenses. Each of the parties hereto will bear all legal, accounting, investment banking and other expenses incurred by it or on its behalf in connection with the transactions contemplated by this Agreement, whether or not such transactions are consummated.

8.8 No Implied Representation; Survival. Notwithstanding anything contained in this Agreement to the contrary, it is the explicit intent of each party hereto that the Company, STC, Holdings, the Non-U.S. Seller Group and the Purchasers are making no representation or warranty whatsoever, express or implied, beyond those expressly given in this Agreement. The representations and warranties contained in Article III and the covenants contained in Article VI that by their terms contemplate performance after the Closing Date shall survive until the date that is 12 months after the Closing Date; provided, however, that the representations and warranties contained in Section 3.6 and Section 3.11 and the covenant in Section 7.3 shall survive until the expiration of the applicable statute of limitations plus ninety (90) days. The other covenants and agreements contained in this Agreement that contemplate performance after the Closing, including the other covenants contained in Articles V and VII, shall survive the Closing and shall continue until all obligations with respect thereto shall have been performed or satisfied or shall have been terminated in accordance with their terms.

8.9 Titles and Headings. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

8.10 Schedules and Exhibits. The schedules and exhibits referred to in this Agreement shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. To the extent any information required to be furnished in any section of the Schedule is contained in this Agreement or disclosed in any section of the Schedule, such information shall be deemed to be included in all sections of the Schedule in which the information is required to be included to the extent that such disclosure is reasonably apparent on its face. The inclusion of any information in any section of the Schedule shall not be deemed to be an admission or acknowledgment by the Seller Group or Holdings, in and of itself, that such information is required by the terms hereof to be disclosed or is material to or outside the ordinary course of the business of the Seller Group.

8.11 Assignment. This Agreement (including the exhibits and schedules), the Ancillary Agreements and the Confidentiality Agreement shall not be assigned by operation of law or otherwise, except by written consent of all of the parties hereto.

8.12 Entire Agreement; Amendments; Extension; Waiver. This Agreement, including the schedules and exhibits, and the Ancillary Agreements contain the entire understanding of the parties hereto with regard to the subject matter contained herein and therein and supersede all other prior agreements and understandings both written and oral between the parties with respect to the subject matter hereof and thereof. If any conflict exists between the terms of this Agreement and the terms of any Ancillary Agreement (other than the Supplemental Agreement), the terms of this Agreement shall govern and control. The parties hereto, namely, the Company, STC, Schlumberger Canada, Schlumberger France, BVI, Holdings, Itron, Itron Canada and Itron France, by mutual agreement in writing, may amend, modify and supplement this Agreement. Any purported amendment that does not comply with the foregoing shall be null and void.

8.13 Specific Performance. The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder, including its failure to take all actions as are necessary on its part for the consummation of the transactions contemplated hereby and the failure to perform the covenants contained in Article V, will cause irreparable injury to the other party, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the other party's right to seek the issuance of injunctive relief by any court of competent jurisdiction to compel performance of such party's obligations and to the granting by any court of the remedy of specific performance of its obligations hereunder.

8.14 Bulk Transfer Laws. The Purchasers acknowledge and agree that the Non-U.S. Affiliates will not comply with the provisions of any bulk transfer laws of any jurisdiction in connection with the transactions contemplated by this Agreement.

8.15 WARN Act. The Purchasers represent and warrant to the Seller Group that the Purchasers will continue to operate the Business for the period immediately following the Closing Date and the Purchasers shall be solely liable for any and all Liabilities arising under the WARN Act and applicable Canadian federal and provincial Laws with respect to the consummation of the transactions contemplated by this Agreement. The Purchasers shall comply with all requirements of the WARN Act and applicable Canadian federal and provincial Laws in connection with any discharge or lay off of employees of the Business employed in the Business effected after the Closing Date.

8.16 Amendment. From and after the date hereof, any reference to the Original Purchase Agreement shall be deemed to mean this Agreement or the Original Purchase Agreement, as amended and restated in its entirety hereby and any reference to the disclosure schedules attached to the Original Purchase Agreement shall be deemed to mean the Disclosure Schedules as defined herein and attached hereto.

(signatures on next page)

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

THE COMPANY

SCHLUMBERGER ELECTRICITY, INC., a
Delaware corporation

By: /s/ Malcolm Unsworth

Name: Malcolm Unsworth
Title: President

STC

SCHLUMBERGER TECHNOLOGY
CORPORATION, a Texas corporation

By: /s/ Jurren Schoonbeek

Name: Jurren Schoonbeek
Title: Attorney-In-Fact

THE NON-U.S. SELLER GROUP

SCHLUMBERGER CANADA LIMITED, an
Ontario corporation

By: /s/ Murray Atchison

Name: Murray Atchison
Title: Vice President

AXALTO S.A., a French corporation

By: /s/ Patrick P. Mouchart

Name: Patrick P. Mouchart
Title: Managing Director

BVI

BVI HOLDINGS LIMITED, a British Virgin Islands company

By: /s/ Clive P. Eckersley

Name: Clive P. Eckersley
Title: Vice President

HOLDINGS

SCHLUMBERGER B.V., a Netherlands company

By: /s/ Abraham Rutger Verburg

Name: Abraham Rutger Verburg
Title: Director

SCHLUMBERGER DISTRIBUCION S.A. de C.V.

SCHLUMBERGER Distribucion S.A. de C.V., a Mexican company

By: /s/ Alberto Calderon Quezada

Name: Alberto Calderon Quezada
Title: Attorney-In-Fact

SCHLUMBERGER SERVICIOS S.A. de C.V.

SCHLUMBERGER Servicios S.A. de C.V., a Mexican company

By: /s/ Alberto Calderon Quezada

Name: Alberto Calderon Quezada
Title: Attorney-In-Fact

THE PURCHASERS

ITRON, INC., a Washington corporation

By: /s/ David G. Remington

Name: David G. Remington
Title: VP & CFO

ITRON CANADA, INC., a Canadian corporation

By: /s/ David G. Remington

Name: David G. Remington
Title: VP & CFO

ITRON FRANCE, a French corporation

By: /s/ David G. Remington

Name: David G. Remington
Title: VP & CFO

EXHIBIT 4.1

EXECUTION COPY

$240,000,000

CREDIT AGREEMENT

among

ITRON, INC.,

as Borrower,

The Several Lenders

from Time to Time Parties Hereto,

BEAR STEARNS CORPORATE LENDING INC.,

as Syndication Agent,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,

as Administrative Agent

Dated as of December 17, 2003

BEAR, STEARNS & CO. INC., as Sole Lead Arranger and Sole Bookrunner

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CREDIT AGREEMENT, dated as of December 17, 2003, among ITRON, Inc., a Washington corporation (the "Borrower"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "Lenders"), BEAR, STEARNS & CO. INC., as sole lead arranger and sole bookrunner (in such capacity, the "Lead Arranger"), BEAR STEARNS CORPORATE LENDING INC., as syndication agent (in such capacity, the "Syndication Agent"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to the Acquisition Agreement (defined below), the Borrower has agreed to acquire the Schlumberger Business through the purchase of 100% of the outstanding capital stock of Schlumberger Electricity, Inc., a Delaware corporation ("SEI"), 51% of the stock of Walsin Schlumberger Electricity Measurement Corporation, a corporation organized and existing under the laws of Taiwan, Republic of China (the "Joint Venture") and certain assets owned by certain foreign affiliates of SEI (the "SEI Acquisition");

WHEREAS, the Borrower has requested that the Lenders make credit facilities available to the Borrower in order to finance the Acquisition and for other purposes set forth herein;

WHEREAS, the Lenders are willing to make such credit facilities available upon and subject to the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and the agreements hereinafter set forth, the parties hereto hereby agree as follows:

SECTION 1. DEFINITIONS

1.1. Defined Terms. As used in this Agreement, the terms listed in this Section 1.1 shall have the respective meanings set forth in this Section 1.1.

"Acquisition": the SEI Acquisition and the JV Acquisition.

"Acquisition Agreement": the Purchase Agreement, dated as of July 16, 2003, by and among the Borrower, Schlumberger Technology Corporation, a Texas corporation, SEI and the other parties signatory thereto.

"Acquisition Documentation": collectively, the Acquisition Agreement and all schedules, exhibits and annexes thereto and all side letters and agreements affecting the terms thereof or entered into in connection therewith.

"Addendum": an instrument, substantially in the form of Exhibit I, by which a Lender becomes a party to this Agreement as of the Closing Date.

"Adjustment Date": as defined in the Pricing Grid.

"Administrative Agent": as defined in the preamble to this Agreement.

"Affiliate": as to any Person, any other Person that, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. For purposes of this definition, "control" of a Person means the power, directly or indirectly, either to (a) direct or cause the direction of the management and policies of such Person, whether by contract or otherwise or (b) alternatively with respect to the use of "Affiliate" in Section 8.10 only, to vote 15% or more of the securities having ordinary voting power for the election of directors (or persons performing similar functions) of such Person.

"Agents": the collective reference to the Syndication Agent, the Documentation Agent, the Lead Arranger and the Administrative Agent, which term shall include, for purposes of Section 10 only, the Issuing Lender.

"Aggregate Exposure": with respect to any Lender at any time, an amount equal to (a) until the Closing Date, the aggregate amount of such Lender's Commitments at such time and (b) thereafter, the sum of (i) the aggregate then unpaid principal amount of such Lender's Term Loans and (ii) the amount of such Lender's Revolving Commitment then in effect or, if the Revolving Commitments have been terminated, the amount of such Lender's Revolving Extensions of Credit then outstanding.

"Aggregate Exposure Percentage": with respect to any Lender at any time, the ratio (expressed as a percentage) of such Lender's Aggregate Exposure at such time to the Aggregate Exposure of all Lenders at such time.

"Agreement": this Credit Agreement.

"Agreement Execution Date": December 17, 2003.

"Applicable Margin": for each Type of Loan, the rate per annum set forth under the relevant column heading below:

	Eurodollar Loans	Base Rate Loans
Revolving Loans and Swingline Loans	2.75%	1.75%
Tranche B Term Loans	2.25%	1.25%

; provided, that, on and after the first Adjustment Date (as defined in the Pricing Grid) occurring after the completion of two full fiscal quarters of the Borrower after the Closing Date, (a) the Applicable Margin with respect to Revolving Loans and Swingline Loans will be determined pursuant to the Pricing Grid and (b) the Applicable Margin with respect to the Tranche B Term Loans shall be adjusted to 2.00% with respect to Eurodollar Loans and 1.00% with respect to Base Rate Loans (i) on such Adjustment Date and (ii) on any subsequent Adjustment Date, in each case, if the financial statements relating to such Adjustment Date demonstrate that the Consolidated Leverage Ratio is less than 2.00 to 1.00, with such adjustment to become effective on the date that is three Business Days after the date on which the relevant financial statements are delivered to the Lenders pursuant to Section 7.1 and to remain in effect until the next adjustment and (c) the Commitment Fee Rate shall be adjusted to 0.375% (i) on

such Adjustment Date and (ii) on any subsequent Adjustment Date, in each case, if the financial statements relating to such Adjustment Date demonstrate that the Consolidated Leverage Ratio is less than 2.75 to 1.00, with such adjustment to become effective on the date that is three Business Days after the date on which the relevant financial statements are delivered to the Lenders pursuant to Section 7.1 and to remain in effect until the next adjustment. If any financial statements referred to above are not delivered within the time periods specified in Section 7.1, then, until the date that is three Business Days after the date on which such financial statements are delivered, the Applicable Margin with respect to the Trance B Term Loans shall be 2.25% with respect to Eurodollar Loans and 1.25% with respect to Base Rate Loans and the Commitment Fee Rate shall be 0.50%.

"Application": an application, in such form as the Issuing Lender may specify from time to time, requesting the Issuing Lender to open a Letter of Credit.

"Approved Fund": (a) a CLO and (b) with respect to any Lender that is a fund which invests in commercial loans, any other fund that invests in commercial loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"Asset Sale": any Disposition of Property or series of related Dispositions of Property (excluding any such Disposition permitted by clause (a), (b), (c), (d), (e) or (f) of Section 8.5) that yields gross proceeds to any Group Member (valued at the initial principal amount thereof in the case of non-cash proceeds consisting of notes or other debt securities and valued at fair market value in the case of other non-cash proceeds) in excess of $1,000,000.

"Assignee": as defined in Section 11.6(b).

"Assignment and Assumption": an Assignment and Assumption, substantially in the form of Exhibit E.

"Available Revolving Commitment": as to any Revolving Lender at any time, an amount equal to the excess, if any, of (a) such Lender's Revolving Commitment then in effect over (b) such Lender's Revolving Extensions of Credit then outstanding; provided that, in calculating any Lender's Revolving Extensions of Credit for the purpose of determining such Lender's Available Revolving Commitment pursuant to Section 3.5, the aggregate principal amount of Swingline Loans then outstanding shall be deemed to be zero.

"Base Rate": for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greater of (a) the Prime Rate in effect on such day and (b) the Federal Funds Effective Rate in effect on such day plus 0.50%. For purposes hereof: "Prime Rate" shall mean the rate of interest per annum publicly announced from time to time by the Reference Lender as its prime rate in effect at its principal office in San Francisco (the Prime Rate not being intended to be the lowest rate of interest charged by the Reference Lender in connection with extensions of credit to debtors). Any change in the Base Rate due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"Base Rate Loans": Loans the rate of interest applicable to which is based upon the Base Rate.

"Benefited Lender": as defined in Section 11.7(a).

"Board": the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Borrower": as defined in the preamble to this Agreement.

"Borrower ECF Amount": with respect to any fiscal year of the Borrower commencing after December 31, 2003, 100% less the ECF Percentage for such fiscal year times the Excess Cash Flow with respect to such fiscal year.

"Borrowing Date": any Business Day specified by the Borrower as a date on which the Borrower requests the relevant Lenders to make Loans hereunder.

"Business": as defined in Section 5.17(b).

"Business Day": a day other than a Saturday, Sunday or other day on which commercial banks in New York or San Francisco are authorized or required by law to close, provided, that with respect to notices and determinations in connection with, and payments of principal and interest on, Eurodollar Loans, such day is also a day for trading by and between banks in Dollar deposits in the interbank eurodollar market.

"Capital Expenditures": for any period, with respect to any Person, the aggregate of all expenditures by such Person and its Subsidiaries for the acquisition or leasing (pursuant to a capital lease) of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) that should be capitalized under GAAP on a consolidated balance sheet of such Person and its Subsidiaries. The amount of any Capital Expenditure with respect to any capital lease shall be equal to the initial capitalized value.

"Capital Lease Obligations": as to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP and, for the purposes of this Agreement, the amount of such obligations at any time shall be the capitalized amount thereof at such time determined in accordance with GAAP.

"Capital Stock": any and all shares, interests, participations or other equivalents (however designated) of capital stock of a corporation, any and all equivalent ownership interests in a Person (other than a corporation) and any and all warrants, rights or options to purchase any of the foregoing.

"Cash Equivalents": (a) marketable direct obligations issued by, or unconditionally guaranteed by, the United States government or issued by any agency thereof and backed by the full faith and credit of the United States, in each case maturing within fifteen months from the date of acquisition; (b) certificates of deposit, time deposits, eurodollar time

deposits or overnight bank deposits having maturities of fifteen months or less from the date of acquisition issued by any Lender or by any commercial bank organized under the laws of the United States or any state thereof having combined capital and surplus of not less than $500,000,000; (c) commercial paper of an issuer rated at least A-1 by Standard & Poor's Ratings Services ("S&P") or P-1 by Moody's Investors Service, Inc. ("Moody's"), or carrying an equivalent rating by a nationally recognized rating agency, if both of the two named rating agencies cease publishing ratings of commercial paper issuers generally, and maturing within fifteen months from the date of acquisition; (d) repurchase obligations of any Lender or of any commercial bank satisfying the requirements of clause (b) of this definition, having a term of not more than 30 days, with respect to securities issued or fully guaranteed or insured by the United States government; (e) securities with maturities of fifteen months or less from the date of acquisition issued or fully guaranteed by any state, commonwealth or territory of the United States, by any political subdivision or taxing authority of any such state, commonwealth or territory or by any foreign government, the securities of which state, commonwealth, territory, political subdivision, taxing authority or foreign government (as the case may be) are rated at least A by S&P or A by Moody's; (f) securities with maturities of fifteen months or less from the date of acquisition backed by standby letters of credit issued by any Lender or any commercial bank satisfying the requirements of clause (b) of this definition; or (g) shares of money market mutual or similar funds which invest exclusively in assets satisfying the requirements of clauses (a) through (f) of this definition or money market funds that (i) comply with the criteria set forth in Securities and Exchange Commission Rule 2a-7 under the Investment Company Act of 1940, as amended, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $500,000,000.

"CLO": any entity (whether a corporation, partnership, trust or otherwise) that is engaged in making, purchasing, holding or otherwise investing in bank loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or an affiliate of such Lender.

"Closing Date": the date on which the conditions precedent set forth in Section 6.1 shall have been satisfied or waived in accordance with Section 11.1.

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

"Collateral": all property of the Loan Parties, now owned or hereafter acquired, upon which a Lien is purported to be created by any Security Document.

"Commitment": as to any Lender, the sum of the Tranche B Term Commitment and the Revolving Commitment of such Lender.

"Commitment Fee Rate": 0.50% per annum; provided that, on and after the first Adjustment Date occurring after the completion of two full fiscal quarters of the Borrower after the Closing Date, the Commitment Fee Rate will be determined pursuant to the definition of Applicable Margin.

"Commonly Controlled Entity": an entity, whether or not incorporated, that is under common control with the Borrower within the meaning of Section 4001 of ERISA or is part of a group that includes the Borrower and that is treated as a single employer under Section 414 of the Code.

"Compliance Certificate": a certificate duly executed by a Responsible Officer substantially in the form of Exhibit B.

"Conduit Lender": any special purpose entity organized and administered by any Lender for the purpose of making Loans otherwise required to be made by such Lender and designated by such Lender in a written instrument, subject to the consent of the Administrative Agent and the Borrower (which consent shall not be unreasonably withheld); provided, that the designation by any Lender of a Conduit Lender shall not relieve the designating Lender of any of its obligations to fund a Loan under this Agreement if, for any reason, its Conduit Lender fails to fund any such Loan, and the designating Lender (and not the Conduit Lender) shall have the sole right and responsibility to deliver all consents and waivers required or requested under this Agreement with respect to its Conduit Lender, and provided, further, that no Conduit Lender shall (a) be entitled to receive any greater amount pursuant to Section 4.9, 4.10, 4.11 or 11.5 than the designating Lender would have been entitled to receive in respect of the extensions of credit made by such Conduit Lender or (b) be deemed to have any Commitment.

"Confidential Information Memorandum": the Confidential Information Memorandum dated October 2003 and furnished to the Lenders.

"Consolidated Current Assets": at any date, all amounts (other than cash and Cash Equivalents) that would, in conformity with GAAP, be set forth opposite the caption "total current assets" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date.

"Consolidated Current Liabilities": at any date, all amounts that would, in conformity with GAAP, be set forth opposite the caption "total current liabilities" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries at such date, but excluding (a) the current portion of any Funded Debt of the Borrower and its Subsidiaries and (b) without duplication of clause (a) above, all Indebtedness consisting of Revolving Loans or Swingline Loans to the extent otherwise included therein.

"Consolidated EBITDA": for any period, Consolidated Net Income for such period plus, without duplication and to the extent reflected as a charge in the statement of such Consolidated Net Income for such period, the sum of (a) income tax provision, (b) interest expense, amortization or write-off of debt discount and debt issuance costs and commissions, discounts and other fees and charges associated with Indebtedness (including the Loans), (c) depreciation and amortization expense, (d) amortization of intangibles and organization costs, (e) any extraordinary charges or losses determined in accordance with GAAP, (f) non-cash compensation expenses arising from the issuance of stock, options to purchase stock and stock appreciation rights to the management of the Borrower, and (g) any other noncash charges (including, but not limited to, goodwill writedowns), noncash expenses or noncash losses of the Borrower or any of its Subsidiaries for such period (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of or a reserve for cash charges for any future period), provided, however, that cash payments made in such period or in

any future period in respect of such noncash charges, expenses or losses (excluding any such charge, expense or loss incurred in the ordinary course of business that constitutes an accrual of or a reserve for cash charges for any future period) shall be subtracted from Consolidated Net Income in calculating Consolidated EBITDA in the period when such payments are made, and minus, to the extent included in the statement of such Consolidated Net Income for such period, the sum of (a) interest income, (b) any extraordinary income or gains determined in accordance with GAAP and (c) any other non-cash income (excluding any items that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period that are described in the parenthetical to clause (g) above), all as determined on a consolidated basis. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each, a "Reference Period") pursuant to any determination of the Consolidated Leverage Ratio and the Consolidated Senior Debt Ratio, (i) if at any time during such Reference Period the Borrower or any Subsidiary shall have made any Material Disposition, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period and (ii) if during such Reference Period the Borrower or any Subsidiary shall have made a Material Acquisition, Consolidated EBITDA for such Reference Period shall be calculated after giving pro forma effect thereto as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property that (a) constitutes assets comprising all or substantially all of an operating unit of a business or constitutes all or substantially all of the common stock of a Person and (b) involves the payment of consideration by the Borrower and its Subsidiaries in excess of $1,000,000; and "Material Disposition" means any Disposition of property or series of related Dispositions of property that yields gross proceeds to the Borrower or any of its Subsidiaries in excess of $1,000,000.

"Consolidated Fixed Charge Coverage Ratio": for any period of four consecutive fiscal quarters, the ratio of (a) Consolidated EBITDA for such period (less the aggregate amount paid by the Borrower and its Subsidiaries during such period on account of Capital Expenditures (excluding Capital Expenditures financed by Indebtedness incurred during such period specifically to finance such expenditures)) to (b) Consolidated Fixed Charges for such period. For purposes of this definition, the aggregate amount paid by the Borrower and its Subsidiaries on account of Capital Expenditures for the first, second and third Specified Fiscal Quarters shall respectively be deemed equal to (a) for the first Specified Fiscal Quarter, four times the aggregate amount paid by the Borrower and its Subsidiaries on account of Capital Expenditures with respect to the first Specified Fiscal Quarter, (b) for the second Specified Fiscal Quarter, two times the sum of the aggregate amount paid by the Borrower and its Subsidiaries on account of Capital Expenditures for the first and second Specified Fiscal Quarters, and (c) for the third Specified Fiscal Quarter, 4/3 times the sum of the aggregate amount paid by the Borrower and its Subsidiaries on account of Capital Expenditures for the first, second and third Specified Fiscal Quarters

"Consolidated Fixed Charges": for any period, the sum (without duplication) of (a) Consolidated Interest Expense for such period, (b) the cash taxes payable portion of the GAAP provision for income taxes made by the Borrower and its Subsidiaries on a consolidated

basis as of the last day of such period (such amount, the "Cash Income Tax Amount"), and (c) scheduled payments made during such period on account of principal of Indebtedness of the Borrower or any of its Subsidiaries (including scheduled principal payments in respect of the Term Loans pursuant to Section 2.3); provided that for any period of four consecutive fiscal quarters ending on the last day of a Specified Fiscal Quarter, for purposes of this definition (i) the Cash Income Tax Amount for the first, second and third Specified Fiscal Quarters shall respectively be deemed equal to (a) for the first Specified Fiscal Quarter, four times the Cash Income Tax Amount with respect to the first Specified Fiscal Quarter, (b) for the second Specified Fiscal Quarter, two times the sum of the Cash Income Tax Amounts for the first and second Specified Fiscal Quarters, and (c) for the third Specified Fiscal Quarter, 4/3 times the sum of the Cash Income Tax Amounts for the first, second and third Specified Fiscal Quarters and (ii) scheduled payments on account of principal of Indebtedness for the first, second and third Specified Fiscal Quarters shall respectively be deemed equal to (a) for the first Specified Fiscal Quarter, four times the scheduled payments on account of principal of Indebtedness with respect to the first Specified Fiscal Quarter, (b) for the second Specified Fiscal Quarter, two times the sum of the scheduled payments on account of principal of Indebtedness for the first and second Specified Fiscal Quarters, and (c) for the third Specified Fiscal Quarter, 4/3 times the sum of the scheduled payments on account of principal of Indebtedness for the first, second and third Specified Fiscal Quarters.

"Consolidated Interest Coverage Ratio": for any period of four consecutive fiscal quarters, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"Consolidated Interest Expense": for any period, total cash interest expense (including that attributable to Capital Lease Obligations) of the Borrower and its Subsidiaries for such period with respect to all outstanding Indebtedness of the Borrower and its Subsidiaries (including all commissions, discounts and other fees and charges owed with respect to letters of credit and bankers' acceptance financing and net costs under Hedge Agreements in respect of interest rates to the extent such net costs are allocable to such period in accordance with GAAP); provided that for any period of four consecutive fiscal quarters ending on the last day of any Specified Fiscal Quarter, for purposes of this definition, Consolidated Interest Expense for the first, second and third Specified Fiscal Quarters shall respectively be deemed equal to (a) for the first Specified Fiscal Quarter, four times Consolidated Interest Expense with respect to the first Specified Fiscal Quarter, (b) for the second Specified Fiscal Quarter, two times the sum of Consolidated Interest Expense for the first and second Specified Fiscal Quarters, and (c) for the third Specified Fiscal Quarter, 4/3 times the sum of Consolidated Interest Expense for the first, second and third Specified Fiscal Quarters.

"Consolidated Leverage Ratio": as of the last day of any period of four consecutive fiscal quarters, the ratio of (a) Consolidated Total Debt on such day to (b) Consolidated EBITDA for such period.

"Consolidated Net Income": for any period, the consolidated net income (or loss) of the Borrower and its Subsidiaries, determined on a consolidated basis in accordance with GAAP; provided that there shall be excluded (a) the income (or deficit) of any Person accrued prior to the date it becomes a Subsidiary of the Borrower or is merged into or consolidated with

the Borrower or any of its Subsidiaries, (b) the income (or deficit) of any Person (other than a Subsidiary of the Borrower) in which the Borrower or any of its Subsidiaries has an ownership interest, except to the extent that any such income is actually received by the Borrower or such Subsidiary in the form of dividends or similar distributions, (c) the income (or deficit) of any Outsourcing Project Subsidiary if such Outsourcing Project Subsidiary is in default under its Outsourcing Project Indebtedness, and (d) the undistributed earnings of any Subsidiary of the Borrower (other than an Outsourcing Project Subsidiary) to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary is not at the time permitted by the terms of any Contractual Obligation (other than under any Loan Document) or Requirement of Law applicable to such Subsidiary.

"Consolidated Senior Debt": all Consolidated Total Debt other than the Senior Subordinated Notes (and/or any refinancing of the Senior Subordinated Notes permitted by Section 8.2(f)) and any subordinated Indebtedness incurred pursuant to Section 8.2(i).

"Consolidated Senior Debt Ratio": as of the last day of any period of four consecutive fiscal quarters, the ratio of (a) Consolidated Senior Debt on such day to (b) Consolidated EBITDA for such period.

"Consolidated Total Debt": at any date, the aggregate principal amount of all Indebtedness of the Borrower and its Subsidiaries at such date that would be classified a liability on the consolidated balance sheet of the Borrower, determined in accordance with GAAP.

"Consolidated Working Capital": at any date, Consolidated Current Assets on such date less Consolidated Current Liabilities on such date.

"Continuing Directors": the directors of the Borrower on the Closing Date, after giving effect to the Acquisition and the other transactions contemplated hereby, and each other director, if, in each case, such other director's nomination for election to the board of directors of the Borrower is recommended by at least 50% of the then Continuing Directors.

"Contractual Obligation": as to any Person, any provision of any security issued by such Person or of any agreement, instrument or other undertaking to which such Person is a party or by which it or any of its property is bound.

"Default": any of the events specified in Section 9, whether or not any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Disposition": with respect to any Property, any sale, lease, sale and leaseback, assignment, conveyance, transfer or other disposition thereof. The terms "Dispose" and "Disposed of" shall have correlative meanings.

"Dollars" and "$": dollars in lawful currency of the United States.

"Domestic Subsidiary": any Subsidiary of the Borrower organized under the laws of any jurisdiction within the United States.

"ECF Percentage": with respect to any fiscal year of the Borrower, 75%; provided, that the ECF Percentage for any fiscal year shall be reduced to 50% if the Consolidated Leverage Ratio as of the last day of such fiscal year is not greater than 2.50 to 1.00.

"Environmental Laws": any and all foreign, Federal, state, local or municipal laws, rules, orders, regulations, statutes, ordinances, codes, decrees, requirements of any Governmental Authority or other Requirements of Law (including common law) regulating, relating to or imposing liability or standards of conduct concerning protection of human health or the environment, as now or may at any time hereafter be in effect.

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

"Eurocurrency Reserve Requirements": for any day as applied to a Eurodollar Loan, the aggregate (without duplication) of the maximum rates (expressed as a decimal fraction) of reserve requirements in effect on such day (including basic, supplemental, marginal and emergency reserves under any regulations of the Board or other Governmental Authority having jurisdiction with respect thereto) dealing with reserve requirements prescribed for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board) maintained by a member bank of the Federal Reserve System.

"Eurodollar Base Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, the rate per annum determined on the basis of the rate for deposits in Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on Page 3750 of the Telerate screen as of 11:00 A.M., London time, two Business Days prior to the beginning of such Interest Period. In the event that such rate does not appear on Page 3750 of the Telerate screen (or otherwise on such screen), the "Eurodollar Base Rate" shall be determined by reference to such other comparable publicly available service for displaying eurodollar rates as may be selected by the Administrative Agent or, in the absence of such availability, by reference to the rate at which the Administrative Agent is offered Dollar deposits at or about 11:00 A.M., San Francisco time, two Business Days prior to the beginning of such Interest Period in the interbank eurodollar market where its eurodollar and foreign currency and exchange operations are then being conducted for delivery on the first day of such Interest Period for the number of days comprised therein.

"Eurodollar Loans": Loans the rate of interest applicable to which is based upon the Eurodollar Rate.

"Eurodollar Rate": with respect to each day during each Interest Period pertaining to a Eurodollar Loan, a rate per annum determined for such day in accordance with the following formula (rounded upward to the nearest 1/100th of 1%):

$$\frac{\text{Eurodollar Base Rate}}{1.00 - \text{Eurocurrency Reserve Requirements}}$$

"Eurodollar Tranche": the collective reference to Eurodollar Loans under a particular Facility, the then current Interest Periods with respect to all of which begin on the same date and end on the same later date (whether or not such Loans shall originally have been made on the same day).

"Event of Default": any of the events specified in Section 9, provided that any requirement for the giving of notice, the lapse of time, or both, has been satisfied.

"Excess Cash Flow": for any fiscal year of the Borrower, (a) the sum, without duplication, of (i) Consolidated Net Income for such fiscal year, (ii) the amount of all non-cash charges (including depreciation and amortization) deducted in arriving at such Consolidated Net Income, (iii) decreases in Consolidated Working Capital for such fiscal year, and (iv) the aggregate net amount of non-cash losses on the Disposition of Property by the Borrower and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent deducted in arriving at such Consolidated Net Income less (b) the sum, without duplication, of (i) the amount of all non-cash credits included in arriving at such Consolidated Net Income, (ii) the aggregate amount actually paid by the Borrower and its Subsidiaries in cash during such fiscal year on account of Capital Expenditures (excluding the principal amount of Indebtedness incurred to finance such expenditures (but including repayments of any such Indebtedness incurring during such period) and any such expenditures financed with the proceeds of any Reinvestment Deferred Amount), (iii) the aggregate amount of all prepayments of Revolving Loans and Swingline Loans during such fiscal year to the extent accompanying permanent optional reductions of the Revolving Commitments and all optional prepayments of the Term Loans during such fiscal year, (iv) the aggregate amount of all regularly scheduled principal payments of Funded Debt (including the Term Loans) of the Borrower and its Subsidiaries made during such fiscal year (other than in respect of any revolving credit facility to the extent there is not an equivalent permanent reduction in commitments thereunder), (v) increases in Consolidated Working Capital for such fiscal year, and (vi) the aggregate net amount of non-cash gain on the Disposition of Property by the Borrower and its Subsidiaries during such fiscal year (other than sales of inventory in the ordinary course of business), to the extent included in arriving at such Consolidated Net Income.

"Excess Cash Flow Application Date": as defined in Section 4.2(c).

"Excluded Foreign Subsidiary": on any date of determination, any Foreign Subsidiary that if aggregated with all other Foreign Subsidiaries which are not Guarantors, as of the last day of most recently completed fiscal quarter of the Borrower would have, either (x) total assets (excluding intercompany Indebtedness owing from the Borrower or any Subsidiary thereof) with a book value equal to 5% or less of the total assets (excluding intercompany Indebtedness) of the Borrower and its Subsidiaries, on a consolidated basis or (y) total revenue (excluding intercompany revenue) equal to 10% or less of the total revenue (excluding intercompany revenue) of the Borrower and its Subsidiaries, on a consolidated basis, in each case as determined in accordance with GAAP for the immediately preceding twelve-month period for which financial statements are available.

"Excluded Indebtedness": all Indebtedness permitted by (a) Section 8.2, except Section 8.2(i), and (b) to the extent the proceeds of such Indebtedness are used to consummate an Investment permitted by Section 8.8(m) within five Business Days of the incurrence thereof, Section 8.2(i), in each case, as in effect on the Closing Date.

"Existing Credit Facility": as defined in Section 6.1(b)(ii).

"Facility": each of (a) the Tranche B Term Commitments and the Tranche B Term Loans made thereunder (the "Tranche B Term Facility") and (b) the Revolving Commitments and the extensions of credit made thereunder (the "Revolving Facility").

"Federal Funds Effective Rate": for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day of such transactions received by the Reference Lender from three federal funds brokers of recognized standing selected by it.

"Flood Act": the National Flood Insurance Act of 1968, the Flood Disaster Protection Act of 1973 or the National Flood Insurance Reform Act of 1994 (and any amendment or successor act to any of the foregoing).

"Foreign Subsidiary": any Subsidiary of the Borrower that is not a Domestic Subsidiary.

"Funded Debt": as to any Person, all Indebtedness of such Person (including Capital Leases) that matures more than one year from the date of its creation or matures within one year from such date but is renewable or extendible, at the option of such Person, to a date more than one year from such date or arises under a revolving credit or similar agreement that obligates the lender or lenders to extend credit during a period of more than one year from such date, including all current maturities and current sinking fund payments in respect of such Indebtedness whether or not required to be paid within one year from the date of its creation and, in the case of the Borrower, Indebtedness in respect of the Loans; Funded Debt shall not include Indebtedness consisting of letters of credit to the extent that such letters of credit would not be classified as a liability on the consolidated balance sheet of such Person, determined in accordance with GAAP.

"Funding Office": the office of the Administrative Agent specified in Section 11.2 or such other office as may be specified from time to time by the Administrative Agent as its funding office by written notice to the Borrower and the Lenders.

"GAAP": generally accepted accounting principles in the United States as in effect from time to time, except that for purposes of Section 8.1, GAAP shall be determined on the basis of such principles in effect on the date hereof and consistent with those used in the preparation of the most recent audited financial statements referred to in Section 5.1(b). In the event that any Accounting Change (as defined below) shall occur and such change results in a change in the method of calculation or in the calculation of the components of financial covenants, standards or terms in this Agreement, then the Borrower and the Administrative Agent agree to enter into good faith negotiations in order to amend such provisions of this Agreement so as to equitably reflect such Accounting Changes with the desired result that the criteria for evaluating the Borrower's financial condition shall be the same after such Accounting Changes as if such Accounting Changes had not been made. Until such time as such an

amendment shall have been executed and delivered by the Borrower, Administrative Agent and the Required Lenders, all financial covenants, standards and terms in this Agreement shall continue to be calculated or construed as if such Accounting Changes had not occurred. "Accounting Changes" refers to changes in accounting principles required by the promulgation of any rule, regulation, pronouncement or opinion by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants or, if applicable, the SEC.

"Governmental Authority": any nation or government, any state or other political subdivision thereof, any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative functions of or pertaining to government, any securities exchange and any self-regulatory organization (including the National Association of Insurance Commissioners).

"Group Members": the collective reference the Borrower and its Subsidiaries.

"Guarantee and Collateral Agreement": the Guarantee and Collateral Agreement to be executed and delivered by the Borrower and each Guarantor, substantially in the form of Exhibit A.

"Guarantee Obligation": as to any Person (the "guaranteeing person"), any obligation of (a) the guaranteeing person or (b) another Person (including any bank under any letter of credit) to induce the creation of which the guaranteeing person has issued a reimbursement, counterindemnity or similar obligation, in either case guaranteeing or in effect guaranteeing any Indebtedness, leases, dividends or other obligations (the "primary obligations") of any other third Person (the "primary obligor") in any manner, whether directly or indirectly, including any obligation of the guaranteeing person, whether or not contingent, (i) to purchase any such primary obligation or any property constituting direct or indirect security therefor, (ii) to advance or supply funds (1) for the purchase or payment of any such primary obligation or (2) to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation or (iv) otherwise to assure or hold harmless the owner of any such primary obligation against loss in respect thereof; provided, however, that the term Guarantee Obligation shall not include endorsements of instruments for deposit or collection in the ordinary course of business. The amount of any Guarantee Obligation of any guaranteeing person shall be deemed to be the lower of (a) an amount equal to the stated or determinable amount of the primary obligation in respect of which such Guarantee Obligation is made and (b) the maximum amount for which such guaranteeing person may be liable pursuant to the terms of the instrument embodying such Guarantee Obligation, unless such primary obligation and the maximum amount for which such guaranteeing person may be liable are not stated or determinable, in which case the amount of such Guarantee Obligation shall be such guaranteeing person's maximum reasonably anticipated liability in respect thereof as determined by the Borrower in good faith.

"Guarantors": each Subsidiary of the Borrower other than any Excluded Foreign Subsidiary, any Tax Excluded Foreign Subsidiary and any Outsourcing Project Subsidiary so long as such Outsourcing Project Subsidiary has any Indebtedness that by its terms precludes such Outsourcing Project Subsidiary from becoming a party to the Guarantee and Collateral Agreement.

"Hedge Agreements": any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or any similar transaction or any combination of these transactions; provided that no phantom stock or similar plan providing for payments only on account of services provided by current or former directors, officers, employees or consultants of the Borrower or the Subsidiaries shall be a Hedge Agreement.

"Indebtedness": of any Person at any date, without duplication, (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person for the deferred purchase price of property or services (other than current trade payables incurred in the ordinary course of such Person's business), (c) all obligations of such Person evidenced by notes, bonds, debentures or other similar instruments, (d) all indebtedness created or arising under any conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all Capital Lease Obligations of such Person, (f) all obligations of such Person, contingent or otherwise, as an account party or applicant under or in respect of acceptances, letters of credit, surety bonds (except unsecured and unmatured reimbursement obligations in respect of surety bonds obtained in the ordinary course to secure the performance of obligations which are not Indebtedness (pursuant to the other provisions of this definition of Indebtedness)) or similar arrangements, (g) all obligations of such Person, contingent or otherwise, to purchase, redeem, retire or otherwise acquire for value any Capital Stock of such Person or any of its Affiliates, (h) all Guarantee Obligations of such Person in respect of obligations of the kind referred to in clauses (a) through (g) above, (i) all obligations of the kind referred to in clauses (a) through (h) above secured by (or for which the holder of such obligation has an existing right, contingent or otherwise, to be secured by) any Lien on property (including accounts and contract rights) owned by such Person, whether or not such Person has assumed or become liable for the payment of such obligation, and (j) for the purposes of Sections 8.2 and 9(e) only, all obligations of such Person in respect of Hedge Agreements. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness expressly provide that such Person is not liable therefor.

"Insolvency": with respect to any Multiemployer Plan, the condition that such Plan is insolvent within the meaning of Section 4245 of ERISA.

"Insolvent": pertaining to a condition of Insolvency.

"Intellectual Property": the collective reference to all rights, priorities and privileges relating to intellectual property, whether arising under United States, multinational or foreign laws or otherwise, including copyrights, copyright applications, mask works, mask work

applications, patents, patent applications, trademarks (including all goodwill relating thereto), trademark applications, trade secrets, technology, know-how and processes, licenses of or to any of the foregoing, and all rights to sue at law or in equity for any past, present or future infringement or other impairment thereof, including the right to receive all proceeds and damages therefrom.

"Intellectual Property Security Agreement": the Intellectual Property Security Agreement to be executed and delivered by each Loan Party substantially in the form of Annex III to the Guarantee and Collateral Agreement.

"Interest Payment Date": (a) as to any Base Rate Loan (other than any Swingline Loan), the last day of each March, June, September and December to occur while such Loan is outstanding and the final maturity date of such Loan, (b) as to any Eurodollar Loan having an Interest Period of three months or less, the last day of such Interest Period, (c) as to any Eurodollar Loan having an Interest Period longer than three months, each day that is three months, or a whole multiple thereof, after the first day of such Interest Period and the last day of such Interest Period, (d) as to any Loan (other than any Revolving Loan that is a Base Rate Loan and any Swingline Loan), the date of any repayment or prepayment made in respect thereof and (e) as to any Swingline Loan, the day that such Loan is required to be paid.

"Interest Period": as to any Eurodollar Loan, (a) initially, the period commencing on the borrowing or conversion date, as the case may be, with respect to such Eurodollar Loan and ending one, two, three, six or, with the consent of all Lenders holding Loans under the affected Facility, nine or twelve months thereafter, as selected by the Borrower in its notice of borrowing or notice of conversion, as the case may be, given with respect thereto; and (b) thereafter, each period commencing on the last day of the next preceding Interest Period applicable to such Eurodollar Loan and ending one, two, three, six or, with the consent of all Lenders holding Loans under the affected Facility, nine or twelve months thereafter, as selected by the Borrower by irrevocable notice to the Administrative Agent no later than 11:00 A.M., San Francisco time, on the date that is three Business Days prior to the last day of the then current Interest Period with respect thereto; provided that, all of the foregoing provisions relating to Interest Periods are subject to the following:

(i) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless the result of such extension would be to carry such Interest Period into another calendar month in which event such Interest Period shall end on the immediately preceding Business Day;

(ii) the Borrower may not select an Interest Period under a particular Facility that would extend beyond the Revolving Termination Date or beyond the date final payment is due on the Tranche B Term Loans;

(iii) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of a calendar month; and

(iv) the Borrower shall select Interest Periods so as not to require a payment or prepayment of any Eurodollar Loan during an Interest Period for such Loan.

"Investments": as defined in Section 8.8.

"Issuing Lender": Wells Fargo Bank, National Association, in its capacity as issuer of any Letter of Credit and, with respect to the Letters of Credit set forth on Schedule 3.7, the financial institutions listed as issuers thereon.

"Joint Venture": as defined in the recitals hereto.

"JV Acquisition": the acquisition of up to 49% of the outstanding capital stock of the Joint Venture from either or both of Walsin Technology Corporation and Walsin Lihwa Corporation or affiliates thereof, for a maximum amount not to exceed $500,000.

"L/C Commitment": $45,000,000.

"L/C Fee Payment Date": the last day of each March, June, September and December and the last day of the Revolving Commitment Period.

"L/C Obligations": at any time, an amount equal to the sum of (a) the aggregate then undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit that have not then been reimbursed pursuant to Section 3.11.

"L/C Participants": the collective reference to all the Revolving Lenders other than the Issuing Lender.

"Lead Arranger": as defined in the preamble to this Agreement.

"Lenders": as defined in the preamble hereto; provided, that unless the context otherwise requires, each reference herein to the Lenders shall be deemed to include any Conduit Lender.

"Letters of Credit": as defined in Section 3.7(a).

"Lien": any mortgage, pledge, hypothecation, deposit arrangement, encumbrance, lien (statutory or other), charge or other security interest or any other security agreement of any kind or nature whatsoever or any assignment, preference, priority or preferential arrangement having substantially the same practical effect as any of the foregoing (including any conditional sale or other title retention agreement and any capital lease having substantially the same economic effect as any of the foregoing).

"Loan": any loan made by any Lender pursuant to this Agreement.

"Loan Documents": this Agreement, the Security Documents and the Notes.

"Loan Parties": each Group Member that is a party to a Loan Document.

"Majority Facility Lenders": with respect to any Facility, the holders of more than 50% of the aggregate unpaid principal amount of the Term Loans or the Total Revolving Extensions of Credit, as the case may be, outstanding under such Facility (or, in the case of the Revolving Facility, prior to any termination of the Revolving Commitments, the holders of more than 50% of the Total Revolving Commitments).

"Material Adverse Effect": a material adverse effect on (a) the Transaction, (b) the business, assets, property condition (financial or otherwise), results of operations or prospects of the Borrower and its Subsidiaries taken as a whole or (c) the validity or enforceability of any material provision of this Agreement or any of the other Loan Documents or the rights and remedies of the Agent or the Lenders hereunder or thereunder or, on and after the Closing Date, the validity, perfection, or priority of the Administrative Agent's Liens upon any material portion of the Collateral.

"Materials of Environmental Concern": any gasoline or petroleum (including crude oil or any fraction thereof) or petroleum products or any hazardous or toxic substances, materials or wastes, defined or regulated as such in or under any Environmental Law, including asbestos, polychlorinated biphenyls and urea-formaldehyde insulation.

"Mortgaged Properties": the real properties listed on Schedule 1.1, as to which the Administrative Agent for the benefit of the Lenders shall be granted a Lien pursuant to the Mortgages.

"Mortgages": each of the mortgages and deeds of trust made by any Loan Party in favor of, or for the benefit of, the Administrative Agent for the benefit of the Lenders, substantially in the form of Exhibit D (with such changes thereto as shall be advisable under the law of the jurisdiction in which such mortgage or deed of trust is to be recorded).

"Multiemployer Plan": a Plan that is a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Net Cash Proceeds": (a) in connection with any Asset Sale or any Recovery Event, the proceeds thereof in the form of cash and Cash Equivalents (including any such proceeds received by way of deferred payment of principal pursuant to a note or installment receivable or purchase price adjustment receivable or by the Disposition of any non-cash consideration received in connection therewith or otherwise, but only as and when received) of such Asset Sale or Recovery Event, net of attorneys' fees, accountants' fees, investment banking fees, amounts required to be applied to the repayment of Indebtedness secured by a Lien expressly permitted hereunder on any asset that is the subject of such Asset Sale or Recovery Event (other than any Lien pursuant to a Security Document) and other customary fees and expenses actually incurred in connection therewith and net of taxes paid or reasonably estimated to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements) and (b) in connection with any issuance or sale of Capital Stock or any incurrence of Indebtedness, the cash proceeds received from such issuance or incurrence, net of attorneys' fees, investment banking fees, accountants' fees, underwriting discounts and commissions and other customary fees and expenses actually incurred in connection therewith.

"Non-Excluded Taxes": as defined in Section 4.10(a).

"Non-U.S. Lender": as defined in Section 4.10(e).

"Notes": the collective reference to any promissory note evidencing Loans.

"Obligations": the unpaid principal of and interest on (including interest accruing after the maturity of the Loans and Reimbursement Obligations and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to any Agent or to any Lender (or, in the case of Specified Hedge Agreements, any Qualified Counterparty), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, the Letters of Credit, any Specified Hedge Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to any Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise; provided, that (i) obligations of the Borrower or any Subsidiary under any Specified Hedge Agreement shall be secured and guaranteed pursuant to the Security Documents only to the extent that, and for so long as, the other Obligations are so secured and guaranteed and (ii) any release of Collateral or Guarantors effected in the manner permitted by this Agreement shall not require the consent of holders of obligations under Specified Hedge Agreements.

"Other Taxes": any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Loan Document.

"Outsourcing Project": a project under which an Outsourcing Project Subsidiary operates a meter reading system constructed by the Borrower or its Subsidiaries consisting of hardware and software within the service territory of a utility or the equivalent and enters into or succeeds to a contract with such Person for the construction or operation of the meter reading system and long-term operations and maintenance thereof for a price to be paid as output is delivered.

"Outsourcing Project Assets": with respect to any Outsourcing Project Subsidiary described in clause (a) of the definition thereof, (a) any assets employed in the operation of an Outsourcing Project which are owned by such Outsourcing Project Subsidiary, including the hardware and software components of the meter reading system that comprise the related Outsourcing Project, together with the rights to Intellectual Property and licenses necessary to operate and maintain the meter reading system, the trade and contract receivables arising from the Outsourcing Project Subsidiary's performance under the contracts relating to the Outsourcing Project, the contracts relating to the Outsourcing Project themselves and (b) the Capital Stock of such Outsourcing Project Subsidiary.

"Outsourcing Project Debt Documentation": all documentation, including any loan agreement and any security agreement, executed by any Loan Party or any Outsourcing Project Subsidiary in connection with the incurrence of any Indebtedness permitted by Section 8.2(h).

"Outsourcing Project Guarantee": with respect to any Outsourcing Project Indebtedness permitted by Section 8.2(h), an unsecured Guarantee Obligation in respect of such Outsourcing Project Indebtedness which is contingent upon either (a) the failure of the Borrower or the Outsourcing Project Subsidiary to perform its obligations under the contracts entered into with respect to the related Outsourcing Project or (b) a payment default by the Outsourcing Project Subsidiary of its obligations with respect to such Outsourcing Project Indebtedness.

"Outsourcing Project Indebtedness": Indebtedness incurred by an Outsourcing Project Subsidiary as to which (a) neither the Borrower nor any of its other Subsidiaries: (i) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) other than an Outsourcing Project Guarantee, (ii) is directly or indirectly liable as a guarantor or otherwise other than through an Outsourcing Project Guarantee, or (iii) constitutes the lender; and (b) the lenders thereof have no recourse to the stock or assets of the Borrower or any of its Subsidiaries other than the Outsourcing Project Assets and other than by enforcement of the Outsourcing Project Guarantee against the Borrower.

"Outsourcing Project Subsidiary": (a) a wholly owned special purpose Subsidiary of the Borrower formed for the purpose of obtaining financing for an Outsourcing Project and (b) any holding company whose sole asset is the Capital Stock of Outsourcing Project Subsidiaries.

"Participant": as defined in Section 11.6(c).

"PBGC": the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA (or any successor).

"Permitted Title Encumbrances": as defined in Section 6.1(p).

"Person": an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, Governmental Authority or other entity of whatever nature.

"Plan": at a particular time, any employee benefit plan that is covered by ERISA and in respect of which the Borrower or a Commonly Controlled Entity is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"Pledged Stock": as defined in the Guarantee and Collateral Agreement.

"Pricing Grid": the pricing grid attached hereto as Annex A.

"Pro Forma Balance Sheet": as defined in Section 5.1(a).

"Projections": as defined in Section 7.2(c).

"Properties": as defined in Section 5.17(a).

"Property": any right or interest in or to property of any kind whatsoever, whether real, personal or mixed and whether tangible or intangible, including, without limitation, Capital Stock.

"Qualified Counterparty": with respect to any Specified Hedge Agreement, any counterparty thereto that, at the time such Specified Hedge Agreement was entered into, was a Lender or an affiliate of a Lender.

"Recovery Event": any settlement of or payment in respect of any property or casualty insurance claim or any condemnation proceeding relating to any asset of any Group Member.

"Reference Lender": Wells Fargo Bank, National Association.

"Refunded Swingline Loans": as defined in Section 3.4(b).

"Refunding Date": as defined in Section 3.4(c).

"Register": as defined in Section 11.6(b).

"Regulation U": Regulation U of the Board as in effect from time to time.

"Reimbursement Obligation": the obligation of the Borrower to reimburse the Issuing Lender pursuant to Section 3.11 for amounts drawn under Letters of Credit.

"Reinvestment Deferred Amount": with respect to any Reinvestment Event, the aggregate Net Cash Proceeds received by any Group Member in connection therewith that are not applied to prepay the Term Loans or reduce the Revolving Commitments pursuant to Section 4.2(b) as a result of the delivery of a Reinvestment Notice.

"Reinvestment Event": any Asset Sale or Recovery Event in respect of which the Borrower has delivered a Reinvestment Notice.

"Reinvestment Notice": a written notice executed by a Responsible Officer stating that no Event of Default has occurred and is continuing and that the Borrower (directly or indirectly through a Subsidiary) intends and expects to use all or a specified portion of the Net Cash Proceeds of an Asset Sale or Recovery Event to acquire or repair fixed or capital assets useful in its business.

"Reinvestment Prepayment Amount": with respect to any Reinvestment Event, the Reinvestment Deferred Amount relating thereto less any amount expended prior to the relevant Reinvestment Prepayment Date to acquire or repair fixed or capital assets useful in the Borrower's business.

"Reinvestment Prepayment Date": with respect to any Reinvestment Event, the earlier of (a) the date occurring one year after such Reinvestment Event and (b) the date on

which the Borrower shall have determined not to, or shall have otherwise ceased to, acquire or repair fixed or capital assets useful in the Borrower's business with all or any portion of the relevant Reinvestment Deferred Amount.

"Related Agreements": the Acquisition Documentation and the Senior Subordinated Notes Documentation.

"Reorganization": with respect to any Multiemployer Plan, the condition that such plan is in reorganization within the meaning of Section 4241 of ERISA.

"Reportable Event": any of the events set forth in Section 4043(c) of ERISA, other than those events as to which the thirty day notice requirement of Section 4043(a) of ERISA is waived.

"Required Lenders": (a) until the initial funding of the Term Loans, the holders of more than 50% of each of (i) the Tranche B Term Commitments and (ii) the Total Revolving Commitments, and (b) thereafter, the holders of more than 50% of each of (i) the aggregate unpaid principal amount of the Term Loans then outstanding and (ii) the Total Revolving Commitments then in effect or, if the Revolving Commitments have been terminated, the Total Revolving Extensions of Credit then outstanding.

"Requirement of Law": as to any Person, the Certificate of Incorporation and By-Laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

"Responsible Officer": the chief executive officer, president or chief financial officer of the Borrower, but in any event, with respect to financial matters, the chief financial officer of the Borrower.

"Restricted Payments": as defined in Section 8.6.

"Revolving Commitment": as to any Lender, the obligation of such Lender, if any, to make Revolving Loans and participate in Swingline Loans and Letters of Credit in an aggregate principal and/or face amount not to exceed the amount set forth under the heading "Revolving Commitment" under such Lender's name on such Lender's Addendum or in the Assignment and Assumption pursuant to which such Lender became a party hereto, as the same may be changed from time to time pursuant to the terms hereof. The original amount of the Total Revolving Commitments is $55,000,000.

"Revolving Commitment Period": the period from and including the Closing Date to the Revolving Termination Date.

"Revolving Extensions of Credit": as to any Revolving Lender at any time, an amount equal to the sum of (a) the aggregate principal amount of all Revolving Loans held by such Lender then outstanding, (b) such Lender's Revolving Percentage of the L/C Obligations then outstanding and (c) such Lender's Revolving Percentage of the aggregate principal amount of Swingline Loans then outstanding.

"Revolving Lender": each Lender that has a Revolving Commitment or that holds Revolving Loans.

"Revolving Loans": as defined in Section 3.1(a).

"Revolving Percentage": as to any Revolving Lender at any time, the percentage which such Lender's Revolving Commitment then constitutes of the Total Revolving Commitments (or, at any time after the Revolving Commitments shall have expired or terminated, the percentage which the aggregate principal amount of such Lender's Revolving Loans then outstanding constitutes of the aggregate principal amount of the Revolving Loans then outstanding).

"Revolving Termination Date": the fifth year anniversary of the Closing Date.

"Schlumberger Business": the design and manufacture of electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers by SEI and its affiliates who are parties to the Acquisition Agreement in Taiwan, Canada, France and Mexico and the sale and distribution of such electricity meters and systems, automatic meter reading products and components, and electricity instrument transformers.

"SEC": the Securities and Exchange Commission, any successor thereto and any analogous Governmental Authority.

"Secured Parties": as defined in the Guarantee and Collateral Agreement.

"Security Documents": the collective reference to the Guarantee and Collateral Agreement, the Mortgages and all other security documents hereafter delivered to the Administrative Agent granting a Lien on any property of any Person to secure the obligations and liabilities of any Loan Party under any Loan Document.

"SEI": as defined in the recitals to this Agreement.

"SEI Acquisition": as defined in the recitals to this Agreement.

"Senior Subordinated Note Indenture": the Indenture entered into by the Borrower and certain of its Subsidiaries in connection with the issuance of the Senior Subordinated Notes, together with all instruments and other agreements entered into by the Borrower or such Subsidiaries in connection therewith.

"Senior Subordinated Notes": the subordinated notes of the Borrower issued from time to time pursuant to the Senior Subordinated Note Indenture.

"Senior Subordinated Notes Documentation": the Senior Subordinated Note Indenture and the Senior Subordinated Notes, together with any other instruments or agreements entered into by the Borrower or its Subsidiaries in connection therewith, as the same may be amended, supplemented, replaced or otherwise modified from time to time in accordance with this Agreement.

"Single Employer Plan": any Plan that is covered by Title IV of ERISA, but that is not a Multiemployer Plan.

"Solvent": with respect to any Person, as of any date of determination, (a) the amount of the "present fair saleable value" of the assets of such Person will, as of such date, exceed the amount of all "liabilities of such Person, contingent or otherwise", as of such date, as such quoted terms are determined in accordance with applicable federal and state laws governing determinations of the insolvency of debtors, (b) the present fair saleable value of the assets of such Person will, as of such date, be greater than the amount that will be required to pay the liability of such Person on its debts as such debts become absolute and matured, (c) such Person will not have, as of such date, an unreasonably small amount of capital with which to conduct its business, and (d) such Person will be able to pay its debts as they mature. For purposes of this definition, (i) "debt" means liability on a "claim", and (ii) "claim" means any (x) right to payment, whether or not such a right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured or (y) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured or unmatured, disputed, undisputed, secured or unsecured.

"Specified Change of Control": a "Change of Control" (or any other defined term having a similar purpose) as defined in the Senior Subordinated Note Indenture.

"Specified Fiscal Quarter": each of the first three full fiscal quarters commencing after the Closing Date.

"Specified Hedge Agreement": any Hedge Agreement (a) entered into by (i) the Borrower or any of its Subsidiaries and (ii) any Qualified Counterparty and (b) that has been designated by such Agent or Lender, as the case may be, and the Borrower, by notice to the Administrative Agent, as a Specified Hedge Agreement. The designation of any Hedge Agreement as a Specified Hedge Agreement shall not create in favor of the Qualified Counterparty that is a party thereto any rights in connection with the management or release of any Collateral or of the obligations of any Guarantor under the Guarantee and Collateral Agreement.

"Subsidiary": as to any Person, a corporation, partnership, limited liability company or other entity of which shares of stock or other ownership interests having ordinary voting power (other than stock or such other ownership interests having such power only by reason of the happening of a contingency) to elect a majority of the board of directors or other managers of such corporation, partnership or other entity are at the time owned, or the management of which is otherwise controlled, directly or indirectly through one or more intermediaries, or both, by such Person. Unless otherwise qualified, all references to a "Subsidiary" or to "Subsidiaries" in this Agreement shall refer to a Subsidiary or Subsidiaries of the Borrower.

"Swingline Commitment": the obligation of the Swingline Lender to make Swingline Loans pursuant to Section 3.3 in an aggregate principal amount at any one time outstanding not to exceed $10,000,000.

"Swingline Lender": Wells Fargo Bank, National Association, in its capacity as the lender of Swingline Loans.

"Swingline Loans": as defined in Section 3.3(a).

"Swingline Participation Amount": as defined in Section 3.4(c).

"Syndication Agent": as defined in the preamble to this Agreement.

"Tax Excluded Foreign Subsidiary": the Joint Venture (so long as the Borrower and its Subsidiaries own not more than 51% of the Capital Stock thereof) and any Foreign Subsidiary in respect of which (a) the pledge of all of the Capital Stock of such Subsidiary as Collateral or (b) the guaranteeing by such Subsidiary of the Obligations, could, in the good faith judgment of the Borrower, result in adverse tax consequences to the Borrower.

"Term Lenders": the collective reference to the Tranche B Term Lenders.

"Term Loans": the collective reference to the Tranche B Term Loans.

"Total Revolving Commitments": at any time, the aggregate amount of the Revolving Commitments then in effect.

"Total Revolving Extensions of Credit": at any time, the aggregate amount of the Revolving Extensions of Credit of the Revolving Lenders outstanding at such time.

"Tranche B Term Commitment": as to any Lender, the obligation of such Lender, if any, to make a Tranche B Term Loan to the Borrower hereunder in a principal amount not to exceed the amount set forth under the heading "Tranche B Term Commitment" under such Lender's name on such Lender's Addendum. The original aggregate amount of the Tranche B Term Commitments is $185,000,000.

"Tranche B Term Lender": each Lender that has a Tranche B Term Commitment or that holds a Tranche B Term Loan.

"Tranche B Term Loan": as defined in Section 2.1.

"Tranche B Term Percentage": as to any Tranche B Term Lender at any time, the percentage which such Lender's Tranche B Term Commitment then constitutes of the aggregate Tranche B Term Commitments (or, at any time after the initial funding of the Tranche B Term Loans, the percentage which the aggregate principal amount of such Lender's Tranche B Term Loans then outstanding constitutes of the aggregate principal amount of the Tranche B Term Loans then outstanding).

"Transaction": as defined in Section 6.1(b).

"Transferee": any Assignee or Participant.

"Type": as to any Loan, its nature as an Base Rate Loan or a Eurodollar Loan.

"United States": the United States of America.

"Wholly Owned Subsidiary": as to any Person, any other Person all of the Capital Stock of which (other than directors' qualifying shares required by law) is owned by such Person directly and/or through other Wholly Owned Subsidiaries.

"Wholly Owned Subsidiary Guarantor": any Guarantor that is a Wholly Owned Subsidiary of the Borrower.

1.2. Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to any Group Member not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time (subject to any applicable restrictions hereunder).

(c) The words "hereof", "herein" and "hereunder" and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

(e) The expressions, "payment in full," "paid in full" and any other similar terms or phrases when used herein with respect to the Obligations shall mean the payment in full, in immediately available funds, of all the Obligations.

SECTION 2. AMOUNT AND TERMS OF TERM COMMITMENTS

2.1.Term Commitments Subject to the terms and conditions hereof, each Tranche B Term Lender severally agrees to make a term loan (a "Tranche B Term Loan") to the

Borrower on the Closing Date in an amount not to exceed the amount of the Tranche B Term Commitment of such Lender. The Term Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 2.2 and 4.3. If the conditions set forth in Section 6.1 have not been satisfied (or waived in accordance with Section 11.1) by March 16, 2004, time being of the essence, or, if the Acquisition Agreement is terminated, the Tranche B Term Commitments of each Lender shall terminate without further obligation or liability of the Lenders to the Borrower, but all obligations of the Borrower in respect of indemnities, fees or expenses shall survive such termination.

2.2. Procedure for Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, New York City time, not less than one Business Day prior to the anticipated Closing Date) requesting that the Term Lenders make the Term Loans on the Closing Date and specifying the amount to be borrowed. The Term Loans made on the Closing Date shall initially be Base Rate Loans. Upon receipt of such notice the Administrative Agent shall promptly notify each Term Lender thereof. Not later than 12:00 Noon, New York City time, on the Closing Date each Term Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Term Loan or Term Loans to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Term Lenders in immediately available funds.

2.3. Repayment of Term Loans. The Tranche B Term Loan of each Tranche B Term Lender shall mature in 27 consecutive quarterly installments, commencing on June 30, 2004, each of which shall be in an amount equal to such Lender's Tranche B Term Percentage multiplied by the amount set forth below opposite such installment:

Installment	Principal Amount
June 30, 2004	$ 462,500
September 30, 2004	$ 462,500
December 31, 2004	$ 462,500
March 31, 2005	$ 462,500
June 30, 2005	$ 462,500
September 30, 2005	$ 462,500
December 31, 2005	$ 462,500
March 31, 2006	$ 462,500
June 30, 2006	$ 462,500
September 30, 2006	$ 462,500
December 31, 2006	$ 462,500
March 31, 2007	$ 462,500
June 30, 2007	$ 462,500
September 30, 2007	$ 462,500
December 31, 2007	$ 462,500
March 31, 2008	$ 462,500
June 30, 2008	$ 462,500
September 30, 2008	$ 462,500
December 31, 2008	$ 462,500
March 31, 2009	$ 462,500
June 30, 2009	$ 462,500
September 30, 2009	$ 462,500
December 31, 2009	$ 462,500
March 31, 2010	$ 43,590,625
June 30, 2010	$ 43,590,625
September 30, 2010	$ 43,590,625
The date which is the seventh anniversary of the Closing Date	$ 43,590,625

SECTION 3. AMOUNT AND TERMS OF REVOLVING COMMITMENTS

3.1 Revolving Commitments. (a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans ("Revolving Loans") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which, when added to such Lender's Revolving Percentage of the sum of (i) the L/C Obligations then outstanding and (ii) the aggregate principal amount of the Swingline Loans then outstanding, does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying and reborrowing the Revolving Loans in whole or in part, all in accordance with the terms and conditions hereof. The Revolving Loans may from time to time be Eurodollar Loans or Base Rate Loans, as determined by the Borrower and notified to the Administrative Agent in accordance with Sections 3.2 and 4.3. If the Term Loans have not been funded by March 16, 2004, time being of the essence, or if the Acquisition Agreement is terminated, the Revolving Commitments of each Lender shall terminate without further obligation or liability of the Lenders to the Borrower, but all obligations of the Borrower in respect of indemnities, fees or expenses shall survive such termination.

(b) The Borrower shall repay all outstanding Revolving Loans on the Revolving Termination Date.

3.2. Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 12:00 Noon, San Francisco time, (a) three Business Days prior to the requested Borrowing Date, in the case of Eurodollar Loans, or (b) one Business Day prior to the requested Borrowing Date, in the case of Base Rate Loans) (provided that any such notice of a borrowing of Base Rate Loans under the Revolving Facility to finance payments required to be made pursuant to Section 3.5 may be given not later than 12:00 Noon, San Francisco time, on the date of the proposed borrowing), specifying (i) the amount and Type of Revolving Loans to be borrowed, (ii) the requested Borrowing Date and (iii) in the case of Eurodollar Loans, the respective amounts of each such Type of Loan and the

respective lengths of the initial Interest Period therefor. Any Revolving Loans made on the Closing Date shall initially be Base Rate Loans. Each borrowing under the Revolving Commitments shall be in an amount equal to (x) in the case of Base Rate Loans, $500,000 or a whole multiple of $100,000 in excess thereof (or, if the then aggregate Available Revolving Commitments are less than $500,000, such lesser amount) and (y) in the case of Eurodollar Loans, $1,000,000 or a whole multiple of $100,000 in excess thereof; provided, that the Swingline Lender may request, on behalf of the Borrower, borrowings under the Revolving Commitments that are Base Rate Loans in other amounts pursuant to Section 3.4. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, San Francisco time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent.

3.3. Swingline Commitment. (a) Subject to the terms and conditions hereof, the Swingline Lender agrees to make a portion of the credit otherwise available to the Borrower under the Revolving Commitments from time to time during the Revolving Commitment Period by making swing line loans ("Swingline Loans") to the Borrower; provided that (i) the aggregate principal amount of Swingline Loans outstanding at any time shall not exceed the Swingline Commitment then in effect (notwithstanding that the Swingline Loans outstanding at any time, when aggregated with the Swingline Lender's other outstanding Revolving Loans hereunder, may exceed the Swingline Commitment then in effect) and (ii) the Borrower shall not request, and the Swingline Lender shall not make, any Swingline Loan if, after giving effect to the making of such Swingline Loan, the aggregate amount of the Available Revolving Commitments would be less than zero. During the Revolving Commitment Period, the Borrower may use the Swingline Commitment by borrowing, repaying and reborrowing, all in accordance with the terms and conditions hereof. Swingline Loans shall be Base Rate Loans only.

(b) The Borrower shall repay each outstanding Swingline Loans on the earlier of (i) the tenth day after such Swingline Loan was made and (ii) the Revolving Termination Date.

3.4. Procedure for Swingline Borrowing; Refunding of Swingline Loans. (a) Whenever the Borrower desires that the Swingline Lender make Swingline Loans it shall give the Swingline Lender irrevocable written notice (which written notice must be received by the Swingline Lender not later than 1:00 P.M., San Francisco time, on the proposed Borrowing Date), specifying (i) the amount to be borrowed and (ii) the requested Borrowing Date (which shall be a Business Day during the Revolving Commitment Period). Each borrowing under the Swingline Commitment shall be in an amount equal to $500,000 or a whole multiple of $100,000 in excess thereof. Not later than 3:00 P.M., San Francisco time, on the Borrowing Date specified in a notice in respect of Swingline Loans, the Swingline Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the amount of the Swingline Loan to be made by the Swingline Lender. The Administrative

Agent shall make the proceeds of such Swingline Loan available to the Borrower on such Borrowing Date by depositing such proceeds in the account of the Borrower with the Administrative Agent on such Borrowing Date in immediately available funds.

(b) The Swingline Lender, at any time and from time to time in its sole and absolute discretion may, on behalf of the Borrower (which hereby irrevocably directs the Swingline Lender to act on its behalf), on one Business Day's notice given by the Swingline Lender no later than 12:00 Noon, San Francisco time, request each Revolving Lender to make, and each Revolving Lender hereby agrees to make, a Revolving Loan, in an amount equal to such Revolving Lender's Revolving Percentage of the aggregate amount of the Swingline Loans (the "Refunded Swingline Loans") outstanding on the date of such notice, to repay the Swingline Lender. Each Revolving Lender shall make the amount of such Revolving Loan available to the Administrative Agent at the Funding Office in immediately available funds, not later than 10:00 A.M., San Francisco time, one Business Day after the date of such notice. The proceeds of such Revolving Loans shall be immediately made available by the Administrative Agent to the Swingline Lender for application by the Swingline Lender to the repayment of the Refunded Swingline Loans. The Borrower irrevocably authorizes the Swingline Lender to charge the Borrower's accounts with the Administrative Agent (up to the amount available in each such account) in order to immediately pay the amount of such Refunded Swingline Loans to the extent amounts received from the Revolving Lenders are not sufficient to repay in full such Refunded Swingline Loans.

(c) If prior to the time a Revolving Loan would have otherwise been made pursuant to Section 3.4(b), one of the events described in Section 9(f) shall have occurred and be continuing with respect to the Borrower or if for any other reason, as determined by the Swingline Lender in its sole discretion, Revolving Loans may not be made as contemplated by Section 3.4(b), each Revolving Lender shall, on the date such Revolving Loan was to have been made pursuant to the notice referred to in Section 3.4(b) (the "Refunding Date"), purchase for cash an undivided participating interest in the then outstanding Swingline Loans by paying to the Swingline Lender an amount (the "Swingline Participation Amount") equal to (i) such Revolving Lender's Revolving Percentage multiplied by (ii) the sum of the aggregate principal amount of Swingline Loans then outstanding that were to have been repaid with such Revolving Loans.

(d) Whenever, at any time after the Swingline Lender has received from any Revolving Lender such Lender's Swingline Participation Amount, the Swingline Lender receives any payment on account of the Swingline Loans, the Swingline Lender will distribute to such Lender its Swingline Participation Amount (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's participating interest was outstanding and funded and, in the case of principal and interest payments, to reflect such Lender's pro rata portion of such payment if such payment is not sufficient to pay the principal of and interest on all Swingline Loans then due); provided, however, that in the event that such payment received by the Swingline Lender is required to be returned, such Revolving Lender will return to the Swingline Lender any portion thereof previously distributed to it by the Swingline Lender.

(e) Each Revolving Lender's obligation to make the Loans referred to in Section 3.4(b) and to purchase participating interests pursuant to Section 3.4(c) shall be absolute

and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such Revolving Lender or the Borrower may have against the Swingline Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 6; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other Revolving Lender; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

3.5. Commitment Fees, etc. (a) The Borrower agrees to pay the Lead Arranger, ratably for the account of each Lender, a non-refundable ticking fee for the period from and including the December 1, 2003 to the earlier of the Closing Date and the termination of the Commitments, calculated at the rate of .50% per annum on the aggregate principal amount of the Tranche B Term Commitments as of December 1, 2003, which fee shall be fully earned and payable on the earlier of the Closing Date and the date of termination of the Tranche B Term Commitments.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Revolving Lender a commitment fee for the period from and including the Closing Date to the last day of the Revolving Commitment Period, computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on the last day of each March, June, September and December and on the Revolving Termination Date, commencing on the first of such dates to occur after the Closing Date.

(c) The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates agreed to in writing by the Borrower and the Administrative Agent.

(d) The Borrower agrees to pay to the Lead Arranger the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Lead Arranger.

3.6. Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Revolving Commitments or, from time to time, to reduce the amount of the Revolving Commitments; provided that no such termination or reduction of Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans and Swingline Loans made on the effective date thereof, the Total Revolving Extensions of Credit would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect.

3.7. L/C Commitment. (a) Subject to the terms and conditions hereof, the Issuing Lender, in reliance on the agreements of the other Revolving Lenders set forth in Section 3.10(a), agrees to issue letters of credit ("Letters of Credit") for the account of the Borrower on any Business Day during the Revolving Commitment Period in such form as may be approved from time to time by the Issuing Lender; provided that the Issuing Lender shall have no

obligation to issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Commitment or (ii) the aggregate amount of the Available Revolving Commitments would be less than zero. Each Letter of Credit shall (i) be denominated in Dollars, and, except as provided in the following sentence, (ii) expire no later than the earlier of (x) the first anniversary of its date of issuance or (y) the date that is five Business Days prior to the Revolving Termination Date, provided that any Letter of Credit with a one-year term may provide for the renewal thereof for additional one-year periods (which shall in no event extend beyond the date referred to in clause (y) above). The Issuing Lender agrees to issue Letters of Credit with an expiration date later than the date specified in the preceding sentence if, upon the issuance of such Letter of Credit, such Letter of Credit is cash collateralized in the amount that would be required under Section 11.14(b) to deem such Letter of Credit not outstanding, except that until the Loans, the Reimbursement Obligations and the other Obligations under the Loan Documents are paid in full, the Commitments have been terminated and no other Letters of Credit shall be outstanding, such cash collateral shall be subject to the rights of each other Lender under Section 11.7. The Letters of Credit listed on Schedule 3.7, issued by the financial institutions indicated on said Schedule and outstanding on the Closing Date, shall be deemed to be issued hereunder as "Letters of Credit" and shall be subject to all of the provisions of this Agreement applicable to Letters of Credit.

(b) The Issuing Lender shall not at any time be obligated to issue any Letter of Credit hereunder if such issuance would conflict with, or cause the Issuing Lender or any L/C Participant to exceed any limits imposed by, any applicable Requirement of Law.

3.8. Procedure for Issuance of Letter of Credit. The Borrower may from time to time request that the Issuing Lender issue a Letter of Credit by delivering to the Issuing Lender at its address for notices specified herein an Application therefor, completed to the satisfaction of the Issuing Lender, and such other certificates, documents and other papers and information as the Issuing Lender may request. Upon receipt of any Application, the Issuing Lender will notify the Administrative Agent of the amount, the beneficiary and the requested expiration of the requested Letter of Credit, and upon receipt of confirmation from the Administrative Agent that after giving effect to the requested issuance, the Available Revolving Commitments would not be less than zero, the Issuing Lender will process such Application and the certificates, documents and other papers and information delivered to it in connection therewith in accordance with its customary procedures and shall promptly issue the Letter of Credit requested thereby (but in no event shall the Issuing Lender be required to issue any Letter of Credit earlier than three Business Days after its receipt of the Application therefor and all such other certificates, documents and other papers and information relating thereto) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed to by the Issuing Lender and the Borrower. The Issuing Lender shall furnish a copy of such Letter of Credit to the Borrower (with a copy to the Administrative Agent) promptly following the issuance thereof. The Issuing Lender shall promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Administrative Agent, which shall in turn promptly furnish to the Lenders, notice of the issuance of each Letter of Credit (including the amount thereof).

3.9. Fees and Other Charges. (a) The Borrower will pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans under the Revolving Facility, shared ratably among the

Revolving Lenders and payable quarterly in arrears on each L/C Fee Payment Date after the issuance date. In addition, the Borrower shall pay to each Issuing Lender for its own account a fronting fee calculated at the rate of 0.125% per annum on the undrawn and unexpired amount of each Letter of Credit issued by such Issuing Lender, payable quarterly in arrears on each L/C Fee Payment Date after the issuance date.

(b) In addition to the foregoing fees, the Borrower shall pay or reimburse each Issuing Lender for such normal and customary costs and expenses as are incurred or charged by such Issuing Lender in issuing, negotiating, effecting payment under, amending or otherwise administering any Letter of Credit.

3.10. L/C Participations. (a) Each Issuing Lender irrevocably agrees to grant and hereby grants to each L/C Participant, and, to induce such Issuing Lender to issue Letters of Credit hereunder, each L/C Participant irrevocably agrees to accept and purchase and hereby accepts and purchases from such Issuing Lender, on the terms and conditions set forth below, for such L/C Participant's own account and risk an undivided interest equal to such L/C Participant's Revolving Percentage in such Issuing Lender's obligations and rights under and in respect of each Letter of Credit issued hereunder by such Issuing Lender and the amount of each draft paid by such Issuing Lender thereunder. Each L/C Participant unconditionally and irrevocably agrees with each Issuing Lender that, if a draft is paid under any Letter of Credit for which such Issuing Lender is not reimbursed in full by the Borrower in accordance with the terms of this Agreement, such L/C Participant shall pay to the Administrative Agent upon demand of such Issuing Lender an amount equal to such L/C Participant's Revolving Percentage of the amount of such draft, or any part thereof, that is not so reimbursed. The Administrative Agent shall promptly forward such amounts to such Issuing Lender. Each L/C Participant's obligation under this Section 3.10 shall be absolute and unconditional and shall not be affected by any circumstance, including (i) any setoff, counterclaim, recoupment, defense or other right that such L/C Participant or the Borrower may have against the Issuing Lender, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default or an Event of Default or the failure to satisfy any of the other conditions specified in Section 6; (iii) any adverse change in the condition (financial or otherwise) of the Borrower; (iv) any breach of this Agreement or any other Loan Document by the Borrower, any other Loan Party or any other L/C Participant; or (v) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(b) If any amount required to be paid by any L/C Participant to the Administrative Agent for the account of an Issuing Lender pursuant to Section 3.10(a) in respect of any unreimbursed portion of any payment made by such Issuing Lender under any Letter of Credit is paid to the Administrative Agent for the account of such Issuing Lender within three Business Days after the date such payment is due, such L/C Participant shall pay to the Administrative Agent for the account of such Issuing Lender on demand an amount equal to the product of (i) such amount, times (ii) the daily average Federal Funds Effective Rate during the period from and including the date such payment is required to the date on which such payment is immediately available to such Issuing Lender, times (iii) a fraction the numerator of which is the number of days that elapse during such period and the denominator of which is 360. If any such amount required to be paid by any L/C Participant pursuant to Section 3.10(a) is not made available to the Administrative Agent for the account of the relevant Issuing Lender by such L/C Participant within three Business Days after the date such payment is due, such Issuing Lender shall be entitled to recover from such L/C

Participant, on demand, such amount with interest thereon calculated from such due date at the rate per annum applicable to Base Rate Loans under the Revolving Facility. A certificate of the relevant Issuing Lender submitted to any L/C Participant with respect to any amounts owing under this Section shall be conclusive in the absence of manifest error.

(c) Whenever, at any time after an Issuing Lender has made payment under any Letter of Credit and has received from any L/C Participant its pro rata share of such payment in accordance with Section 3.10(a), the Administrative Agent or such Issuing Lender receives any payment related to such Letter of Credit (whether directly from the Borrower or otherwise, including proceeds of collateral applied thereto by such Issuing Lender), or any payment of interest on account thereof, the Administrative Agent or such Issuing Lender, as the case may be, will distribute to such L/C Participant its pro rata share thereof; provided, however, that in the event that any such payment received by Administrative Agent or such Issuing Lender, as the case may be, shall be required to be returned by the Administrative Agent or such Issuing Lender, such L/C Participant shall return to the Administrative Agent for the account of such Issuing Lender the portion thereof previously distributed by the Administrative Agent or such Issuing Lender, as the case may be, to it.

3.11. Reimbursement Obligation of the Borrower. The Borrower agrees to reimburse each Issuing Lender on the same Business Day on which such Issuing Lender notifies the Borrower of the date and amount of a draft presented under any Letter of Credit and paid by such Issuing Lender for the amount of (a) such draft so paid and (b) any taxes, fees, charges or other costs or expenses incurred by such Issuing Lender in connection with such payment. Each such payment shall be made to such Issuing Lender at its address for notices referred to herein in Dollars and in immediately available funds. Interest shall be payable on any such amounts from the date on which the relevant draft is paid until payment in full at the rate set forth in (i) until the Business Day next succeeding the date of the relevant notice, Section 4.5(b) and (ii) thereafter, Section 4.5(c). Each drawing under any Letter of Credit shall (unless an event of the type described in clause (i) or (ii) of Section 9(f) shall have occurred and be continuing with respect to the Borrower, in which case the procedures specified in Section 3.10 for funding by L/C Participants shall apply) constitute a request by the Borrower to the Administrative Agent for a borrowing pursuant to Section 3.2 of Base Rate Loans (or, at the option of the Administrative Agent and the Swingline Lender in their sole discretion, a borrowing pursuant to Section 3.4 of Swingline Loans) in the amount of such drawing. The Borrowing Date with respect to such borrowing shall be the first date on which a borrowing of Revolving Loans (or, if applicable, Swingline Loans) could be made, pursuant to Section 3.2 or, if applicable, Section 3.4), if the Administrative Agent had received a notice of such borrowing at the time the Administrative Agent receives notice from the relevant Issuing Lender of such drawing under such Letter of Credit.

3.12. Obligations Absolute. The Borrower's obligations under Section 3.11 shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment that the Borrower may have or have had against the relevant Issuing Lender, any beneficiary of a Letter of Credit or any other Person. The Borrower also agrees with each Issuing Lender that no Issuing Lender shall be responsible for, and the

Borrower's Reimbursement Obligations under Section 3.11 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among the Borrower and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of the Borrower against any beneficiary of such Letter of Credit or any such transferee. No Issuing Lender shall be liable for any error, omission, interruption or delay in transmission, dispatch or delivery of any message or advice, however transmitted, in connection with any Letter of Credit, except for errors or omissions found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of the relevant Issuing Lender. The Borrower agrees that any action taken or omitted by an Issuing Lender under or in connection with any Letter of Credit or the related drafts or documents, if done in the absence of gross negligence or willful misconduct and in accordance with the standards of care specified in the Uniform Commercial Code of the State of New York, shall be binding on the Borrower and shall not result in any liability of such Issuing Lender to the Borrower.

3.13. Letter of Credit Payments. If any draft shall be presented for payment under any Letter of Credit, the relevant Issuing Lender shall promptly notify the Borrower of the date and amount thereof. The responsibility of such Issuing Lender to the Borrower in connection with any draft presented for payment under any Letter of Credit shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment are substantially in conformity with such Letter of Credit.

3.14. Applications. To the extent that any provision of any Application related to any Letter of Credit is inconsistent with the provisions of this Section 3, the provisions of this Section 3 shall apply.

SECTION 4. GENERAL PROVISIONS APPLICABLE TO LOANS AND LETTERS OF CREDIT

4.1. Optional Prepayments. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty, upon irrevocable notice delivered to the Administrative Agent no later than 11:00 A.M., San Francisco time, three Business Days prior thereto in the case of Eurodollar Loans and no later than 11:00 A.M., San Francisco time, one Business Day prior thereto in the case of Base Rate Loans, which notice shall specify the date and amount of prepayment and whether the prepayment is of Eurodollar Loans or Base Rate Loans; provided, that if a Eurodollar Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 4.11. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with (except in the case of Revolving Loans that are Base Rate Loans and Swingline Loans) accrued interest to such date on the amount prepaid. Partial prepayments of Term Loans and Revolving Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof. Partial prepayments of Swingline Loans shall be in an aggregate principal amount of $100,000 or a whole multiple thereof.

4.2. Mandatory Prepayments and Commitment Reductions. (a) If any Capital Stock or Indebtedness shall be issued or incurred by any Group Member (other than Excluded Indebtedness) after the Closing Date, an amount equal to, in the case of the issuance of Capital Stock, 75% of the Net Cash Proceeds thereof, or, in the case of the incurrence of Indebtedness, 100% of the Net Cash Proceeds thereof, shall be applied within one Business Day of the date of such issuance or incurrence toward the prepayment of the Term Loans and the reduction of the Revolving Commitments as set forth in Section 4.2(d).

(b) If on any date any Group Member shall receive Net Cash Proceeds from any Asset Sale or Recovery Event then, unless a Reinvestment Notice shall be delivered in respect thereof, such Net Cash Proceeds shall be applied within one Business Day of such date toward the prepayment of the Term Loans (or, if such date is prior to the Closing Date, toward the reduction of the Tranche B Term Commitments) and the reduction of the Revolving Commitments as set forth in Section 4.2(d); provided that, notwithstanding the foregoing, (i) the aggregate Net Cash Proceeds of Asset Sales and Recovery Events that may be excluded from the foregoing requirement pursuant to a Reinvestment Notice shall not exceed $5,000,000 in any fiscal year of the Borrower and (ii) on each Reinvestment Prepayment Date, an amount equal to the Reinvestment Prepayment Amount with respect to the relevant Reinvestment Event shall be applied toward the prepayment of the Term Loans and the reduction of the Revolving Commitments as set forth in Section 4.2(d).

(c) If, for any fiscal year of the Borrower commencing with the fiscal year ending December 31, 2004, there shall be Excess Cash Flow, the Borrower shall, on the relevant Excess Cash Flow Application Date, apply the ECF Percentage of such Excess Cash Flow toward the prepayment of the Term Loans as set forth in Section 4.2(d). Each such prepayment and commitment reduction shall be made on a date (an "Excess Cash Flow Application Date") no later than five days after the earlier of (i) the date on which the financial statements of the Borrower referred to in Section 7.1(a), for the fiscal year with respect to which such prepayment is made, are required to be delivered to the Lenders and (ii) the date such financial statements are actually delivered. No prepayments pursuant to this Section 4.2(c) shall be required after the Term Loans have been paid in full.

(d) Amounts to be applied in connection with prepayments and Commitment reductions made pursuant to Section 4.2 shall be applied, first, to the prepayment of the Term Loans and, second, to reduce permanently the Revolving Commitments. Any such reduction of the Revolving Commitments shall be accompanied by prepayment of the Revolving Loans and/or Swingline Loans to the extent, if any, that the Total Revolving Extensions of Credit exceed the amount of the Total Revolving Commitments as so reduced, provided that if the aggregate principal amount of Revolving Loans and Swingline Loans then outstanding is less than the amount of such excess (because L/C Obligations constitute a portion thereof), the Borrower shall, to the extent of the balance of such excess, replace outstanding Letters of Credit and/or deposit an amount in cash in a cash collateral account established with the Administrative Agent for the benefit of the Lenders on terms and conditions satisfactory to the Administrative Agent. The application of any prepayment pursuant to Section 4.2 shall be made, first, to Base Rate Loans and, second, to Eurodollar Loans. Each prepayment of the Loans under Section 4.2 (except in the case of Revolving Loans that are Base Rate Loans and Swingline Loans) shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid.

4.3. Conversion and Continuation Options. (a) The Borrower may elect from time to time to convert Eurodollar Loans to Base Rate Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., San Francisco time, on the Business Day preceding the proposed conversion date, provided that any such conversion of Eurodollar Loans may only be made on the last day of an Interest Period with respect thereto. The Borrower may elect from time to time to convert Base Rate Loans to Eurodollar Loans by giving the Administrative Agent prior irrevocable notice of such election no later than 11:00 A.M., San Francisco time, on the Business Day preceding the proposed conversion date (which notice shall specify the length of the initial Interest Period therefor), provided that no Base Rate Loan under a particular Facility may be converted into a Eurodollar Loan when any Event of Default has occurred and is continuing and the Administrative Agent or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such conversions. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

(b) Any Eurodollar Loan may be continued as such upon the expiration of the then current Interest Period with respect thereto by the Borrower giving irrevocable notice to the Administrative Agent, in accordance with the applicable provisions of the term "Interest Period" set forth in Section 1.1, of the length of the next Interest Period to be applicable to such Loans, provided that no Eurodollar Loan under a particular Facility may be continued as such when any Event of Default has occurred and is continuing and the Administrative Agent has or the Majority Facility Lenders in respect of such Facility have determined in its or their sole discretion not to permit such continuations, and provided, further, that if the Borrower shall fail to give any required notice as described above in this paragraph or if such continuation is not permitted pursuant to the preceding proviso such Loans shall be automatically converted to Base Rate Loans on the last day of such then expiring Interest Period. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof.

4.4. Limitations on Eurodollar Tranches. Notwithstanding anything to the contrary in this Agreement, all borrowings, conversions and continuations of Eurodollar Loans hereunder and all selections of Interest Periods hereunder shall be in such amounts and be made pursuant to such elections so that, (a) after giving effect thereto, the aggregate principal amount of the Eurodollar Loans comprising each Eurodollar Tranche shall be equal to $500,000 or a whole multiple of $100,000 in excess thereof and (b) no more than ten Eurodollar Tranches shall be outstanding at any one time.

4.5. Interest Rates and Payment Dates. (a) Each Eurodollar Loan shall bear interest for each day during each Interest Period with respect thereto at a rate per annum equal to the Eurodollar Rate determined for such day plus the Applicable Margin.

(b) Each Base Rate Loan shall bear interest at a rate per annum equal to the Base Rate plus the Applicable Margin.

(c) (i) If all or a portion of the principal amount of any Loan or Reimbursement Obligation shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to (x) in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the

foregoing provisions of this Section plus 2.00% or (y) in the case of Reimbursement Obligations, the rate applicable to Base Rate Loans under the Revolving Facility plus 2.00%, and (ii) if all or a portion of any interest payable on any Loan or Reimbursement Obligation or any commitment fee or other amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Base Rate Loans under the relevant Facility plus 2.00% (or, in the case of any such other amounts that do not relate to a particular Facility, the rate then applicable to Base Rate Loans under the Revolving Facility plus 2.00%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(d) Interest shall be payable in arrears on each Interest Payment Date, provided that interest accruing pursuant to paragraph (c) of this Section shall be payable from time to time on demand.

4.6. Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year for the actual days elapsed, except that, with respect to Base Rate Loans the rate of interest on which is calculated on the basis of the Prime Rate, the interest thereon shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of each determination of a Eurodollar Rate. Any change in the interest rate on a Loan resulting from a change in the Base Rate or the Eurocurrency Reserve Requirements shall become effective as of the opening of business on the day on which such change becomes effective. The Administrative Agent shall as soon as practicable notify the Borrower and the relevant Lenders of the effective date and the amount of each such change in interest rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 4.5(a).

4.7. Inability to Determine Interest Rate. If prior to the first day of any Interest Period:

(a) the Administrative Agent shall have determined (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant market, adequate and reasonable means do not exist for ascertaining the Eurodollar Rate for such Interest Period, or

(b) the Administrative Agent shall have received notice from the Majority Facility Lenders in respect of the relevant Facility that the Eurodollar Rate determined or to be determined for such Interest Period will not adequately and fairly reflect the cost to such Lenders (as conclusively certified by such Lenders) of making or maintaining their affected Loans during such Interest Period,

the Administrative Agent shall give telecopy or telephonic notice thereof (promptly followed by written confirmation) to the Borrower and the relevant Lenders as soon as practicable thereafter. If such notice is given (x) any Eurodollar Loans under the relevant Facility requested to be made on the first day of such Interest Period shall be made as Base Rate Loans, (y) any Loans under the relevant Facility that were to have been converted on the first day of such Interest Period to Eurodollar Loans shall be continued as Base Rate Loans and (z) any outstanding Eurodollar Loans under the relevant Facility shall be converted, on the last day of the then-current Interest Period, to Base Rate Loans. Until such notice has been withdrawn by the Administrative Agent (which the Administrative Agent shall promptly do if it determines that the conditions giving rise to the notice no longer exist), no further Eurodollar Loans under the relevant Facility shall be made or continued as such, nor shall the Borrower have the right to convert Loans under the relevant Facility to Eurodollar Loans.

4.8. Pro Rata Treatment and Payments. (a) Each borrowing by the Borrower from the Lenders hereunder, each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made pro rata according to the respective Tranche B Term Percentages or Revolving Percentages, as the case may be, of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Term Loans shall be made pro rata according to the respective outstanding principal amounts of the Term Loans then held by the Term Lenders. The amount of each principal prepayment of the Term Loans shall be applied to reduce the then remaining installments of the Tranche B Term Loans pro rata based upon the then remaining principal amount thereof. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, San Francisco time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office, in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder (other than payments on the Eurodollar Loans) becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day. If any payment on a Eurodollar Loan becomes due and payable on a day other than a Business Day, the maturity thereof shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding two sentences, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the greater of (i) the Federal Funds Effective Rate and (ii) a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error. If such Lender's share of such borrowing is not made available to the Administrative Agent by such Lender within three Business Days of such Borrowing Date, the Administrative Agent shall also be entitled to recover such amount with interest thereon at the rate per annum applicable to Base Rate Loans under the relevant Facility, on demand, from the Borrower.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

4.9. Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any tax of any kind whatsoever with respect to this Agreement, any Letter of Credit, any Application or any Eurodollar Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 4.10, changes in the basis of taxation of, or the introduction of taxation on, the overall income of such Lender by any jurisdiction with respect to which a present or former connection exists between such Lender and such jurisdiction (other than any such connection arising solely from such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document) and changes in the rate of tax on the overall income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender that is not otherwise included in the determination of the Eurodollar Rate hereunder; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Eurodollar Loans or issuing or participating in Letters of Credit, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined in good faith that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder or under or in respect of any Letter of Credit to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor, the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. Notwithstanding anything to the contrary in this Section, the Borrower shall not be required to compensate a Lender pursuant to this Section for any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; provided that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.10. Taxes. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future income, stamp or other taxes, levies, imposts, duties, charges, fees, deductions or withholdings, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income taxes (including, without limitation, value added

and minimum taxes), gross receipts and franchise taxes (imposed in lieu of net income taxes) imposed, in each case, on any Agent or any Lender as a result of a present or former connection between such Agent or such Lender and the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded taxes, levies, imposts, duties, charges, fees, deductions or withholdings ("Non-Excluded Taxes") or Other Taxes are required to be withheld from any amounts payable to any Agent or any Lender hereunder, the amounts so payable to such Agent or such Lender shall be increased to the extent necessary to yield to such Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) that are attributable to such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section or (ii) that are United States (or any political subdivision thereof) withholding taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Agents and any Lender for the full amount of Non-Excluded Taxes or Other Taxes arising in connection with payments made under this Agreement (including, without limitation, any Non-Excluded Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 4.10) paid by any Agent or Lender or any of their respective affiliates and any liability (including penalties, additions to tax interest and expenses) arising therefrom or with respect thereto. Payment under this indemnification shall be made within ten days from the date any Agent or any Lender or any of their respective affiliates makes written demand therefor. The Borrower shall not be obliged to make payment to any Agent or any Lender pursuant to this Section 4.10(c) in respect of penalties, interest and other liabilities attributable to any Non-Excluded Taxes or Other Taxes, to the extent that such penalties, interest and other liabilities are attributable directly to the gross negligence or willful misconduct of such Agents or such Lenders or such Affiliates as determined by a final and nonappealable decision of a court of competent jurisdiction.

(d) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Agent or Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Agents and the Lenders for any incremental taxes, interest or penalties that may become payable by any Agent or any Lender as a result of any such failure.

(e) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "Non-U.S. Lender") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN or Form W-8ECI, or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit G and a Form W-8BEN, or any subsequent versions thereof or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding tax on all payments by the Borrower under this Agreement and the other Loan Documents. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. taxing authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(f) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law and as reasonably requested in writing by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's reasonable judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(g) If any Administrative Agent or any Lender receives a refund of any Non-Excluded Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 4.10, it shall pay over such refund to the Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by the Borrower under this Section 4.10 with respect to the Non-Excluded Taxes or Other Taxes giving rise to such refund), net of all out-of-pocket expenses of such Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrower, upon the request of such Agent or such Lender, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to such Agent or such Lender in the event such Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require any Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrower or any other Person.

(h) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.11. Indemnity. The Borrower agrees to indemnify each Lender and to hold each Lender harmless from any loss or expense that such Lender may sustain or incur as a consequence of (a) default by the Borrower in making a borrowing of, conversion into or continuation of Eurodollar Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment of or conversion from Eurodollar Loans after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Eurodollar Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, converted or continued, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

4.12. Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 4.9 or 4.10(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event; provided, that such designation is made on terms that, in the sole judgment of such Lender, cause such Lender and its lending office(s) to suffer no economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 4.9 or 4.10(a).

4.13. Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 4.9 or 4.10(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 4.12 so as to eliminate the continued need for payment of amounts owing pursuant to Section 4.9 or 4.10(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 4.11 if any Eurodollar Loan owing to such replaced Lender shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to

the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 11.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 4.9 or 4.10(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

4.14. Evidence of Debt. (a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing Indebtedness of the Borrower to such Lender resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) The Administrative Agent, on behalf of the Borrower, shall maintain the Register pursuant to Section 11.6(b), and a subaccount therein for each Lender, in which shall be recorded (i) the amount of each Loan made hereunder and any Note evidencing such Loan, the Type of such Loan and each Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) both the amount of any sum received by the Administrative Agent hereunder from the Borrower and each Lender's share thereof.

(c) The entries made in the Register and the accounts of each Lender maintained pursuant to Section 4.14(a) shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain the Register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Loans made to the Borrower by such Lender in accordance with the terms of this Agreement.

(d) The Borrower agrees that, upon the request to the Administrative Agent by any Lender, the Borrower will execute and deliver to such Lender a promissory note of the Borrower evidencing any Term Loans, Revolving Loans or Swingline Loans, as the case may be, of such Lender, substantially in the forms of Exhibit H-1, H-2 or H-3, respectively, with appropriate insertions as to date and principal amount.

4.15. Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Eurodollar Loans as contemplated by this Agreement, (a) the commitment of such Lender hereunder to make Eurodollar Loans, continue Eurodollar Loans as such and convert Base Rate Loans to Eurodollar Loans shall forthwith be canceled and (b) such Lender's Loans then outstanding as Eurodollar Loans, if any, shall be converted automatically to Base Rate Loans on the respective last days of the then current Interest Periods with respect to such Loans or within such earlier period as required by law. If any such conversion of a Eurodollar Loan occurs on a day which is not the last day of the then current Interest Period with respect thereto, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 4.11.

SECTION 5. REPRESENTATIONS AND WARRANTIES

To induce the Agents and the Lenders to enter into this Agreement and to make the Loans and issue or participate in the Letters of Credit, the Borrower hereby represents and warrants as of the Agreement Execution Date (with respect to Sections 5.1 through 5.19 only) and, pursuant to Section 6.2, as of the date of each extension of credit, to each Agent and each Lender that:

5.1. Financial Condition. (a) The unaudited pro forma consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at June 30, 2003 (including the notes thereto) (the "Pro Forma Balance Sheet"), copies of which have heretofore been furnished to each Lender, has been prepared giving effect to (i) the consummation of the Acquisition, (ii) the Loans to be made and the Senior Subordinated Notes to be issued on the Closing Date and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at June 30, 2003, assuming that the events specified in the preceding sentence had actually occurred at such date.

(b) The audited consolidated balance sheets of the Borrower as at December 31, 2002, December 31, 2001 and December 31, 2000, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from Deloitte & Touche LLP, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The audited consolidated balance sheets of the Schlumberger Business as at December 31, 2002, December 31, 2001 and December 31, 2000, and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from PricewaterhouseCoopers, present fairly the consolidated financial condition of the Schlumberger Business as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance sheet of the Borrower as at September 30, 2003, and the related unaudited consolidated statements of income and cash flows for the 9-month period ended on such date, present fairly the consolidated financial condition of the Borrower as at such date, and the consolidated results of its operations and its consolidated cash flows for the 9-month period then ended (subject to normal year-end audit adjustments). The unaudited consolidated balance sheet of the Schlumberger Business as at September 30, 2003, and the related unaudited consolidated statements of income and cash flows for the 9-month period ended on such date, present fairly the consolidated financial condition of the Schlumberger Business as at such date, and the consolidated results of its operations and its consolidated cash flows for the 9-month period then ended (subject to normal year-end audit adjustments). All such financial statements, including the related schedules and notes thereto, have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Except as described on Schedule 5.1, no Group Member has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate

or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. During the period from January 1, 2003 to and including the date hereof there has been no Disposition by the Borrower of any material part of its business or property.

5.2. No Change. Since December 31, 2002, there has been no development or event that has had or would reasonably be expected to have a Material Adverse Effect except to the extent that the extended Hart-Scott-Rodino review would reasonably be expected to have a Material Adverse Effect on the timing of the closing of the Transaction.

5.3. Corporate Existence; Compliance with Law. Each Group Member (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, except to the extent that the failure to do so would not, in the aggregate, reasonably be expected to have a Material Adverse Effect, and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

5.4. Power; Authorization; Enforceable Obligations. Each Loan Party has the power and authority, and the legal right, to make, deliver and perform the Loan Documents and the Related Agreements to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. Each Loan Party has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents and the Related Agreements to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the Transactions and the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents or of the Related Agreements, except (i) consents, authorizations, filings and notices described in Schedule 5.4, which consents, authorizations, filings and notices will be obtained or made by the Closing Date and, on and after the Closing Date, will be in full force and effect and (ii) the filings referred to in Section 5.19. This Agreement has been duly executed and delivered on behalf of the Borrower. On and after the Closing Date each Loan Document and each Related Agreement will have been duly executed and delivered on behalf of each Loan Party party thereto. This Agreement constitutes, and each other Loan Document upon the execution thereof will constitute, a legal, valid and binding obligation of each Loan Party party thereto, enforceable against each such Loan Party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

5.5. No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the issuance of Letters of Credit, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any

Contractual Obligation of any Group Member and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries would reasonably be expected to have a Material Adverse Effect.

5.6. Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against any Group Member or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that would reasonably be expected to have a Material Adverse Effect.

5.7. No Default. No Group Member is in default under or with respect to any of its Contractual Obligations in any respect that would reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

5.8. Ownership of Property; Liens. Each Group Member has good and legal title in fee simple to, or a valid leasehold interest in, all its real property, and good title to, or a valid leasehold interest in, all its other property, and, on and after the Closing Date, none of such property is subject to any Lien except as permitted by Section 8.3.

5.9. Intellectual Property. Schedule 5.9 lists all patents, trademark registrations, copyright registrations, mask work registrations, and all applications therefor, owned by each Group Member. On and after the Closing Date, each Group Member owns, or is licensed to use, free and clear of any Liens (except as permitted by Section 8.3), all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by each Group Member does not infringe on the rights of any Person in any material respect. Each Group Member has obtained from each of its employees who may be considered the inventor of material patentable inventions (invented within the scope of such employees' employment) an assignment to such Group Member of all rights to such inventions, including patents. Each Group Member has taken all commercially reasonable steps necessary to protect the secrecy and the validity under applicable law of all material trade secrets.

5.10. Taxes. Each Group Member has filed or caused to be filed all Federal and all material state and other tax returns that are required to be filed and all such tax returns are accurate and complete in all material respects; each Group Member has paid all taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of that are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the Borrower or its Subsidiaries, as the case may be); no tax Lien has been filed, and, to the knowledge of the Borrower, no claim is being asserted, with respect to any such tax, fee or other charge.

5.11. Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

5.12. Labor Matters. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against any Group Member pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of each Group Member have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from any Group Member on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Group Member.

5.13. ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable provisions of ERISA and the Code. To the extent they relate to a Multiemployer Plan, the representations contained in the preceding sentence are given only to the knowledge of the Borrower. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan on the assets of any Group Member or any Commonly Controlled Entity has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of such Plan's last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had, or reasonably expects to incur, a complete or partial withdrawal from any Multiemployer Plan that has resulted or would reasonably be expected to result in a material liability under ERISA. To the knowledge of the Borrower, no Multiemployer Plan is in Reorganization or Insolvent.

5.14. Investment Company Act; Other Regulations. No Loan Party is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

5.15. Subsidiaries. Except as disclosed to the Administrative Agent by the Borrower in writing from time to time after the Closing Date, (a) Schedule 5.15 sets forth the name and jurisdiction of incorporation of each Subsidiary, pro forma for the Acquisition, and, as to each such Subsidiary, the percentage of each class of Capital Stock owned by any Loan Party and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors'

qualifying shares) of any nature relating to any Capital Stock of the Borrower or any Subsidiary, except as created by the Loan Documents and, with respect to any day prior to the Closing Date, the Acquisition Documentation and the Existing Credit Facility. The Borrower has (i) filed with the Secretary of State of the State of Washington, and any other applicable Governmental Authority, all documents necessary to dissolve duly and validly Genesis Services Pittsburgh, Inc. and (ii) filed with the Secretary of State of the State of New Jersey, and any other applicable Governmental Authority, all documents necessary to dissolve duly and validly Energy Concepts, Inc.

5.16. Use of Proceeds. The proceeds of the Term Loans shall be used to finance a portion of the Acquisition and to pay related fees and expenses. The proceeds of the Revolving Loans shall be used to finance a portion of the Acquisition and to pay related fees and expenses and, following the consummation of the Acquisition, shall be used, together with the proceeds of the Swingline Loans, and the Letters of Credit, for general corporate purposes, except no such proceeds will be used for any optional or voluntary payment, prepayment, repurchase or redemption, or the defeasance or segregation of funds with respect to Outsourcing Project Indebtedness.

5.17. Environmental Matters. Except as, in the aggregate, would not reasonably be expected to have a Material Adverse Effect and as set forth on Schedule 5.17:

(a) the facilities and properties owned or leased by any Group Member (the "Properties", which Properties as of the date of this Agreement are set forth on Schedule 5.17(a)), to the best knowledge of such Group Members in the case of leased Properties, do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could give rise to liability under, any Environmental Law;

(b) no Group Member has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or compliance with Environmental Laws with regard to any of the Properties or the business operated by any Group Member (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which any Group Member is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of any Group Member in connection with the Properties, any facilities or properties formerly owned, leased or operated by any Group Member or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and

(g) no Group Member has assumed any liability of any other Person under Environmental Laws.

5.18. Accuracy of Information, etc. No statement or information contained in this Agreement, any other Loan Document, the Confidential Information Memorandum or any other document, certificate or statement furnished by or on behalf of any Loan Party to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, contained as of the date such statement, information, document or certificate was so furnished (or, in the case of the Confidential Information Memorandum, as of the date of this Agreement), any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. As of the date hereof, the representations and warranties contained in the Acquisition Documentation are true and correct in all material respects. There is no fact known to any Loan Party that would reasonably be expected to have a Material Adverse Effect that has not been expressly disclosed herein, in the other Loan Documents, in the Confidential Information Memorandum or in any other documents, certificates and statements furnished to the Administrative Agent and the Lenders for use in connection with the transactions contemplated hereby and by the other Loan Documents.

5.19. Security Documents. (a) When executed and delivered, the Guarantee and Collateral Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral described therein (other than Intellectual Property which is not United States Intellectual Property and Vehicles) and proceeds and products thereof. In the case of the Pledged Stock (other than the Capital Stock of Outsourcing Project Subsidiaries which have Outsourcing Project Indebtedness) described in the Guarantee and Collateral Agreement, when stock certificates representing such Pledged Stock are delivered to the Administrative Agent, and in the

case of the other Collateral described in the Guarantee and Collateral Agreement, when financing statements and other filings specified on Schedule 5.19(a) in appropriate form are filed in the offices specified on Schedule 5.19(a), the Guarantee and Collateral Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral and the proceeds thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except, in the case of Collateral other than Pledged Stock, Liens permitted by Section 8.3 and in the case of Pledged Stock consisting of the Capital Stock of Outsourcing Project Subsidiaries which have Outsourcing Project Indebtedness, Liens securing the Outsourcing Project Indebtedness of such Outsourcing Subsidiary).

(b) When executed and delivered, each of the Mortgages is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable Lien on the Mortgaged Properties described therein and proceeds and products thereof, and when the Mortgages are filed in the offices specified on Schedule 5.19(b), each such Mortgage shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Mortgaged Properties and the proceeds thereof, as security for the Obligations (as defined in the relevant Mortgage), in each case prior and superior in right to any other Person, except for Liens permitted by Section 8.3 which have priority as a matter of law, and subject to the Permitted Title Encumbrances. Schedule 1.1 lists, as of the Closing Date, each parcel of owned real property and each leasehold interest in real property located in the United States and held by the Borrower or any of its Subsidiaries.

(c) When executed and delivered, each Intellectual Property Security Agreement is effective to create in favor of the Administrative Agent, for the benefit of the Secured Parties, a legal, valid and enforceable security interest in the Intellectual Property Collateral described therein and the proceeds and products thereof. Upon the filing of (i) each Intellectual Property Security Agreement in the appropriate indexes of the United States Patent and Trademark Office relative to patents and trademarks, and the United States Copyright Office relative to copyrights and mask works, together with provision for payment of all requisite fees, and (ii) financing statements in appropriate form for filing in the offices specified on Schedule 5.19(a), each Intellectual Property Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Intellectual Property Collateral and the proceeds and products thereof, as security for the Obligations (as defined in the Guarantee and Collateral Agreement), in each case prior and superior in right to any other Person (except Liens permitted by Section 8.3).

5.20. Solvency. Each Loan Party is, and after giving effect to the Acquisition and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be and will continue to be, Solvent.

5.21. Senior Indebtedness. The Obligations constitute “Senior Debt” and “Designated Senior Debt” of the Borrower under and as defined in the Senior Subordinated Note Indenture. The obligations of each Guarantor under the Guarantee and Collateral Agreement constitute “Senior Debt” of such Guarantor under and as defined in the Senior Subordinated Note Indenture.

5.22. Regulation H. No Mortgage encumbers improved real property that is located in an area that has been identified by the Secretary of Housing and Urban Development as an area having special flood hazards and in which flood insurance has been made available under the National Flood Insurance Act of 1968 (except any Mortgaged Properties as to which such flood insurance as required by Regulation H has been obtained and is in full force and effect as required by this Agreement).

5.23. Certain Documents. The Borrower has delivered to the Administrative Agent a complete and correct copy of the Related Agreements, including any amendments, supplements or modifications with respect to any such Related Agreements.

SECTION 6. CONDITIONS PRECEDENT

6.1. Conditions to Initial Extension of Credit. The agreement of each Lender to make the initial extension of credit requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such extension of credit on or prior to March 15, 2004, of the following conditions precedent:

(a) Credit Agreement; Guarantee and Collateral Agreement. The Lead Arranger shall have received (i) the Guarantee and Collateral Agreement, executed and delivered by the Borrower and each Guarantor, (ii) Intellectual Property Security Agreements executed by the Borrower and any applicable Guarantor and (iii) an Acknowledgment and Consent in the form attached to the Guarantee and Collateral Agreement, executed and delivered by each Issuer (as defined therein), if any, that is not a Loan Party.

(b) Acquisition, etc. The following transactions (collectively, the "Transaction") shall have been consummated, in each case on terms and conditions reasonably satisfactory to the Lead Arranger, the Administrative Agent and the Required Lenders:

(i) the Borrower shall have received at least $125,000,000 in gross proceeds from the issuance of the Senior Subordinated Notes on terms and pursuant to documentation satisfactory to the Lead Arranger and the Required Lenders and no provision thereof shall have been waived, amended, supplemented or otherwise modified without the prior written consent of the Lead Arranger, the Administrative Agent and the Required Lenders.

(ii) The Lead Arranger shall have received satisfactory evidence that the Credit Agreement dated March 4, 2003 between Itron, Inc., Wells Fargo Bank and the other institutions party thereto (the "Existing Credit Facility") shall be terminated and all amounts thereunder shall be paid in full and satisfactory arrangements shall have been made for the termination of all Liens granted in connection therewith.

(iii) The SEI Acquisition shall have been consummated in accordance with the Acquisition Documentation and all applicable requirements of law for aggregate consideration not exceeding $255,000,000 pursuant to documentation

in form and substance satisfactory to the Lead Arranger and the Required Lenders, and no material provision thereof shall have been waived, amended, supplemented or otherwise modified without the prior written consent of each of the Lead Arranger, the Administrative Agent and the Required Lenders.

(iv) The capital and ownership structure of the Borrower and its Subsidiaries after giving effect to the Transaction shall be as set forth in Schedule 4.15.

(c) Related Agreements. The Borrower shall have delivered to the Lead Arranger complete, correct and conformed copies of the Acquisition Documentation and the Senior Subordinated Notes Documentation.

(d) Financial Statements. The Lead Arranger shall have received and shall be reasonably satisfied with the (i) audited consolidated financial statements, including balance sheets and income and cash flow statements, of the Borrower and its Subsidiaries and the Schlumberger Business for the 2000, 2001 and 2002 fiscal years, (ii) unaudited interim consolidated financial statements of the Borrower and its Subsidiaries for each fiscal month and quarterly period ended subsequent to the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph as to which such financial statements are available, and (iii) unaudited interim consolidated financial statements of the Schlumberger Business for each fiscal quarter ended subsequent to the date of the latest applicable financial statements delivered pursuant to clause (i) of this paragraph (as to which such financial statements are available) and such financial statements shall not, in the reasonable judgment of the Lead Arranger, the Administrative Agent or the Required Lenders, reflect any material adverse change in the consolidated financial condition of the Borrower, as reflected in the financial statements or projections contained in the Confidential Information Memorandum.

(e) Pro Forma Financial Statements. The Lead Arranger shall have received and shall be reasonably satisfied with consolidating pro forma balance sheets and income statements of the Borrower: (i) as of September 30, 2003; and (ii) in addition (a) as of the date of the most recent consolidated quarterly balance sheet subsequent to September 30, 2003 with respect to the Schlumberger Business; and (b) as of the date of the most recent monthly balance sheet subsequent to September 30, 2003 with respect to the Borrower and its Subsidiaries, in each case as required to be delivered pursuant to paragraph (d) above, giving effect to the Transaction, and prepared in accordance with Regulation S-X of the Securities Act of 1933. The most recent of such pro forma financial statements delivered to the Lead Arranger on the Closing Date shall show a pro forma Consolidated Leverage Ratio as of the Closing Date (calculated in accordance with Regulation S-X of the Securities Act of 1933 and including only those adjustments that the Lead Arranger agrees are acceptable) of not greater than 4.25 : 1.00, based upon Consolidated EBITDA for the most recent twelve-month operating period for which financial statements are available.

(f) Approvals. All governmental and third party approvals (including landlords' and other consents) necessary, or in the discretion of the Lead Arranger,

advisable in connection with the Acquisition, the continuing operations of the Group Members and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the Acquisition or the financing contemplated hereby.

(g) Lien Searches. The Lead Arranger shall have received the results of a recent lien search in each of the jurisdictions where the Group Members are organized and where assets of the Loan Parties are located or registered, and such search shall reveal no liens on any of the assets of the Loan Parties except for liens permitted by Section 8.3 or discharged on or prior to the Closing Date pursuant to documentation satisfactory to the Lead Arranger.

(h) Environmental Audit. The Lead Arranger shall have received an environmental audit with respect to each of the real properties of the Borrower and its Subsidiaries set forth in Schedule 6.1(h).

(i) Fees. The Lenders and the Agents shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Closing Date. All such amounts will be paid with proceeds of Loans made on the Closing Date and will be reflected in the funding instructions given by the Borrower to the Administrative Agent on or before the Closing Date.

(j) Closing Certificate. The Lead Arranger shall have received (i) a certificate of each Loan Party, dated the Closing Date, substantially in the form of Exhibit C, with appropriate insertions and attachments including the certificate of incorporation of each Loan Party that is a corporation certified by the relevant authority of the jurisdiction of organization of such Loan Party, and (ii) a long form good standing certificate for each Loan Party from its jurisdiction of organization. The Lead Arranger shall also have received telephonic confirmation from the Secretary of State or other applicable Governmental Authority of each jurisdiction in which such Loan Party is organized certifying that such Loan Party is duly organized and in good standing under the laws of such jurisdiction on the Closing Date, together with a written confirmatory report in respect thereof prepared by, or on behalf of, a filing service acceptable to the Lead Arranger.

(k) Additional Certifications, Confirmations. The Lead Arranger shall have received a long form good standing certificate for each Loan Party for each jurisdiction in which such Loan Party is required to be qualified as a foreign corporation, except where the failure to be so qualified would not have a Material Adverse Effect, and telephonic confirmation from the Secretary of State or other applicable Governmental Authority of each such jurisdiction on the Closing Date as to the due qualification and continued good standing of each such Loan Party as a foreign corporation or entity in such jurisdiction, together with a written confirmatory report in respect thereof prepared by, or on behalf of, a filing service acceptable to the Lead Arranger.

(l) Legal Opinions. The Lead Arranger shall have received the following executed legal opinions:

(i) the legal opinion of Perkins Coie LLP, counsel to the Borrower and its Subsidiaries, substantially in the form of Exhibit F-1;

(ii) to the extent consented to by the relevant counsel, each legal opinion, if any, delivered in connection with the Acquisition Agreement, accompanied by a reliance letter in favor of the Agents and the Lenders; and

(iii) the legal opinion of local counsel in each of Minnesota and South Carolina and of such other special and local counsel as may be required by the Lead Arranger.

Each such legal opinion shall cover such other matters incident to the transactions contemplated by this Agreement as the Lead Arranger may reasonably require.

(m) Pledged Stock; Stock Powers; Pledged Notes. The Administrative Agent shall have received (i) the certificates representing the shares of Capital Stock pledged pursuant to the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof and (ii) each promissory note (if any) pledged to the Administrative Agent pursuant to the Guarantee and Collateral Agreement endorsed (without recourse) in blank (or accompanied by an executed transfer form in blank) by the pledgor thereof.

(n) Filings, Registrations and Recordings. Each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Lead Arranger to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Liens expressly permitted by Section 8.3), shall be in proper form for filing, registration or recordation.

(o) Solvency Certificate. The Lead Arranger shall have received and shall be reasonably satisfied with a solvency certificate of the chief financial officer of the Loan Parties substantially in the form of Exhibit J, which shall document the solvency of the Loan Parties after giving effect to the Acquisition and other transactions contemplated hereby.

(p) Mortgages, etc.

(i) The Administrative Agent shall have received a Mortgage with respect to each Mortgaged Property, executed and delivered by a duly authorized officer of each party thereto.

(ii) If requested by the Administrative Agent, the Administrative Agent shall have received, and the title insurance company issuing the policy referred to in clause (iii) below (the "Title Insurance Company") shall have

received, maps or plats of an as-built survey of the sites of the Mortgaged Properties certified to the Administrative Agent and the Title Insurance Company in a manner satisfactory to them, dated a date satisfactory to the Administrative Agent and the Title Insurance Company by an independent professional licensed land surveyor satisfactory to the Administrative Agent and the Title Insurance Company, which maps or plats and the surveys on which they are based shall be made in accordance with the Minimum Standard Detail Requirements for Land Title Surveys jointly established and adopted by the American Land Title Association and the American Congress on Surveying and Mapping in 1992, and, without limiting the generality of the foregoing, there shall be surveyed and shown on such maps, plats or surveys the following: (A) the locations on such sites of all the buildings, structures and other improvements and the established building setback lines; (B) the lines of streets abutting the sites and width thereof; (C) all access and other easements appurtenant to the sites; (D) all roadways, paths, driveways, easements, encroachments and overhanging projections and similar encumbrances affecting the site, whether recorded, apparent from a physical inspection of the sites or otherwise known to the surveyor; (E) any encroachments on any adjoining property by the building structures and improvements on the sites; (F) if the site is described as being on a filed map, a legend relating the survey to said map; and (G) the flood zone designations, if any, in which the Mortgaged Properties are located.

(iii) The Administrative Agent shall have received in respect of each Mortgaged Property a mortgagee's title insurance policy (or policies) or marked up unconditional binder for such insurance in form and substance reasonably acceptable to the Administrative Agent. Each such policy shall (A) be in an amount equal to the fair market value of the Mortgaged Property, as reasonably determined by the Administrative Agent; (B) be issued at ordinary rates; (C) insure that the Mortgage insured thereby creates a valid first Lien on such Mortgaged Property free and clear of all defects and encumbrances, except as disclosed therein (the "Permitted Title Encumbrances"); (D) name the Administrative Agent for the benefit of the Secured Parties as the insured thereunder; (E) be in the form of ALTA Loan Policy - 1970 (Amended 10/17/70 and 10/17/84) (or equivalent policies); (F) contain such endorsements and affirmative coverage as the Administrative Agent may reasonably request; and (G) be issued by title companies satisfactory to the Administrative Agent (including any such title companies acting as co-insurers or reinsurers, at the option of the Administrative Agent). The Administrative Agent shall have received evidence satisfactory to it that all premiums in respect of each such policy, all charges for mortgage recording tax, and all related expenses, if any, have been paid concurrently with the initial funding of the Loans.

(iv) If any Mortgaged Property is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazards and in which flood insurance has been made available under any Flood Act, the Administrative Agent shall have received (A) a policy of flood insurance that (1) covers Mortgaged Property, (2) is written in an amount not less than the

outstanding principal amount of the indebtedness secured by a Mortgage that is reasonably allocable to such Mortgaged Property or the maximum limit of coverage made available with respect to the particular type of property under the applicable Flood Act, whichever is less, and (3) has a term ending not later than the maturity of the Indebtedness secured by such Mortgage and (B) confirmation that the Borrower has received the notice required pursuant to Section 208(e)(3) of Regulation H of the Board.

(v) The Administrative Agent shall have received a copy of all recorded documents referred to, or listed as exceptions to title in, the title policy or policies referred to in clause (iii) above and a copy of all other material documents affecting the Mortgaged Properties.

(q) Insurance. The Lead Arranger shall have received insurance certificates satisfying the requirements of Section 5.3 of the Guarantee and Collateral Agreement.

(r) Miscellaneous. The Lead Arranger shall have received such other documents, agreements, certificates and information as it shall reasonably request and the Administrative Agent shall have received a copy of each document, agreement or certificate delivered to the Lead Arranger pursuant to this Section 6.1.

6.2. Conditions to Each Extension of Credit. The agreement of each Lender to make any extension of credit requested to be made by it on any date (including its initial extension of credit) is subject to the satisfaction of the following conditions precedent:

(a) No Default. No Default or Event of Default has occurred and is continuing and, with respect to the initial funding of the Loans, would have occurred or existed on the date of such funding if all of the covenants in Sections 7 (except Section 7.11) and 8 (except Sections 8.2, 8.3 and 8.7, in each case, to the extent set forth on Schedule 6.2(a)) had been in effect from the Agreement Execution Date and the words “on or after the Closing Date” had been deleted from the preamble to Section 9;

(b) Representations and Warranties. Each of the representations and warranties made by any Loan Party in or pursuant to the Loan Documents shall be true and correct in all material respects on and as of such date as if made on and as of such date after giving effect to the extensions of credit requested to be made on such date; and

(c) Senior Debt. An officer of the Borrower shall certify in writing to the Administrative Agent that the incurrence of Indebtedness represented by the requested extensions of credit is permitted under the Senior Subordinated Note Indenture and that the indebtedness so incurred will constitute Senior Debt and Designated Senior Debt under and as defined in the Senior Subordinated Note Indenture.

Each borrowing by and issuance of a Letter of Credit on behalf of the Borrower hereunder shall constitute a representation and warranty by the Borrower as of the date of such extension of credit that the conditions contained in this Section 6.2 have been satisfied.

6.3. Conditions to Effectiveness.

This Agreement shall not become effective until the satisfaction of the following conditions precedent:

(a) The Lead Arranger shall have received this Agreement, or, in the case of the Lenders, an Addendum, executed and delivered by each Agent, the Borrower and each Person listed in Schedule 1.1A. In the event that any one or more Persons have not executed and delivered an Addendum on the date scheduled to be the Agreement Execution Date (each such Person being referred to herein as a "Non-Executing Person"), the condition referred to in the preceding sentence of this clause (a) shall nevertheless be deemed satisfied if on such date the Borrower and the Administrative Agent shall have designated one or more Persons (the "Designated Lenders") to assume, in the aggregate, all of the Commitments that would have been held by the Non-Executing Persons (subject to each such Designated Lender's consent and its execution and delivery of an Addendum).

(b) The Lead Arranger shall have received the legal opinion of Perkins Coie LLP, counsel to the Borrower and its Subsidiaries in a form reasonably acceptable to the Lead Arranger.

SECTION 7. AFFIRMATIVE COVENANTS

The Borrower hereby agrees that, so long as the Commitments remain in effect, any Letter of Credit remains outstanding (unless such Letter of Credit has been cash collateralized in accordance with Section 11.14) or any Loan or other amount is owing to any Lender or Agent hereunder, the Borrower shall and shall cause each of its Subsidiaries to:

7.1. Financial Statements. Furnish to the Administrative Agent and each Lender:

(a) as soon as available, but in any event within 90 days after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by Deloitte & Touche LLP or other independent certified public accountants of nationally recognized standing; and

(b) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein).

7.2. Certificates; Other Information. Furnish to the Administrative Agent and each Lender (or, in the case of clause (g), to the relevant Lender):

(a) concurrently with the delivery of the financial statements referred to in Section 7.1(a), a certificate of the independent certified public accountants reporting on such financial statements stating that in making the examination necessary therefor no knowledge was obtained of any Default or Event of Default, except as specified in such certificate;

(b) concurrently with the delivery of any financial statements pursuant to Section 7.1, (i) a certificate of a Responsible Officer stating that, to the best of each such Responsible Officer's knowledge, each Loan Party during such period has observed or performed all of its covenants and other agreements, and satisfied every condition, contained in this Agreement and the other Loan Documents to which it is a party to be observed, performed or satisfied by it, and that such Responsible Officer has obtained no knowledge of any Default or Event of Default, except as specified in such certificate and (ii) in the case of quarterly or annual financial statements, (x) a Compliance Certificate containing all information and calculations necessary for determining compliance by each Group Member with the provisions of this Agreement referred to therein as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be, and, if applicable, for determining the Applicable Margins and Commitment Fee Rate, and (y) to the extent not previously disclosed to the Administrative Agent, a listing of any Intellectual Property acquired by any Loan Party since the date of the most recent list delivered pursuant to this clause (y) (or, in the case of the first such list so delivered, since the Closing Date);

(c) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a detailed consolidated quarterly budget for the following fiscal year (including, on a quarterly basis, (i) projected consolidated balance sheets of the Borrower and its Subsidiaries through the end of the following fiscal year, the related consolidated statements of projected cash flow, projected changes in financial position and projected income and a description of the underlying assumptions applicable thereto and (ii) projected compliance with each of the financial covenants set forth in Section 8.1), and, as soon as available, significant revisions approved by the senior management of the Borrower, if any, of such budget and projections with respect to such fiscal year (collectively, the "Projections"), which Projections shall in each case be accompanied by a certificate of a Responsible Officer stating that such Projections are based on reasonable estimates, information and assumptions and that such Responsible Officer has no reason to believe that such Projections are incorrect or misleading in any material respect;

(d) if the Borrower is not then a reporting company under the Securities Exchange Act of 1934, as amended, within 45 days after the end of each fiscal quarter of the Borrower, a narrative discussion and analysis of the financial condition and results of operations of the Borrower and its Subsidiaries for such fiscal quarter and for the period from the beginning of the then current fiscal year to the end of such fiscal quarter, as compared to the portion of the Projections covering such periods and to the comparable periods of the previous year;

(e) no later than 10 Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to the Senior Subordinated Note Indenture or the Acquisition Documentation;

(f) within five days after the same are sent, copies of all financial statements and reports that the Borrower sends to the holders of any class of its debt securities or public equity securities and, within five days after the same are filed, copies of all financial statements and reports that the Borrower may make to, or file with, the SEC; and

(g) promptly, such additional financial and other information as any Lender may from time to time reasonably request.

7.3. Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature (including taxes, assessments and governmental changes or levies imposed upon it or upon its income or profits or in respect of its property), except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Group Member.

7.4. Maintenance of Existence; Compliance. (a) (i) Preserve, renew and keep in full force and effect its organizational existence except the existence of Subsidiaries who are liquidated in accordance with Section 8.4(b) and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 8.4 and except, in the case of clause (ii) above, to the extent that failure to do so would not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law, except to the extent that failure to comply therewith would not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

7.5. Maintenance of Property; Insurance. (a) Keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and businesses of the Borrower and its Subsidiaries as may customarily be carried or maintained under similar circumstances by corporations of established reputation engaged in similar

businesses, in each case in such amounts (giving effect to self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for corporations similarly situated in the industry.

7.6. Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) upon reasonable notice, unless an Event of Default has occurred or is continuing in which case no such notice shall be required, permit representatives of the Administrative Agent and of any Lender to visit and inspect any of its properties and examine and make abstracts from any of its books and records at any reasonable time and as often as may reasonably be desired and to discuss the business, operations, properties and financial and other condition of the Group Members with officers and employees of the Group Members and with their independent certified public accountants.

7.7. Notices. Promptly give notice to the Administrative Agent and each Lender of:

(a) the occurrence of any Default or Event of Default that is known to any Responsible Officer of the Borrower;

(b) any (i) default or event of default under any Contractual Obligation of any Group Member or (ii) litigation, investigation or proceeding that may exist at any time between any Group Member and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, would reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting any Group Member (i) in which the amount involved is $5,000,000 or more and not covered by insurance, (ii) in which injunctive or similar relief is sought or (iii) which relates to any Loan Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows or has reason to know thereof: (i) the occurrence of any Reportable Event with respect to any Plan, a failure by the Borrower or any Commonly Controlled Entity to make any required contribution to a Single Employer Plan or Multiemployer Plan, the creation of any Lien in favor of the PBGC or a Plan on the assets of any Group Member or any Commonly Controlled Entity, or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Single Employer Plan or Multiemployer Plan; and

(e) any development or event that has had or would reasonably be expected to have a Material Adverse Effect.

Each notice pursuant to this Section 7.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the Borrower or the relevant Subsidiary proposes to take with respect thereto.

7.8. Environmental Laws. (a) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

7.9. Maintenance of Intellectual Property. With respect to all Intellectual Property that is material to the business of any Group Member:

(a) Take all necessary steps before the Patent and Trademark Office, the Copyright Office or any similar office or agency in any other country or any political subdivision thereof, to prosecute or maintain, as applicable, in a commercially reasonable manner, each application and registration of all material patents, trademarks, copyrights and mask works (excluding provisional patent applications), including paying all fees and filing of renewals, affidavits of use, affidavits of incontestability and opposition, and interference and cancellation proceedings.

(b) Use proper statutory notice in connection with its use of all material trademarks, copyrights and mask works; maintain consistent standards of quality in its manufacture of products sold under all material trademarks or provision of services in connection with all material trademarks; and take all commercially reasonable steps necessary to protect the secrecy and validity under applicable law of all material trade secrets.

7.10. Interest Rate Protection. In the case of the Borrower, within 90 days after the Closing Date, enter into, and thereafter maintain, Hedge Agreements to the extent necessary to provide that at least 50% of the aggregate principal amount of Consolidated Total Debt is subject to either a fixed interest rate or interest rate protection for a period of not less than three years, which Hedge Agreements shall have terms and conditions reasonably satisfactory to the Administrative Agent.

7.11. Additional Collateral, etc. (a) With respect to any property acquired, created, or developed (including the filing of any applications for the registration or issuance of any Intellectual Property) after the Closing Date by any Group Member (other than (x) any property described in paragraph (b), (c), (d) or (e) below, (y) any property subject to a Lien expressly permitted by Section 8.3(g) and (z) property acquired by any Excluded Foreign Subsidiary, a Tax Excluded Foreign Subsidiary or an Outsourcing Project Subsidiary or consisting of the Capital Stock of any Outsourcing Project Subsidiary described in clause (a) of

the definition thereof) as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent. If such property is Intellectual Property, the actions specified in this Section 7.11(a) will be deemed promptly completed if completed within forty-five Business Days of the last day of the fiscal quarter in which such filing occurs.

(b) With respect to any fee interest (or leasehold interest, to the extent such leasehold interest is created under a triple net ground lease or similar transaction) in any real property having a value (together with improvements thereof) of at least $1,000,000 acquired after the Closing Date by any Group Member (other than (x) any such real property subject to a Lien expressly permitted by Section 8.3(g) and (z) real property acquired by any Excluded Foreign Subsidiary, a Tax Excluded Foreign Subsidiary or an Outsourcing Project Subsidiary that has Outsourcing Project Indebtedness), promptly (i) execute and deliver a first priority Mortgage, in favor of the Administrative Agent, for the benefit of the Secured Parties, covering such real property, (ii) if requested by the Administrative Agent, provide the Secured Parties with (x) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent) as well as a current ALTA survey thereof (to the extent required by the Administrative Agent), together with a surveyor's certificate and (y) any consents or estoppels reasonably deemed necessary or advisable by the Administrative Agent in connection with such Mortgage, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent, (iii) appraisals with respect to such real property reasonably requested by the Administrative Agent in accordance with applicable laws and regulations and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(c) With respect to any new Subsidiary (other than an Excluded Foreign Subsidiary, a Tax Excluded Foreign Subsidiary or an Outsourcing Project Subsidiary) created or acquired after the Closing Date by any Group Member (which, for the purposes of this paragraph (c), shall include any existing Subsidiary that ceases to be an Excluded Foreign Subsidiary or any existing Outsourcing Project Subsidiary that ceases to have Outsourcing Project Indebtedness), promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any Group Member, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Group Member, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement, (B) to take such actions necessary or advisable to grant to the

Administrative Agent for the benefit of the Secured Parties a perfected first priority security interest in the Collateral described in the Guarantee and Collateral Agreement with respect to such new Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or by law or as may be requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit C, with appropriate insertions and attachments, and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any new Tax Excluded Foreign Subsidiary (which is not an Excluded Foreign Subsidiary) created or acquired after the Closing Date by any Group Member (other than by any Group Member that is an Tax Excluded Foreign Subsidiary), promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Secured Parties, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by any such Group Member (provided that in no event shall more than 65% of the total outstanding Capital Stock of any new Tax Excluded Foreign Subsidiary be required to be so pledged), (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Group Member, as the case may be, and take such other action as may be necessary or, in the opinion of the Administrative Agent, desirable to perfect the Administrative Agent's security interest therein, and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

7.12. Further Assurances. From time to time from and after the Closing Date, execute and deliver, or cause to be executed and delivered, such additional instruments, certificates or documents, and take all such actions, as the Administrative Agent may reasonably request for the purposes of implementing or effectuating the provisions of this Agreement and the other Loan Documents, or of more fully perfecting or renewing the rights of the Administrative Agent and the Lenders with respect to the Collateral (or with respect to any additions thereto or replacements or proceeds thereof or with respect to any other property or assets hereafter acquired by the Borrower or any Subsidiary which may be deemed to be part of the Collateral) pursuant hereto or thereto. Upon the exercise by the Administrative Agent or any Lender of any power, right, privilege or remedy pursuant to this Agreement or the other Loan Documents which requires any consent, approval, recording qualification or authorization of any Governmental Authority, the Borrower will execute and deliver, or will cause the execution and delivery of, all applications, certifications, instruments and other documents and papers that the Administrative Agent or such Lenders may be required to obtain from the Borrower or any of its Subsidiaries for such governmental consent, approval, recording, qualification or authorization.

SECTION 8. NEGATIVE COVENANTS

The Borrower hereby agrees that, on and after the Closing Date, so long as the Commitments remain in effect, any Letter of Credit remains outstanding (unless such Letter of

Credit has been cash collateralized in accordance with Section 11.14) or any Loan or other amount is owing to any Lender or Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

8.1. Financial Condition Covenants (a) Consolidated Leverage Ratio. Commencing with the last day of the first full fiscal quarter commencing after the Closing Date, permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below to exceed the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Leverage Ratio
March 31, 2004	4.25:1.00
June 30, 2004	4.25:1.00
September 30, 2004	4.25:1.00
December 31, 2004	3.75:1.00
March 31, 2005	3.30:1.00
June 30, 2005	3.25:1.00
September 30, 2005	3.00:1.00
December 31, 2005	3.00:1.00
March 31, 2006	3.00:1.00
June 30, 2006	3.00:1.00
September 30, 2006	2.50:1.00
December 31, 2006	2.50:1.00
March 31, 2007	2.50:1.00
June 30, 2007	2.50:1.00
September 30, 2007	2.50:1.00
December 31, 2007	2.50:1.00
March 31, 2008	2.50:1.00
June 30, 2008	2.50:1.00
September 30, 2008	2.50:1.00
December 31, 2008	2.50:1.00
March 31, 2009	2.50:1.00
June 30, 2009	2.50:1.00
September 30, 2009	2.50:1.00
December 31, 2009	2.50:1.00
March 31, 2010	2.50:1.00
June 30, 2010	2.50:1.00
September 30, 2010	2.50:1.00
December 31, 2010	2.50:1.00

(b) Consolidated Senior Debt Ratio. Commencing with the last day of the first full fiscal quarter commencing after the Closing Date, permit the Consolidated Senior Debt Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below to exceed the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Senior Debt Ratio
March 31, 2004	2.55:1.00
June 30, 2004	2.50:1.00
September 30, 2004	2.35:1.00
December 31, 2004	2.05:1.00
March 31, 2005	1.90:1.00
June 30, 2005	1.75:1.00
September 30, 2005	1.65:1.00
December 31, 2005	1.50:1.00
March 31, 2006	1.50:1.00
June 30, 2006	1.50:1.00
September 30, 2006	1.25:1.00
December 31, 2006	1.25:1.00
March 31, 2007	1.25:1.00
June 30, 2007	1.25:1.00
September 30, 2007	1.25:1.00
December 31, 2007	1.25:1.00
March 31, 2008	1.25:1.00
June 30, 2008	1.25:1.00
September 30, 2008	1.25:1.00
December 31, 2008	1.25:1.00
March 31, 2009	1.25:1.00
June 30, 2009	1.25:1.00
September 30, 2009	1.25:1.00
December 31, 2009	1.25:1.00
March 31, 2010	1.25:1.00
June 30, 2010	1.25:1.00
September 30, 2010	1.25:1.00
December 31, 2010	1.25:1.00

(c) Consolidated Interest Coverage Ratio. Commencing with the last day of the first full fiscal quarter commencing after the Closing Date, permit the Consolidated Interest Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Interest Coverage Ratio
March 31, 2004	3.10:1.00
June 30, 2004	3.20:1.00
September 30, 2004	3.25:1.00
December 31, 2004	3.35:1.00
March 31, 2005	3.35:1.00
June 30, 2005	3.55:1.00
September 30, 2005	3.55:1.00
December 31, 2005	3.75:1.00
March 31, 2006	3.75:1.00
June 30, 2006	3.75:1.00
September 30, 2006	4.00:1.00
December 31, 2006	4.00:1.00
March 31, 2007	4.00:1.00
June 30, 2007	4.00:1.00
September 30, 2007	4.00:1.00
December 31, 2007	4.00:1.00
March 31, 2008	4.00:1.00
June 30, 2008	4.00:1.00
September 30, 2008	4.00:1.00
December 31, 2008	4.00:1.00
March 31, 2009	4.00:1.00
June 30, 2009	4.00:1.00
September 30, 2009	4.00:1.00
December 31, 2009	4.00:1.00
March 31, 2010	4.00:1.00
June 30, 2010	4.00:1.00
September 30, 2010	4.00:1.00
December 31, 2010	4.00:1.00

(d) Consolidated Fixed Charge Coverage Ratio. Commencing with the last day of the first full fiscal quarter commencing after the Closing Date, permit the Consolidated Fixed Charge Coverage Ratio for any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below to be less than the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter	Consolidated Fixed Charge Coverage Ratio
March 31, 2004	1.25:1.00
June 30, 2004	1.25:1.00
September 30, 2004	1.25:1.00
December 31, 2004	1.25:1.00
March 31, 2005	1.25:1.00
June 30, 2005	1.25:1.00
September 30, 2005	1.25:1.00
December 31, 2005	1.25:1.00
March 31, 2006	1.25:1.00
June 30, 2006	1.25:1.00
September 30, 2006	1.25:1.00
December 31, 2006	1.25:1.00
March 31, 2007	1.25:1.00
June 30, 2007	1.25:1.00
September 30, 2007	1.25:1.00
December 31, 2007	1.25:1.00
March 31, 2008	1.25:1.00
June 30, 2008	1.25:1.00
September 30, 2008	1.25:1.00
December 31, 2008	1.25:1.00
March 31, 2009	1.25:1.00
June 30, 2009	1.25:1.00
September 30, 2009	1.25:1.00
December 31, 2009	1.25:1.00
March 31, 2010	1.25:1.00
June 30, 2010	1.25:1.00
September 30, 2010	1.25:1.00
December 31, 2010	1.25:1.00

8.2. Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of any Loan Party pursuant to any Loan Document;

(b) Indebtedness (i) of the Borrower to any Subsidiary, (ii) of any Wholly Owned Subsidiary Guarantor to the Borrower or any other Subsidiary, (iii) of any Foreign Subsidiary to any Foreign Subsidiary, (iv) subject to Section 8.8(h), of any Foreign Subsidiary to the Borrower or any Wholly Owned Subsidiary Guarantor and (v) subject to Section 8.8(i), of any Outsourcing Project Subsidiary to the Borrower or any Wholly Owned Subsidiary Guarantor;

(c) Guarantee Obligations incurred in the ordinary course of business by the Borrower or any of its Subsidiaries of obligations of the Borrower, any Wholly Owned Subsidiary Guarantor and, subject to Section 8.8(h), of any Foreign Subsidiary;

(d) Indebtedness outstanding on the date hereof and listed on Schedule 8.2(d) and any refinancings, refundings, renewals or extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof);

(e) Indebtedness (including, without limitation, Capital Lease Obligations) secured by Liens permitted by Section 8.3(g) in an aggregate principal amount not to exceed $5,000,000 at any one time outstanding;

(f) (i) Indebtedness of the Borrower in respect of the Senior Subordinated Notes in an aggregate principal amount not to exceed $125,000,000 and any refinancings thereof if (x) such refinancing Indebtedness does not increase the principal amount thereof and is issued on terms and conditions reasonably satisfactory to the Syndication

Agent (including a maturity date not earlier than the maturity date of the Senior Subordinated Notes and subordination terms at least as favorable to the Agents and the Lenders as the subordination terms in the Senior Subordinated Notes) and (y) no Default or Event of Default has occurred and is continuing at the time of issuance thereof, and (ii) Guarantee Obligations of any Guarantor in respect of such Indebtedness, provided that such Guarantee Obligations are subordinated to the same extent as the obligations of the Borrower in respect of the Senior Subordinated Notes;

(g) Hedge Agreements permitted under Section 8.12;

(h) (i) Outsourcing Project Indebtedness incurred to finance the acquisition, construction or operation of Outsourcing Project Assets and any refinancings thereof if (x) such refinancing Indebtedness does not increase the principal amount thereof and is issued on terms and conditions reasonably satisfactory to the Syndication Agent (including a maturity date not earlier than the maturity date of the Outsourcing Project Indebtedness being refinanced) and (y) no Default or Event of Default has occurred and is continuing at the time of issuance thereof, in aggregate principal amount not to exceed, together with all other Indebtedness incurred pursuant to this paragraph (h), $50,000,000 at any one time outstanding and (ii) Outsourcing Project Guarantees in respect of such Outsourcing Project Indebtedness;

(i) unsecured subordinated Indebtedness of the Borrower in an aggregate amount not exceeding $100,000,000 at any one time outstanding and the unsecured guarantee by any Guarantor hereunder of the Borrower's obligations thereunder; provided that (1) the proceeds thereof are used either (i) to repay the Obligations hereunder or (ii) to consummate Investments permitted by Section 8.8(m) and (2) (a) no part of the principal part of such Indebtedness shall have a maturity date earlier than the final maturity of the Loans hereunder, (b) after giving effect to the incurrence of any such Indebtedness on a pro forma basis, as if such incurrence of Indebtedness had occurred on the first day of the twelve month period ending on the last day of the Borrower's then most recently completed fiscal quarter, the Borrower and its Subsidiaries would have been in compliance with all the financial covenants set forth in Section 8.1 and the Borrower shall have delivered to the Administrative Agent a certificate of a Responsible Officer of the Borrower to such effect setting forth in reasonable detail the computations necessary to determine such compliance, (c) at the time of the incurrence of such Indebtedness and after giving effect thereto, no Default or Event of Default shall exist or be continuing and (d) the documentation governing such Indebtedness contains customary market terms (including subordination terms reasonably acceptable to the Administrative Agent and the Syndication Agent); and

(j) additional unsecured Indebtedness of the Borrower or any Guarantors in an aggregate principal amount (for the Borrower and all Guarantors) not to exceed $10,000,000 at any one time outstanding and Guarantee Obligations of any Guarantor in respect of such Indebtedness.

8.3. Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except for:

(a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 30 days or that are being contested in good faith by appropriate proceedings, provided that, as of any date of determination, no foreclosure is reasonably likely to occur within 30 days of such date by the lien claimant;

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

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business, so long as the aggregate amount of deposits at any one time securing appeal bonds does not exceed $10,000,000;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) Liens in existence on the date hereof listed on Schedule 8.3(f), securing Indebtedness permitted by Section 8.2(d), operating leases which have been incurred in the ordinary course of business or inventory on consignment to the Borrower or its Subsidiaries, provided that no such Lien is spread to cover any additional property (other than proceeds of the original property) after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(g) Liens securing Indebtedness of the Borrower or any other Subsidiary incurred pursuant to Section 8.2(e) to finance the acquisition of fixed or capital assets, provided that (i) such Liens shall be created substantially simultaneously with the acquisition of such fixed or capital assets, (ii) such Liens do not at any time encumber any property other than the property financed by such Indebtedness (together with the proceeds of such original property) and (iii) the amount of Indebtedness secured thereby is not increased;

(h) Liens created pursuant to the Security Documents;

(i) any interest or title of a lessor under any lease entered into by the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased;

(j) Liens on the Outsourcing Project Assets of an Outsourcing Project Subsidiary securing the Outsourcing Project Indebtedness of such Outsourcing Project Subsidiary permitted by Section 8.2(h); and

(k) Liens not otherwise permitted by this Section so long as neither (i) the aggregate outstanding principal amount of the obligations secured thereby nor (ii) the aggregate fair market value (determined as of the date such Lien is incurred) of the assets subject thereto exceeds (as to the Borrower and all Subsidiaries) $2,500,000 at any one time.

8.4. Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of, all or substantially all of its property or business, except that:

(a) any Solvent Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Wholly Owned Subsidiary Guarantor (provided that the Wholly Owned Subsidiary Guarantor shall be the continuing or surviving corporation) or, subject to Section 8.8(h), with or into any Foreign Subsidiary;

(b) any Subsidiary of the Borrower may Dispose of any or all of its assets (upon voluntary liquidation or otherwise) to the Borrower or any Wholly Owned Subsidiary Guarantor or, subject to Section 8.8(h), any Foreign Subsidiary; and

(c) any Subsidiary of the Borrower may Dispose of any or all of its assets in a Disposition permitted by Section 8.5.

8.5. Disposition of Property. Dispose of any of its property, whether now owned or hereafter acquired, or, in the case of any Subsidiary, issue or sell any shares of such Subsidiary's Capital Stock to any Person, except:

(a) the Disposition of obsolete or worn out property in the ordinary course of business;

(b) the sale of inventory in the ordinary course of business;

(c) Dispositions permitted by Section 8.4(b);

(d) the sale or issuance of any Subsidiary's Capital Stock to the Borrower or any Wholly Owned Subsidiary Guarantor;

(e) the license (or sublicense) of Intellectual Property in the ordinary course of business;

(f) Dispositions consisting of Investments permitted by 8.8(i); and

(g) the Disposition of other property having a fair market value not to exceed $15,000,000 in the aggregate for any fiscal year of the Borrower.

8.6. Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of any Group Member, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property, the Borrower or any Subsidiary (collectively, "Restricted Payments"), except that:

(i) any Subsidiary may make Restricted Payments to the Borrower or any Wholly Owned Subsidiary Guarantor;

(ii) so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, the Borrower may purchase common stock or common stock options from present or former officers or employees of any Group Member upon the death, disability or termination of employment of such officer or employee, provided, that the aggregate amount of payments under this clause (ii) (net of any proceeds received by the Borrower after the Agreement Execution Date in connection with resales of any common stock or common stock options so purchased) shall not exceed $1,000,000 per fiscal year; provided that any such amount not expended in a particular fiscal year may be carried over for expenditure into any succeeding fiscal year so long as the aggregate amount expended in any one fiscal year pursuant to this Section 8.6(ii) does not exceed $3,000,000; and

(iii) the Borrower may purchase common stock or common stock options from shareholders who are not present or former officers or employees of any Group Member, so long as (x) the aggregate amount of payments under this clause (iii) do not exceed $5,000,000 plus, on a cumulative basis, commencing with fiscal year 2005, 25% of the aggregate Borrower ECF Amounts as of the date of such purchase and (y) no Default or Event of Default has occurred and is continuing or would result therefrom.

8.7. Capital Expenditures. Make or commit to make any Capital Expenditure, except (a) Capital Expenditures of the Borrower and its Subsidiaries in the ordinary course of business not exceeding $35,000,000 with respect to fiscal year 2004 and, with respect to any fiscal year thereafter, an amount equal to 6% of budgeted revenue for such fiscal year, as approved by the board of directors of the Borrower and by the Administrative Agent; provided, that (i) up to 25% of any such amount referred to above, if not so expended in the fiscal year for which it is permitted, may be carried over for expenditure in the next succeeding fiscal year and (ii) Capital Expenditures made pursuant to this clause (a) during any fiscal year shall be deemed made, first, in respect of amounts permitted for such fiscal year as provided above and, second, in respect of amounts carried over from the prior fiscal year pursuant to subclause (i) above and (b) Capital Expenditures made with the proceeds of any Reinvestment Deferred Amount.

8.8. Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "Investments"), except:

(a) extensions of trade credit in the ordinary course of business (including extensions of trade credit on extended terms in the ordinary course of business);

(b) Investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 8.2;

(d) loans and advances to employees of any Group Member of the Borrower in the ordinary course of business (including for travel, entertainment and relocation expenses) in an aggregate amount for all Group Members not to exceed $1,000,000 at any one time outstanding;

(e) the Acquisition;

(f) Investments in assets useful in the business of the Borrower and its Subsidiaries made by the Borrower or any of its Subsidiaries with the proceeds of any Reinvestment Deferred Amount;

(g) intercompany Investments by any Group Member in the Borrower or any Person that, prior to such Investment, is a Wholly Owned Subsidiary Guarantor;

(h) intercompany Investments by the Borrower or any of its Subsidiaries in any Person, that, prior to such Investment, is a Foreign Subsidiary (including, without limitation, Guarantee Obligations with respect to obligations of any such Foreign Subsidiary, loans made to any such Foreign Subsidiary and Investments resulting from mergers with or sales of assets to any such Foreign Subsidiary) in an aggregate amount (valued at cost) not to exceed $15,000,000 during the term of this Agreement;

(i) intercompany Investments in cash and other property by the Borrower or any of its Subsidiaries in any Person, that, prior to such Investment, is an Outsourcing Project Subsidiary so long as the aggregate amount of such Investments does not exceed $25,000,000, net of recoveries and distributions received in cash thereon by any Loan Party, at any time outstanding;

(j) Investments consisting of promissory notes and other deferred payment obligations delivered as the purchase consideration for a Disposition permitted by Section 8.5, so long as such notes and deferred payment obligations (i) comprise less than 20% of the aggregate purchase consideration for such Disposition and (ii) do not exceed $5,000,000 in the aggregate, net of recoveries and distributions received in cash thereon by any Loan Party, at any time outstanding;

(k) Investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers;

(l) Investments in companies engaged in related businesses in an aggregate amount not to exceed $5,000,000, net of recoveries and distributions received in cash thereon by any Loan Party, at any one time outstanding; and

(m) the acquisition by the Borrower or any other Loan Party, of any Person or of substantially all the assets of a business or line of business, in each case, as a going concern, if:

(i) such Person or going concern is engaged only in a business permitted by Section 8.16;

(ii) the Borrower has delivered to the Administrative Agent a certificate of a Responsible Officer demonstrating in reasonable detail pro forma compliance with the covenants set forth in Section 8.1, based upon the most recent 12-month period for which financial statements are available and after giving effect to such acquisition, the financing thereof and all related transactions as if completed on the first day of such period;

(iii) no Default or Event of Default exists at the time such acquisition is agreed upon or made or would result therefrom;

(iv) the provisions of Section 7.11 are complied with in respect of such acquisition; and

(v) the aggregate amount of all consideration paid, delivered or promised in connection with all such acquisitions (other than the Acquisition) at any time after the Agreement Execution Date does not exceed $75,000,000 and the aggregate amount of cash consideration for any single acquisition, or series of related acquisitions, does not exceed $10,000,000.

8.9. Optional Payments and Modifications of Certain Debt Instruments. (a) Make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to the Senior Subordinated Notes except for refinancings thereof expressly permitted by Section 8.2(f);

(b) make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to any Outsourcing Project Indebtedness, except if no Default or Event of Default shall have occurred and be continuing or would result therefrom;

(c) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Senior Subordinated Notes or any Indebtedness expressly permitted by Section 8.2(f) which refinances such Senior Subordinated Notes (other than any such amendment, modification, waiver or other change that (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon and (ii) does not involve the payment of a consent fee); or

(d) designate any Indebtedness (other than obligations of the Loan Parties pursuant to the Loan Documents) as "Designated Senior Debt" (or any other defined term having a similar purpose) for the purposes of the Senior Subordinated Note Indenture.

8.10. Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Wholly Owned Subsidiary Guarantor) unless (1) such transaction is (a) otherwise permitted under this Agreement, (b) in the ordinary course of business of the relevant Group Member, and (c) upon fair and reasonable terms no less favorable to the relevant Group Member, than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate or (2) such transaction is with an Excluded Foreign Subsidiary or an Outsourcing Project Subsidiary and is otherwise expressly permitted under this Agreement.

8.11. Sales and Leasebacks. Enter into any arrangement or series of arrangements which generate, either individually or in the aggregate, gross cash proceeds to the Borrower and its Subsidiaries in excess of $20,000,000 with any Person providing for the leasing by any Group Member of real or personal property that has been or is to be sold or transferred by such Group Member to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Group Member.

8.12. Hedge Agreements. Enter into any Hedge Agreement, except (a) Hedge Agreements entered into to hedge or mitigate risks to which the Borrower or any Subsidiary has actual exposure (other than those in respect of Capital Stock or the Senior Subordinated Notes or any Indebtedness expressly permitted by Section 8.2(f) which refinances such Senior Subordinated Notes) and (b) Hedge Agreements entered into in order to effectively cap, collar or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Subsidiary.

8.13. Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

8.14. Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of any Group Member to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, other than (a) this Agreement and the other Loan Documents, (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby and the proceeds thereof), (c) solely as to restrictions on Liens securing liabilities other than the Obligations, the Senior Subordinated Notes Documentation and (d) any Outsourcing Project Debt Documentation (in which case any prohibition or limitation shall only be effective against the Outsourcing Project Assets financed thereby).

8.15. Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except (as to clauses (a), (b) and (c)) for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents, (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary, (iii) any restrictions existing under the Senior Subordinated Notes Documentation and (iv) any restrictions with respect to an Outsourcing Project Subsidiary pursuant to the applicable Outsourcing Project Debt Documentation.

8.16. Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement (after giving effect to the Acquisition) or that are reasonably related thereto.

8.17. Amendments to Acquisition Documents. (a) Amend, supplement or otherwise modify (pursuant to a waiver or otherwise) the terms and conditions of the indemnities and licenses furnished to the Borrower or any of its Subsidiaries pursuant to the Acquisition Documentation such that after giving effect thereto such indemnities or licenses shall be materially less favorable to the interests of the Loan Parties or the Lenders with respect thereto or (b) otherwise amend, supplement or otherwise modify the terms and conditions of the Acquisition Documentation or any such other documents, except for any such amendment, supplement or modification that (i) becomes effective after the Closing Date and (ii) would not reasonably be expected to have a Material Adverse Effect.

8.18. Intellectual Property. Except as would not reasonably be expected to have a Material Adverse Effect: (a) do any act or omit to do any act whereby any material Intellectual Property may become invalidated, diluted, abandoned, or dedicated to the public domain, or whereby the remedies available against potential infringers may become weakened, or (b) register or cause to be registered with the United States Copyright Office any copyright registration with respect to any material proprietary software of any Group Member or with respect to any other material property of a Group Member that is subject to registration with the United States Copyright Office.

SECTION 9. EVENTS OF DEFAULT

If, on or after the Closing Date, any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay any principal of any Loan or Reimbursement Obligation when due in accordance with the terms hereof; or the Borrower shall fail to pay any interest on any Loan or Reimbursement Obligation, or any other amount payable hereunder or under any other Loan Document, within five days after any such interest or other amount becomes due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on or as of the date made or deemed made; or

(c) (i) any Loan Party shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 7.4(a) (with respect to the Borrower only), Section 7.7(a) or Section 8 of this Agreement or Sections 5.5 and 5.7(b) of the Guarantee and Collateral Agreement or (ii) an "Event of Default" under and as defined in any Mortgage shall have occurred and be continuing; or

(d) any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (c) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent or the Required Lenders; or

(e) any Group Member (i) defaults in making any payment of any principal of any Indebtedness (including any Guarantee Obligation, but excluding the Loans) on the scheduled or original due date with respect thereto beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) defaults in making any payment of any interest on any such Indebtedness beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (iii) defaults in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or to become subject to a mandatory offer to purchase by the obligor thereunder or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in clause (i), (ii) or (iii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i), (ii) and (iii) of this paragraph (e) shall have occurred and be continuing with respect to (A) Indebtedness (other than Outsourcing Project Indebtedness but including any Outsourcing Project Guarantee) the outstanding principal amount of which exceeds in the aggregate $5,000,000 or, with respect to Outsourcing Project Indebtedness, $25,000,000 or (B) Outsourcing Project Indebtedness if the Borrower would not have been in compliance with the covenants set forth in Section 8.1 as of the last day of the most recent fiscal quarter for which financial statements are available if Consolidated EBITDA for the twelve month period ended on such day were calculated to exclude any income of such Group Member from Consolidated Net Income; or

(f) (i) any Group Member shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or any Group Member shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against any Group Member any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against any Group Member any case, proceeding or other action seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within 60 days from the entry thereof; or (iv) any Group Member shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) any Group Member shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(g) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, other than a prohibited transaction for which an exemption is available and all the conditions for which are satisfied, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of any Group Member or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) any Group Member or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could, in the good faith judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect; or

(h) one or more judgments or decrees shall be entered against any Group Member involving in the aggregate a liability (to the extent not covered by insurance as

to which the relevant insurance company has acknowledged coverage) of $5,000,000 or more, and all such judgments or decrees shall not have been vacated, discharged, stayed (by agreement or otherwise) or bonded pending appeal within 30 days from the entry thereof; or

(i) any of the Security Documents shall cease, for any reason, to be in full force and effect, or any Loan Party or any Affiliate of any Loan Party shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby and solely with respect to any Lien, the enforceability and priority of such Lien shall not have been reestablished, reinstated and in full force and effect within 10 days of such cessation; or

(j) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or any Loan Party or any Affiliate of any Loan Party shall so assert; or

(k) (i) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), shall become, or obtain rights (whether by means or warrants, options or otherwise) to become, the "beneficial owner" (as defined in Rules 13(d)-3 and 13(d)-5 under the Exchange Act), directly or indirectly, of more than 30% of the outstanding common stock of the Borrower; (ii) the board of directors of the Borrower shall cease to consist of a majority of Continuing Directors; or (iii) a Specified Change of Control shall occur; or

(l) the Senior Subordinated Notes, or any Indebtedness expressly permitted by Section 8.2(f) which refinances such Senior Subordinated Notes, or the guarantees thereof shall cease, for any reason, to be validly subordinated to the Obligations or the obligations of the Guarantors under the Guarantee and Collateral Agreement, as the case may be, as provided in the Senior Subordinated Note Indenture, or any Loan Party, any Affiliate of any Loan Party, the trustee in respect of the Senior Subordinated Notes or the holders of at least 25% in aggregate principal amount of the Senior Subordinated Notes shall so assert; or

(m) the Borrower becomes unconditionally obligated to make payment under one or more Outsourcing Project Guarantees in an amount in excess of the amount which the Borrower would then be permitted to invest in such Outsourcing Project Subsidiary pursuant to Section 8.8(i);

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (f) above with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower

declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans hereunder (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents (including all amounts of L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented the documents required thereunder) to be due and payable forthwith, whereupon the same shall immediately become due and payable. With respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to this paragraph, the Borrower shall at such time deposit in a cash collateral account opened by the Administrative Agent an amount equal to the aggregate then undrawn and unexpired amount of such Letters of Credit. Amounts held in such cash collateral account shall be applied by the Administrative Agent to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay other obligations of the Borrower hereunder and under the other Loan Documents. After all such Letters of Credit shall have expired or been fully drawn upon, all Reimbursement Obligations shall have been satisfied and all other obligations of the Borrower hereunder and under the other Loan Documents shall have been paid in full, the balance, if any, in such cash collateral account shall be returned to the Borrower (or such other Person as may be lawfully entitled thereto). Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

SECTION 10. THE AGENTS

10.1. Appointment. Each Lender hereby irrevocably designates and appoints each Agent as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes such Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to such Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, no Agent shall have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against any Agent.

10.2. Delegation of Duties. Each Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. No Agent shall be responsible for the negligence or misconduct of any agents or attorneys in-fact selected by it with reasonable care.

10.3. Exculpatory Provisions. Neither any Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent that any of the foregoing are found

by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by any Loan Party or any officer thereof contained in this Agreement or any other Loan Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Agents under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of any Loan Party a party thereto to perform its obligations hereunder or thereunder. The Agents shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of any Loan Party.

10.4. Reliance by Agents. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by such Agent. The Administrative Agent may deem and treat the payee of any Note as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

10.5. Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless such Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders or any other instructing group of Lenders specified by this Agreement); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

10.6. Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees,

agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to the Agents that it has, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of any Loan Party or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

10.7. Indemnification. The Lenders agree to indemnify each Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

10.8. Agent in Its Individual Capacity. Each Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Loan Party as though such Agent were not an Agent. With respect to its Loans made or renewed by it and with respect to any Letter of Credit issued or participated in by it, each Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

10.9. Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 30 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 9(a) or Section 9(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 30 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. The Syndication Agent may, at any time, by notice to the Lenders and the Administrative Agent, resign as Syndication Agent hereunder, whereupon the duties, rights, obligations and responsibilities of the Syndication Agent hereunder shall automatically be assumed by, and inure to the benefit of, the Administrative Agent, without any further act by the Syndication Agent, the Administrative Agent or any Lender. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 10 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

10.10. Agents Generally. Except as expressly set forth herein, no Agent shall have any duties or responsibilities hereunder in its capacity as such.

10.11. The Lead Arranger. The Lead Arranger, in its capacity as such, shall have no duties or responsibilities, and shall incur no liability, under this Agreement and other Loan Documents.

10.12. Withholding Tax. (a) To the extent required by any applicable law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the forms or other documentation required by Section 4.10(e) are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to any Lender not providing such forms or other documentation, the maximum amount of the applicable withholding tax.

(b) If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative

Agent of a change of circumstances which rendered the exemption from, or reduction of, withholding tax ineffective), such Lender shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out-of-pocket expenses; provided that no Lender shall be liable for the payment of any portion of such amounts that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted solely and proximately from the Administrative Agent's gross negligence or willful misconduct. Nothing in this Section 10.12 reduces or eliminates the Borrower's obligations under Section 4.10.

SECTION 11. MISCELLANEOUS

11.1. Amendments and Waivers. Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 11.1. The Required Lenders and each Loan Party party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and each Loan Party party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Term Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates, which waiver shall be effective with the consent of the Majority Facility Lenders of each adversely affected Facility and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Commitment, or permit any Interest Period with a duration longer than 6 months, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 11.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Guarantors from their obligations under the Guarantee and Collateral Agreement, in each case without the written consent of all Lenders; (iv) amend, modify or waive any condition precedent to any extension of credit under the Revolving Facility set forth in Section 6.2 (including in connection with any waiver of an existing Default or Event of Default) without the written consent of the Majority Facility Lenders with respect to the Revolving Facility; (v) amend, modify or waive any provision of Section 4.8 without the written consent of the Majority Facility Lenders in respect of each Facility adversely affected thereby; (vi) reduce the amount of Net Cash Proceeds or Excess Cash Flow required to be applied to prepay Loans under

this Agreement without the written consent of the Majority Facility Lenders with respect to each Facility; (vii) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (viii) amend, modify or waive any provision of Section 10 without the written consent of each Agent adversely affected thereby; (ix) amend, modify or waive any provision of Section 3.3 or 3.4 without the written consent of the Swingline Lender; or (x) amend, modify or waive any provision of Sections 3.7 to 3.14 without the written consent of the Issuing Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Agents and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Agents shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

Notwithstanding clauses (ii), (iii), (v), (vi) and (vii) in the foregoing paragraph, this Agreement may be amended (or amended and restated) with the written consent of the Required Lenders, the Arranger, the Administrative Agent and the Borrower (a) to add one or more additional credit facilities to this Agreement and to permit the extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof (collectively, the "Additional Extensions of Credit") to share ratably in the benefits of this Agreement and the other Loan Documents with the Term Loans and Revolving Extensions of Credit and the accrued interest and fees in respect thereof and (b) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Majority Facility Lenders; provided, that no such amendment shall permit the Additional Extensions of Credit to share ratably with or with preference to the Term Loans in the application of mandatory prepayments without the consent of the Majority Facility Lenders under each Facility (other than the Revolving Facility) or otherwise to share ratably with or with preference to the Revolving Extensions of Credit without the consent of the Majority Facility Lenders under the Revolving Facility.

In addition, notwithstanding the foregoing, this Agreement may be amended with the written consent of the Arranger, the Administrative Agent, the Borrower and the Lenders providing the relevant Replacement Term Loans (as defined below) to permit the refinancing of all outstanding Tranche B Term Loans ("Refinanced Term Loans") with a replacement "B" term loan tranche hereunder ("Replacement Term Loans"), provided that (a) the aggregate principal amount of such Replacement Term Loans shall not exceed the aggregate principal amount of such Refinanced Term Loans, (b) the Applicable Margin for such Replacement Term Loans shall not be higher than the Applicable Margin for such Refinanced Term Loans, (c) the weighted average life to maturity of such Replacement Term Loans shall not be shorter than the weighted average life to maturity of such Refinanced Term Loans at the time of such refinancing and (d) all other terms applicable to such Replacement Term Loans shall be substantially identical to, or less favorable to the Lenders providing such Replacement Term Loans than, those applicable to such Refinanced Term Loans, except to the extent necessary to provide for covenants and other terms applicable to any period after the latest final maturity of the Term Loans in effect immediately prior to such refinancing.

11.2. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as follows in the case the Borrower and the Agents, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto:

The Borrower:	Itron, Inc. 2818 North Sullivan Road Spokane, WA 99216 Attention: Chief Financial Officer Telecopy: (509) 891-3334 Telephone: (509) 891-3488
with a copy to:	Itron, Inc. 2818 North Sullivan Road Spokane, WA 99216 Attention: Corporate Secretary Telecopy: (509) 891-3334 Telephone: (509) 891-3272 and Perkins Coie LLP 1201 Third Avenue, 48th flr. Seattle, WA 98101-3099 Attention: James D. Gradel Telecopy: (206) 359-8401 Telephone: (206) 359-9401
The Lead Arranger and Syndication Agent:	Bear Stearns Corporate Lending Inc. 383 Madison Avenue New York, NY 10179 Attention: Kevin Cullen Telecopy: (212) 272-9184 Telephone: (212) 272-5724
with a copy to:	Latham & Watkins LLP 885 Third Avenue New York, NY 10022 Attention: Melissa Alwang Telecopy: (212) 751-4864 Telephone: (212) 906-1706

The Administrative Agent:	Wells Fargo Bank Inland Northwest RCBO Mac#6773-030 221 N. Wall, Suite 310 Spokane, WA 99201 Attention: Tom Beil Telecopy: (509) 363-6875 Telephone: (509) 363-6860

provided that any notice, request or demand to or upon any Agent, the Issuing Lender or the Lenders shall not be effective until received.

Notices and other communications to the Lenders hereunder may be delivered or furnished by electronic communications pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Section 2 unless otherwise agreed by the Administrative Agent and the applicable Lender and provided further that any notices or deliveries required to be given to all the Lenders hereunder may be effected by delivery of notice to the Administrative Agent as provided above, followed by a distribution of such notice by the Administrative Agent to the Lenders through IntraLinks (or any similar electronic system customarily used by financial institutions), to the extent such system is being used by the Administrative Agent, it being understood that the Administrative Agent shall bear no responsibility for any failure of any Lender to receive any such notice or delivery and the Borrower shall remain responsible therefore. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

11.3. No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of any Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

11.4. Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

11.5. Payment of Expenses and Taxes. The Borrower agrees (a) to pay or reimburse each Agent for all its reasonable out-of-pocket costs and expenses incurred in connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to such Agent and filing and recording fees and expenses, with statements with

respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as such Agent shall deem appropriate (provided that fees and expenses of counsel to the Agents shall be limited to the fees and expenses of a single primary counsel and of such other local and specialist counsel as the Agents may require), (b) to pay or reimburse each Lender and Agent for all its costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to such Agent, (c) to pay, indemnify, and hold each Lender and Agent 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 and other taxes, if any, that may be payable or determined to be payable in connection with the execution and delivery of, or 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, the other Loan Documents and any such other documents, and (d) to pay, indemnify, and hold each Lender and Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "Indemnitee") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of any Group Member or any of the Properties or the unauthorized use by Persons of information or other materials sent through electronic, telecommunications or other information transmission systems that are intercepted by such Persons and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against any Loan Party under any Loan Document (all the foregoing in this clause (d), collectively, the "Indemnified Liabilities"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee, except to the extent that the violation of, noncompliance with or liability under, any Environmental Law was caused by the Indemnitee after the Indemnitee obtained possession of the applicable property of any Group Member. All amounts due under this Section 11.5 shall be payable not later than 10 days after written demand therefor. Statements payable by the Borrower pursuant to this Section 11.5 shall be submitted at the address of the Borrower set forth in Section 11.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 11.5 shall survive repayment of the Loans and all other amounts payable hereunder.

11.6. Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any affiliate of the Issuing Lender that issues any Letter of Credit), except that (i) the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees (each, an "Assignee") all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld) of:

(A) the Borrower, provided that no consent of the Borrower shall be required (x) with respect to an assignment of funded Term Loans, (y) for an assignment to a Lender, an affiliate of a Lender, an Approved Fund, or (z) if an Event of Default has occurred and is continuing, any other Person; and

(B) the Administrative Agent, provided that no consent of the Administrative Agent shall be required for an assignment to an Assignee that is a Lender or Approved Fund managed or advised by the same investment advisor as such Lender (or by an Affiliate of such investment advisor) immediately prior to giving effect to such assignment, except in the case of an assignment of a Revolving Commitment to an Assignee that does not already have a Revolving Commitment.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans under any Facility, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000 unless each of the Borrower and the Administrative Agent otherwise consent, provided that (1) no such consent of the Borrower shall be required if an Event of Default has occurred and is continuing and (2) such amounts shall be aggregated in respect of each Lender and its affiliates or Approved Funds, if any;

(B) the Assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire;

(C) in the case of an assignment to a CLO of the assigning Lender, the assigning Lender shall retain the sole right to approve any amendment, modification or waiver of any provision of this Agreement and the other Loan Documents so long as the assigning Lender remains as a Lender, provided that the Assignment and Assumption between such Lender and such CLO may provide that such Lender will not, without the consent of such CLO, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 11.1 and (2) directly affects such CLO; and

(D) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500; except that no such assignment and processing fee shall be payable in connection with an Assignment by the Lead Arranger or any of its affiliates and only one such fee shall be payable for multiple contemporaneous assignments to or from Approved Funds of a single Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) below, from and after the effective date specified in each Assignment and Assumption the Assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 4.9, 4.10, 4.11 and 11.5). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 11.6 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and L/C Obligations owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent, the Issuing Lender and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Issuing Lender and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an Assignee, the Assignee's completed administrative questionnaire (unless the Assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any

written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall (x) accept such Assignment and Assumption and record the information contained therein in the Register and (y) deliver a copy of such Assignment and Acceptance to the Syndication Agent. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) (i) Any Lender may, without the consent of the Borrower or the Administrative Agent, sell participations to one or more banks or other entities (a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (C) the Borrower, the Administrative Agent, the Issuing Lender and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver that (1) requires the consent of each Lender directly affected thereby pursuant to the proviso to the second sentence of Section 11.1 and (2) directly affects such Participant. Subject to paragraph (c)(ii) of this Section, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 4.9, 4.10 or 4.11 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 11.7(b) as though it were a Lender, provided such Participant shall be subject to Section 11.7(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 4.9 or 4.10 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. Any Participant that is a Non-U.S. Lender shall not be entitled to the benefits of Section 4.10 unless such Participant complies with Section 4.10(e).

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or Assignee for such Lender as a party hereto.

(e) The Borrower, upon receipt of written notice from the relevant Lender, agrees to issue Notes to any Lender requiring Notes to facilitate transactions of the type described in paragraph (d) above.

(f) Notwithstanding the foregoing, any Conduit Lender may assign any or all of the Loans it may have funded hereunder to its designating Lender without the consent of the Borrower or the Administrative Agent and without regard to the limitations set forth in Section 11.6(b). The Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

11.7. Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a "Benefited Lender") shall receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 9(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

11.8. Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

11.9. Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

11.10. Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Agents and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by any Agent or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents. The Commitments supersede all prior commitments and obligations to make loans or otherwise extend credit delivered to the Borrower at any time prior to the Agreement Execution Date by any Agent or Lender or any of their Affiliates. The agreements of the Borrower contained in the fee letter agreement, dated July 15, 2003, survive the execution and delivery of this Agreement and the funding of the Term Loans.

11.11. **GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.**

11.12. Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Loan Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York located in the County of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts, agrees not to commence any such action or proceeding relating to this Agreement and the other Loan Documents other than in such courts, except to the extent mandated by applicable law, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, at its address set forth in Section 11.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right of any other Person to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

11.13. Acknowledgments. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) no Agent or Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between the Agents and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

11.14. Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 11.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 11.1 or (ii) under the circumstances described in paragraph (b) below. In furtherance of the foregoing, upon request of the Borrower, the Administrative Agent shall (without notice to or vote or consent of any Lender, or any affiliate of any Lender that is a party to any Specified Hedge Agreement) take such actions as shall be required to release (1) the guarantee obligations of an Outsourcing Project Subsidiary under the Guaranty and Collateral Agreement in connection with the incurrence of Outsourcing Project Indebtedness by such Outsourcing Project Subsidiary and (2) the Administrative Agent's security interest in (i) any Collateral being Disposed of in a Disposition of Property permitted by the Loan Documents and (ii) any Outsourcing Project Assets in connection with the creation and perfection of any Lien thereon permitted by Section 8.3(j), to secure Outsourcing Project Indebtedness, in each case under clause (1) and (2), to the extent necessary to permit consummation of such Disposition or the incurrence of such Outsourcing Project Indebtedness; provided that the Borrower shall have delivered to the Administrative Agent, at least 10 Business Days prior to the date of the proposed release, a written request therefore and the terms of such Disposition or Outsourcing Project Indebtedness, in reasonable detail, together with a certificate stating that such Disposition or such incurrence is in compliance with this Agreement and the other Loan Documents and that the proceeds therefrom will be applied in accordance with this Agreement and the other Loan Documents and if the Administration Agent determines in good faith that no dispute exists or is likely to arise between the Lenders, the Administrative Agent and the Borrower with respect to such Disposition or such incurrence.

(b) At such time as the Loans, the Reimbursement Obligations and the other obligations under the Loan Documents (other than obligations under or in respect of Hedge Agreements) shall have been paid in full, the Commitments have been terminated and no Letters of Credit shall be outstanding, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those obligations relating to the payment of fees and expenses and indemnification or any other obligation expressly stated to survive such termination) of the Administrative Agent and each Loan Party under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person. Notwithstanding the foregoing, for purposes of this Section 11.14, a Letter of Credit shall not be deemed outstanding if (i) the Loans, the Reimbursement Obligations and the other Obligations under the Loan Documents shall have been paid in full and the Commitments have been terminated and (ii) the Borrower has (x) deposited with each Issuing Lender cash to be held by such Issuing Lender as cash collateral in an amount equal to 105% of the face amount of each Letter of Credit issued by such Issuing Lender to be available to such Issuing Lender to reimburse payments of drafts drawn under such Letter of Credit and pay any fees and expenses related thereto and (y) prepaid to each Issuing Lender the entire fee payable under Section 3.9(a) with respect to any Letters of Credit issued by such Issuing Lender for the full remaining term of such Letters of Credit. Upon termination of a Letter of Credit which has been cash collateralized as provided in this Section, the unearned portion of such prepaid fee attributable to such Letter of Credit shall be refunded to the Borrower, together with the deposit described in the preceding clause (x) with respect to such Letter of Credit to the extent not previously applied by the applicable Issuing Lender in the manner described herein. Each Issuing Lender hereby acknowledges and agrees that if a Letter of Credit has been cash collateralized as provided in this Section and the Loans, the Reimbursement Obligations and the other Obligations under the Loan Documents shall have been paid in full and the Commitments have been terminated, all obligations of the Lenders with respect to such Letters of Credit shall have terminated, including the obligations of the Lenders to purchase L/C Participations pursuant to Section 3.10 and the obligations of the Lenders to make Revolving Loans pursuant to Section 3.2.

11.15. Confidentiality. Each Agent and each Lender agrees to keep confidential all non-public information provided to it by any Loan Party pursuant to this Agreement that is designated by such Loan Party as confidential; provided that nothing herein shall prevent any Agent or any Lender from disclosing any such information (a) to any Agent, any other Lender or any Lender affiliate, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender’s investment portfolio in connection with

ratings issued with respect to such Lender, (i) in connection with the exercise of any remedy hereunder or under any other Loan Document or (j) to any direct or indirect contractual counterparty in swap agreements or such contractual counterparty's professional advisor (so long as such contractual counterparty or professional advisor to such contractual counterparty agrees to be bound by the provisions of this Section 11.15.). Notwithstanding anything to the contrary in the foregoing sentence or any other express or implied agreement, arrangement or understanding, the parties hereto hereby agree that, from the commencement of discussions with respect to the financing provided hereunder, any party hereto (and each of its employees, representatives, or agents) is permitted to disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of the loans and other transactions contemplated hereby, and all materials of any kind (including opinions or other tax analyses) that are provided to the Loan Parties or the Lenders, the Lead Arranger or the Agent related to such tax structure and tax aspects. To the extent not inconsistent with the immediately preceding sentence, this authorization does not extend to disclosure of any other information or any other term or detail not related to the tax treatment or tax aspects of the Loans, the Acquisition or the other transactions contemplated hereby.

11.16. **WAIVERS OF JURY TRIAL. THE BORROWER, THE AGENTS AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.**

11.17. Delivery of Addenda. Each initial Lender shall become a party to this Agreement by delivering to the Lead Arranger and the Administrative Agent an Addendum duly executed by such Lender.

11.18. Termination Prior to the Closing Date. If any of the events specified in paragraphs (a) through (m) of Section 9 hereof shall occur and be continuing at any time prior to the funding of the Term Loans then (a) if such event is an Event of Default specified in clause (i) or (ii) of Section 9(f) with respect to the Borrower, automatically the Commitments shall immediately terminate and all amounts owing under this Agreement shall immediately become due and payable, and (b) if such event is any other event specified in paragraphs (a) through (m) of Section 9 then, with the consent of the Required Lenders the Administrative Agent may, or upon the request of the Required Lenders the Administrative Agent shall, by notice to the Borrower declare the Commitments to be terminated forthwith whereupon the Commitments shall immediately terminate and all amounts owing under this Agreement shall immediately become due and payable. The obligations of the Borrower relating to the payment of fees and expenses or indemnification shall survive the termination of the Commitments hereunder whether pursuant to this Section 11.18 or Sections 2.1 or 3.1, it being understood that the Lenders hereunder are not indemnified for any claim by the Lenders for lost profits if the Commitments are terminated prior to the Closing Date.

11.19. Subordination of Intercompany Indebtedness

The Borrower agrees that it will not become obligated or otherwise liable for any intercompany Indebtedness (other than intercompany accounts receivable and payable in the

ordinary course of business) that is owed to any Subsidiary of the Borrower, unless such Subsidiary agrees that (a) such Indebtedness is completely subordinated to the Obligations and subject in rights of payment to the prior payment in full of the Obligations, and (b) if an Event of Default has occurred and is continuing, no payment on any such Indebtedness shall be made until the payment in full of the Obligations. If any payment on intercompany Indebtedness is received by such Subsidiary prior to such time as the Obligations are paid in full, then such Subsidiary shall receive and hold the same in trust, as trustee, for the benefit of the Administrative Agent and the Secured Parties, and shall forthwith deliver the same to the Administrative Agent in precisely the form received (except for the endorsement or assignment of such Subsidiary where necessary or advisable in the Administrative Agent's reasonable judgment) for application to any of the Obligations, due or not due, and, until so delivered, the same shall be segregated from the other assets of such Subsidiary and held in trust by such Subsidiary as the property of the Administrative Agent for the benefit of the Secured Parties.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

ITRON, INC.,
as Borrower

By: /s/ David Remington

Name: Dave Remington
Title: Chief Financial Officer

BEAR, STEARNS & CO. INC.,
as Sole Lead Arranger and Sole Bookrunner

By: /s/ Lawrence B. Alletto

Name: Lawrence B. Alletto
Title: Senior Managing Director

BEAR STEARNS CORPORATE LENDING INC.,
as Syndication Agent and as a Lender

By: /s/ Lawrence B. Alletto

Name: Lawrence B. Alletto
Title: Senior Managing Director

(Signatures continue on next page)

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Administrative Agent and as a Lender

By: /s/ Tom Beil

Name: Tom Beil
Title: V.P.

PRICING GRID FOR REVOLVING LOANS AND
SWINGLINE LOANS

Pricing Level	Applicable Margin for Eurodollar Loans	Applicable Margin for Base Rate Loans
I	3.00%	2.00%
II	2.75%	1.75%
III	2.50%	1.50%
IV	2.25%	1.25%
V	2.00%	1.00%

The Applicable Margin for Revolving Loans and Swingline Loans shall be adjusted, on and after the first Adjustment Date (as defined below) occurring after the completion of two full fiscal quarters of the Borrower after the Closing Date, based on changes in the Consolidated Leverage Ratio, with such adjustments to become effective on the date (the "Adjustment Date") that is three Business Days after the date on which the relevant financial statements are delivered to the Lenders pursuant to Section 7.1 and to remain in effect until the next adjustment to be effected pursuant to this paragraph. If any financial statements referred to above are not delivered within the time periods specified in Section 7.1, then, until the date that is three Business Days after the date on which such financial statements are delivered, the highest rate set forth in each column of the Pricing Grid shall apply. On each Adjustment Date, the Applicable Margin for Revolving Loans and Swingline Loans shall be adjusted to be equal to the Applicable Margins and Commitment Fee Rate opposite the Pricing Level determined to exist on such Adjustment Date from the financial statements relating to such Adjustment Date.

As used herein, the following rules shall govern the determination of Pricing Levels on each Adjustment Date:

"Pricing Level I" shall exist on an Adjustment Date if the Consolidated Leverage Ratio for the relevant period is greater than or equal to 3.50 to 1.00.

"Pricing Level II" shall exist on an Adjustment Date if the Consolidated Leverage Ratio for the relevant period is less than 3.50 to 1.00 but greater than or equal to 3.00 to 1.00.

"Pricing Level III" shall exist on an Adjustment Date if the Consolidated Leverage Ratio for the relevant period is less than 3.00 to 1.00 but greater than or equal to 2.50 to 1.00.

"Pricing Level IV" shall exist on an Adjustment Date if the Consolidated Leverage Ratio for the relevant period is less than 2.50 to 1.00 but greater than or equal to 2 to 1.00.

"Pricing Level V" shall exist on an Adjustment Date if the Consolidated Leverage Ratio for the relevant period is less than 2.00 to 1.00.

Exhibit 4.2

EXECUTION COPY

FIRST AMENDMENT TO
CREDIT AGREEMENT

Dated as of March 15, 2004

This FIRST AMENDMENT TO CREDIT AGREEMENT (together with all Exhibits, Schedules and Annexes hereto, this "Amendment") is entered into among ITRON, Inc., a Washington corporation (the "Borrower"), the Lenders party hereto, BEAR, STEARNS & CO., INC., as sole lead arranger and sole bookrunner (in such capacity, the "Lead Arranger"), BEAR STEARNS CORPORATE LENDING INC., as syndication agent (in such capacity, the "Syndication Agent"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent").

PRELIMINARY STATEMENTS

1. The Borrower, Lenders, Lead Arranger, Syndication Agent and Administrative Agent have entered into a Credit Agreement dated as of December 17, 2003 (the "Credit Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. The Borrower has requested that the Credit Agreement be amended as set forth herein.

3. The parties hereto are willing to enter into this Amendment on the terms and conditions stated below.

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

SECTION1. Amendments to Credit Agreement.

(a) The following new definitions are hereby added to Section 1.1 of the Credit Agreement in the appropriate alphabetical order:

"Commitment Termination Date": March 31, 2004, except that if on or before March 31, 2004 the "Deadline Date" under (and as defined in) the Acquisition Agreement has been duly extended by agreement of the parties to the Acquisition Agreement to a date not later than May 15, 2004 then the Commitment Termination Date will be such extended Deadline Date (but in any event not later than May 15, 2004).

"First Amendment": the First Amendment to this Agreement, dated as of March 15, 2004.

"First Amendment Effective Date": the "Amendment Effective Date", as defined in the First Amendment.

(b) The definition of "Addendum" contained in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Addendum": an instrument, substantially in the form of Exhibit I or otherwise satisfactory to the Lead Arranger, by which a Lender became a party to this Agreement on the Agreement Execution Date or as contemplated by Section 2(b) of the First Amendment.

(c) The last sentence of Section 2.1 of the Credit Agreement is hereby amended by replacing the date "March 16, 2004" with "the Commitment Termination Date".

(d) The last sentence of Section 3.1 of the Credit Agreement is hereby amended by replacing the date "March 16, 2004" with "the Commitment Termination Date".

(e) Section 3.5(a) of the Credit Agreement is hereby amended and restated as follows:

"The Borrower agrees to pay the Lead Arranger (i) a non-refundable ticking fee ratably for the account of each Term Lender party to this Agreement before the First Amendment became effective, calculated at the rate of 0.50% per annum on the $185,000,000 original aggregate amount of the Tranche B Term Commitments for the period from and including December 1, 2003 to but excluding March 16, 2004, which fee shall be fully earned and payable on the earlier of the Closing Date and March 16, 2004 and (ii) a non-refundable ticking fee ratably for the account of each Term Lender party to this Agreement when the First Amendment became effective, calculated at the rate of 0.75% per annum on the $185,000,000 original aggregate amount of the Tranche B Term Commitments for the period from and including March 16, 2004 to the earlier of the Closing Date and the date of expiration or termination of the Commitments, which fee shall be fully earned and payable on the earlier of the Closing Date and the date of expiration or termination of the Tranche B Term Commitments.

(f) The preamble in Section 6.1 of the Credit Agreement is hereby amended by replacing "on or prior to March 16, 2004" with "and on or prior to the Commitment Termination Date".

SECTION 2. Conditions to Effectiveness. The amendments contained in Section 1 shall not be effective unless on or before March 16, 2004 (time being of the essence) each of the following conditions precedent is satisfied (the date on which such conditions are satisfied, the "Amendment Effective Date"):

(a) the Administrative Agent shall have received counterparts of this Amendment executed by the Lead Arranger, Syndication Agent, Administrative Agent and Borrower;

(b) the Administrative Agent shall have received (i) executed counterparts of this Amendment or a signed authorization to execute this Amendment from existing Tranche B Term Lenders and, if such counterparts or authorizations are not delivered by all existing Tranche B Term Lenders, additional Tranche B Term Commitments from one or more banks, financial institutions or similar institutions such that the aggregate amount of Tranche B Term Loan Commitments after giving effect to such counterparts, authorizations and Commitments will be equal to $185,000,000, (ii) executed counterparts of this Amendment or a signed authorization to execute this Amendment from existing Revolving Lenders and, if such counterparts or authorizations are not delivered by all existing Revolving Lenders, additional Revolving Commitments from one or more banks, financial institutions or similar institutions such that the aggregate amount of Revolving Commitments after giving effect to such counterparts, authorizations and Commitments will be equal to $55,000,000, and (iii) an Addendum signed by each Person providing any such additional Tranche B Term Commitment or Revolving Commitment;

(c) all fees and expenses then due and payable to the Lead Arranger or any Agent or Lender under the Loan Documents or relating thereto (including the fees payable under Section 3.5(a)(i) of the Credit Agreement, as amended hereby, and expense reimbursements to the extent invoiced at least one day Business Day prior) shall have been paid in full in immediately available funds; and

(d) the Administrative Agent shall have received such other documents and instruments as it or the Lead Arranger may reasonably request.

SECTION 3. Representations and Warranties. The Borrower represents and warrants to the Lead Arranger, Agents and Lenders that:

(a) Authority. The Borrower has the requisite corporate power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Credit Agreement (as amended hereby). The execution, delivery and performance by the Borrower of this Amendment and the performance by the Borrower of the Credit Agreement (as amended hereby) have been duly approved by all necessary corporate action of the Borrower, and no other corporate proceedings on the part of the Borrower are necessary to consummate such transactions.

(b) Enforceability. This Amendment has been duly executed and delivered by the Borrower. When this Amendment becomes effective in accordance with its terms, this Amendment and the Credit Agreement (as amended hereby) will be the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought in proceedings in equity or at law).

(c) Representations and Warranties. The representations and warranties of the Borrower in the Credit Agreement (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) are and will be true and correct on and as of the date of this Amendment and the Amendment Effective Date as though made on and as of each such date.

(d) No Conflicts. Neither the execution and delivery of this Amendment nor the consummation of the transactions contemplated hereby and thereby, nor the performance of and compliance with the terms and provisions hereof or of the Credit Agreement (as amended hereby) by the Borrower will, at the time of such performance, (i) violate or conflict with any provision of its articles or certificate of incorporation or bylaws or other organizational or governing documents, (ii) violate, contravene or materially conflict with any Requirement of Law (including, without limitation, Regulation U) or Contractual Obligation, except for any violation, contravention or conflict which could not reasonably be expected to have a Material Adverse Effect or (iii) result in or require the creation of any Lien (other than those permitted by the Loan Documents) upon or with respect to its properties. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the transactions contemplated hereby.

(e) No Default. No event has occurred and is continuing that constitutes a Default or Event of Default or would have constituted a Default or Event of Default if all of the covenants in Sections 7 (except Section 7.11) and 8 (except Sections 8.2, 8.3, and 8.7, in each case to the extent set forth in Schedule 6.2(a) to the Credit Agreement) had been in effect from the Agreement Execution Date and the words, "on or after the Closing Date" had been deleted from the preamble to Section 9.

SECTION 4. Reference to and Effect on Credit Agreement.

(a) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby. This Amendment is a Loan Document.

(b) Except as specifically amended above, the Credit Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Secured Party under any of the Loan Documents, nor, except as expressly provided herein, constitute a waiver or amendment of any provision of the Credit Agreement.

SECTION 5. Replacement of Commitments. The Lead Arranger is hereby authorized and empowered to add as Lenders party to the Credit Agreement, by execution and delivery of an Addendum, (a) Persons acceptable to the Lead Arranger, in consultation with the Borrower, delivering Tranche B Term Loan Commitments in an aggregate amount equal to the Tranche B Term Loan Commitments of Term Lenders who do not deliver written consent to this Amendment on or prior to March 16, 2004, and (b) Persons acceptable to the Lead Arranger, in consultation with the Borrower, delivering Revolving Commitments in an aggregate amount equal to the Revolving Commitments of Revolving Lenders who do not deliver written consent to this Amendment on or prior to March 16, 2004.

SECTION 6. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 7. Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. Governing Law. This Amendment and the rights and obligations of the parties under this Amendment shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[signature pages follow]

IN WITNESS WHEREOF, the party hereto has caused this Amendment to be executed by its respective officers thereunto duly authorized, as of the date first written above.

ITRON, INC.

By: /s/ David G. Remington

Name: David G. Remington
Title: VP & CFO

[signatures continued on the next page]

BEAR STEARNS CORPORATE LENDING INC., as Syndication Agent

By: /s/ Richard Bram Smith

Name: Richard Bram Smith
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Tom Beil

Name: Tom Beil
Title: Vice President

Exhibit 4.3

EXECUTION VERSION

SECOND AMENDMENT TO
CREDIT AGREEMENT

Dated as of May 14, 2004

This SECOND AMENDMENT TO CREDIT AGREEMENT (together with all Exhibits, Schedules and Annexes hereto, this "Amendment") is entered into among ITRON, Inc., a Washington corporation (the "Borrower"), BEAR, STEARNS & CO., INC., as sole lead arranger and sole bookrunner (in such capacity, the "Lead Arranger"), BEAR STEARNS CORPORATE LENDING INC., as syndication agent (in such capacity, the "Syndication Agent"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent").

PRELIMINARY STATEMENTS

1. The Borrower, the Lead Arranger, the Syndication Agent, the lenders party thereto and the Administrative Agent have entered into a Credit Agreement, dated as of December 17, 2003 (as amended by the First Amendment to Credit Agreement, dated as of March 15, 2004, the "Credit Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. The Borrower has requested that the Credit Agreement be further amended as set forth herein.

3. The parties hereto are willing to enter into this Amendment on the terms and conditions stated below.

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

SECTION 1. Amendments to Credit Agreement.

(a) Section 1.1 of the Credit Agreement is hereby amended to add the following new definitions in the appropriate alphabetical order:

"Excluded Stock": stock purchased by current employees pursuant to the Borrower's employee stock purchase plan or issued pursuant to the exercise of stock options by current or former directors, officers and employees pursuant to the Borrower's stock option incentive plan, in each case, in the ordinary course of business.

"Second Amendment": the Second Amendment to this Agreement, dated as of May 14, 2004.

"Second Amendment Effective Date": the "Amendment Effective Date", as defined in the Second Amendment.

(b) The definition of "Addendum" contained in Section 1.1 of the Credit Agreement is hereby amended to add the phrase "or Section 2(b) of the Second Amendment" at the end thereof.

(c) The definition of "Commitment Termination Date" contained in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"Commitment Termination Date": May 15, 2004, except that if on or before May 15, 2004, the "Deadline Date" under (and as defined in) the Acquisition Agreement has been duly extended by agreement of the parties to the Acquisition Agreement to a date not later than July 15, 2004 then the Commitment Termination Date will be such extended Deadline Date (but in any event not later than July 15, 2004).

(d) Section 3.5(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"The Borrower agrees to pay the Lead Arranger (i) a non-refundable ticking fee ratably for the account of each Term Lender party to this Agreement before the First Amendment became effective, calculated at the rate of 0.50% per annum on the $185,000,000 original aggregate amount of the Tranche B Term Commitments for the period from and including December 1, 2003 to but excluding March 16, 2004, which fee shall be fully earned and payable on the earlier of the Closing Date and March 16, 2004, (ii) a non-refundable ticking fee ratably for the account of each Term Lender party to this Agreement when the First Amendment became effective, calculated at the rate of 0.75% per annum on the $185,000,000 original aggregate amount of the Tranche B Term Commitments for the period from and including March 16, 2004 to the earlier of the Closing Date and May 16, 2004, which fee shall be fully earned and payable on the earlier of the Closing Date and May 17, 2004, and (iii) a non-refundable ticking fee ratably for the account of each Term Lender party to this Agreement when the Second Amendment became effective, calculated at the rate of 2.25% per annum on the $185,000,000 original aggregate amount of the Tranche B Term Commitments for the period from and including May 16, 2004 to the earlier of the Closing Date and the date of expiration or termination of the Tranche B Term Commitments, which fee shall be fully earned and payable on the earlier of the Closing Date and the date of expiration or termination of the Tranche B Term Commitments.

(e) Section 4.2(a) of the Credit Agreement is hereby amended and restated in its entirety as follows:

"(a) If any Capital Stock shall be issued by the Borrower (other than Excluded Stock) or Indebtedness shall be incurred by any Group Member (other than Excluded Indebtedness) after the Closing Date, an amount equal to, in the case of the issuance of Capital Stock, 75% of the Net Cash Proceeds thereof, or, in the case of the incurrence of Indebtedness, 100% of the Net Cash Proceeds thereof, shall be applied within one Business Day of the date of such issuance or incurrence toward the prepayment of the Term Loans and the reduction of the Revolving Commitments as set forth in Section 4.2(d)."

(f) Section 8.2 of the Credit Agreement is hereby amended to (i) delete the "and" at the end of clause (i) thereof, (ii) re-letter clause (j) as clause (k) and (iii) insert the following new clause (j):

"(j) Indebtedness of Foreign Subsidiaries in an aggregate amount not to exceed $5,000,000 at any time outstanding."

SECTION 2. Conditions to Effectiveness. The amendments contained in Section 1 shall not be effective unless on or before May 14, 2004 (time being of the essence) each of the following conditions precedent is satisfied (the date on which such conditions are satisfied, the "Amendment Effective Date"):

(a) the Administrative Agent shall have received counterparts of this Amendment executed by the Lead Arranger, Syndication Agent, Administrative Agent and Borrower;

(b) the Administrative Agent shall have received (i) executed counterparts of this Amendment or a signed authorization to execute this Amendment from existing Tranche B Term Lenders and, if such counterparts or authorizations are not delivered by all existing Tranche B Term Lenders, additional Tranche B Term Commitments from one or more banks, financial institutions or similar institutions such that the aggregate amount of Tranche B Term Loan Commitments after giving effect to such counterparts, authorizations and Commitments will be equal to $185,000,000, (ii) executed counterparts of this Amendment or a signed authorization to execute this Amendment from existing Revolving Lenders and, if such counterparts or authorizations are not delivered by all existing Revolving Lenders, additional Revolving Commitments from one or more banks, financial institutions or similar institutions such that the aggregate amount of Revolving Commitments after giving effect to such counterparts, authorizations and Commitments will be equal to $55,000,000, and (iii) an Addendum signed by each Person providing any such additional Tranche B Term Commitment or Revolving Commitment;

(c) all fees and expenses then due and payable to the Lead Arranger or any Agent or Lender under the Loan Documents or relating thereto (including the fees payable under

Section 3.5(a)(i) of the Credit Agreement, as amended hereby, and expense reimbursements to the extent invoiced at least one day Business Day prior) shall have been paid in full in immediately available funds; and

(d) the Administrative Agent shall have received such other documents and instruments as it or the Lead Arranger may reasonably request.

SECTION 3. Representations and Warranties. The Borrower represents and warrants to the Lead Arranger, Agents and Lenders that:

(e) Authority. The Borrower has the requisite corporate power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Credit Agreement (as amended hereby). The execution, delivery and performance by the Borrower of this Amendment and the performance by the Borrower of the Credit Agreement (as amended hereby) have been duly approved by all necessary corporate action of the Borrower, and no other corporate proceedings on the part of the Borrower are necessary to consummate such transactions.

(f) Enforceability. This Amendment has been duly executed and delivered by the Borrower. When this Amendment becomes effective in accordance with its terms, this Amendment and the Credit Agreement (as amended hereby) will be the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought in proceedings in equity or at law).

(g) Representations and Warranties. The representations and warranties of the Borrower in the Credit Agreement (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) are and will be true and correct on and as of the date of this Amendment and the Amendment Effective Date as though made on and as of each such date.

(h) No Conflicts. Neither the execution and delivery of this Amendment nor the consummation of the transactions contemplated hereby and thereby, nor the performance of and compliance with the terms and provisions hereof or of the Credit Agreement (as amended hereby) by the Borrower will, at the time of such performance, (i) violate or conflict with any provision of its articles or certificate of incorporation or bylaws or other organizational or governing documents, (ii) violate, contravene or materially conflict with any Requirement of Law (including, without limitation, Regulation U) or Contractual Obligation, except for any violation, contravention or conflict which could not reasonably be expected to have a Material Adverse Effect or (iii) result in or require the creation of any Lien (other than those permitted by the Loan Documents) upon or with respect to its properties. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the transactions contemplated hereby.

(i) No Default. No event has occurred and is continuing that constitutes a Default or Event of Default or would have constituted a Default or Event of Default if all of the

covenants in Sections 7 (except Section 7.11) and 8 (except Sections 8.2, 8.3, and 8.7, in each case to the extent set forth in Schedule 6.2(a) to the Credit Agreement) had been in effect from the Agreement Execution Date and the words, "on or after the Closing Date" had been deleted from the preamble to Section 9.

SECTION 4. Reference to and Effect on Credit Agreement.

(j) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby. This Amendment is a Loan Document.

(k) Except as specifically amended above, the Credit Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(l) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Secured Party under any of the Loan Documents, nor, except as expressly provided herein, constitute a waiver or amendment of any provision of the Credit Agreement.

SECTION 5. Replacement of Commitments. The Lead Arranger is hereby authorized and empowered to add as Lenders party to the Credit Agreement, by execution and delivery of an Addendum, (a) Persons acceptable to the Lead Arranger, in consultation with the Borrower, delivering Tranche B Term Loan Commitments in an aggregate amount equal to the Tranche B Term Loan Commitments of Term Lenders who do not deliver written consent to this Amendment on or prior to May 14, 2004, and (b) Persons acceptable to the Lead Arranger, in consultation with the Borrower, delivering Revolving Commitments in an aggregate amount equal to the Revolving Commitments of Revolving Lenders who do not deliver written consent to this Amendment on or prior to May 14, 2004.

SECTION 6. Counterparts. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 7. Severability. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8. Governing Law. This Amendment and the rights and obligations of the parties under this Amendment shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[signature pages follow]

IN WITNESS WHEREOF, the party hereto has caused this Amendment to be executed by its respective officers thereunto duly authorized, as of the date first written above.

ITRON, INC.

By: /s/ David G. Remington

Name: David G. Remington
Title: VP & CFO

[signatures continued on the next page]

BEAR STEARNS CORPORATE LENDING INC., as Syndication Agent

By: /s/ Bram Smith

Name: Bram Smith
Title: Senior Managing Director

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Tom Beil

Name: Tom Beil
Title: Vice President

Exhibit 4.4

Execution copy

THIRD AMENDMENT TO
CREDIT AGREEMENT

Dated as of June 30, 2004

This THIRD AMENDMENT TO CREDIT AGREEMENT (together with all Exhibits, Schedules and Annexes hereto, this "Amendment") is entered into among ITRON, Inc., a Washington corporation (the "Borrower"), BEAR, STEARNS & CO., INC., as sole lead arranger and sole bookrunner (in such capacity, the "Lead Arranger"), BEAR STEARNS CORPORATE LENDING INC., as syndication agent (in such capacity, the "Syndication Agent"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, as administrative agent (in such capacity, the "Administrative Agent").

PRELIMINARY STATEMENTS

1. The Borrower, the Lead Arranger, the Syndication Agent, the lenders party thereto and the Administrative Agent have entered into a Credit Agreement, dated as of December 17, 2003 (as amended from time to time prior to the date hereof, the "Credit Agreement"). Capitalized terms used and not otherwise defined herein have the meanings assigned to such terms in the Credit Agreement.

2. On the Agreement Execution Date, the Borrower and the Arranger established an initial amortization schedule for the Tranche B Term Loans assuming the Tranche B Term Loans would be funded in the first quarter of 2004.

3. The Borrower has advised the Administrative Agent and the Lead Arranger that it expects the initial funding of the Tranche B Term Loans to occur on July 1, 2004 and requested that the Credit Agreement be amended as set forth herein to adjust the amortization schedule with respect to the Tranche B Term Loans to reflect the date of such funding.

4. The parties hereto are willing to enter into this Amendment on the terms and conditions stated below.

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

SECTION 1. Amendment to Credit Agreement.

Section 2.3 of the Credit Agreement is hereby amended and restated in its entirety as follows:

2.3. Repayment of Term Loans. The Tranche B Term Loan of each Tranche B Term Lender shall mature in 28 consecutive quarterly installments, commencing on September 30, 2004, each of which shall be in an amount equal to such Lender's Tranche B Term Percentage multiplied by the amount set forth below opposite such installment:

Installment	Principal Amount
September 30, 2004	$ 462,500
December 31, 2004	$ 462,500
March 31, 2005	$ 462,500
June 30, 2005	$ 462,500
September 30, 2005	$ 462,500
December 31, 2005	$ 462,500
March 31, 2006	$ 462,500
June 30, 2006	$ 462,500
September 30, 2006	$ 462,500
December 31, 2006	$ 462,500
March 31, 2007	$ 462,500
June 30, 2007	$ 462,500
September 30, 2007	$ 462,500
December 31, 2007	$ 462,500
March 31, 2008	$ 462,500
June 30, 2008	$ 462,500
September 30, 2008	$ 462,500
December 31, 2008	$ 462,500
March 31, 2009	$ 462,500
June 30, 2009	$ 462,500
September 30, 2009	$ 462,500
December 31, 2009	$ 462,500
March 31, 2010	$ 462,500
June 30, 2010	$ 462,500
September 30, 2010	$ 43,475,000
December 31, 2010	$ 43,475,000
March 31, 2011	$ 43,475,000
The date which is the seventh anniversary of the Closing Date	$ 43,475,000

SECTION 2. **Conditions to Effectiveness**. The amendment contained in Section 1 shall not be effective unless each of the following conditions precedent is satisfied (the date on which such conditions are satisfied, the "Amendment Effective Date"):

(a) the Administrative Agent shall have received counterparts of this Amendment executed by the Lead Arranger, Syndication Agent, Administrative Agent and Borrower;

(b) the Administrative Agent shall have received executed counterparts of this Amendment or a signed authorization to execute this Amendment from all of the existing Tranche B Term Lenders;

(c) all fees and expenses then due and payable to the Lead Arranger or any Agent or Lender under the Loan Documents or relating thereto (to the extent invoiced at least one day Business Day prior) shall have been paid in full in immediately available funds; and

(d) the Administrative Agent shall have received such other documents and instruments as it or the Lead Arranger may reasonably request.

SECTION 3. **Representations and Warranties**. The Borrower represents and warrants to the Lead Arranger, Agents and Lenders that:

(a) Authority. The Borrower has the requisite corporate power and authority to execute and deliver this Amendment and to perform its obligations hereunder and under the Credit Agreement (as amended hereby). The execution, delivery and performance by the Borrower of this Amendment and the performance by the Borrower of the Credit Agreement (as amended hereby) have been duly approved by all necessary corporate action of the Borrower, and no other corporate proceedings on the part of the Borrower are necessary to consummate such transactions.

(b) Enforceability. This Amendment has been duly executed and delivered by the Borrower. When this Amendment becomes effective in accordance with its terms, this Amendment and the Credit Agreement (as amended hereby) will be the legal, valid and binding obligation of the Borrower, enforceable against the Borrower in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought in proceedings in equity or at law).

(c) Representations and Warranties. The representations and warranties of the Borrower in the Credit Agreement (other than any such representations and warranties that, by their terms, are specifically made as of a date other than the date hereof) are and will be true and correct on and as of the date of this Amendment and the Amendment Effective Date as though made on and as of each such date.

(d) No Conflicts. Neither the execution and delivery of this Amendment nor the consummation of the transactions contemplated hereby and thereby, nor the performance of and compliance with the terms and provisions hereof or of the Credit Agreement (as amended hereby) by the Borrower will, at the time of such performance, (i) violate or conflict with any provision of its articles or certificate of incorporation or bylaws or other organizational or governing documents, (ii) violate, contravene or materially conflict with any Requirement of Law (including, without limitation, Regulation U) or Contractual Obligation, except for any violation, contravention or conflict which could not reasonably be expected to have a Material Adverse Effect or (iii) result in or require the creation of any Lien (other than those permitted by the Loan Documents) upon or with respect to its properties. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the transactions contemplated hereby.

(e) No Default. No event has occurred and is continuing that constitutes a Default or Event of Default or would have constituted a Default or Event of Default if all of the covenants in Sections 7 (except Section 7.11) and 8 (except Sections 8.2, 8.3, and 8.7, in each case to the extent set forth in Schedule 6.2(a) to the Credit Agreement) had been in effect from the Agreement Execution Date and the words, "on or after the Closing Date" had been deleted from the preamble to Section 9.

SECTION 4. Reference to and Effect on Credit Agreement.

(a) Upon and after the effectiveness of this Amendment, each reference in the Credit Agreement to "this Agreement", "hereunder", "hereof" or words of like import referring to the Credit Agreement, and each reference in the other Loan Documents to "the Credit Agreement", "thereunder", "thereof" or words of like import referring to the Credit Agreement, shall mean and be a reference to the Credit Agreement as amended hereby. This Amendment is a Loan Document.

(b) Except as specifically amended above, the Credit Agreement is and shall continue to be in full force and effect and is hereby in all respects ratified and confirmed.

(c) The execution, delivery and effectiveness of this Amendment shall not, except as expressly provided herein, operate as a waiver of any right, power or remedy of any Secured Party under any of the Loan Documents, nor, except as expressly provided herein, constitute a waiver or amendment of any provision of the Credit Agreement.

SECTION 5. **Counterparts**. This Amendment may be executed by one or more of the parties to this Amendment on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Amendment signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

SECTION 6. **Severability**. Any provision of this Amendment that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 7. Governing Law. This Amendment and the rights and obligations of the parties under this Amendment shall be governed by, and construed and interpreted in accordance with, the law of the State of New York.

[signature pages follow]

IN WITNESS WHEREOF, the party hereto has caused this Amendment to be executed by its respective officers thereunto duly authorized, as of the date first written above.

ITRON, INC.

By: /s/ David G. Remington

Name: David G. Remington
Title: VP& CFO

[signatures continued on the next page]

BEAR STEARNS CORPORATE LENDING INC., as Syndication Agent

By: /s/ Lawrence B. Alletto

Name: Lawrence B. Alletto
Title: Vice President

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Administrative Agent

By: /s/ Tom Beil

Name: Tom Beil
Title: Vice President and Senior Relationship Manager

Exhibit 99.1

Electric / Gas / Water
Information collection, analysis and application

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509.891.3355 Fax
www.itron.com

FOR IMMEDIATE RELEASE

ITRON COMPLETES ACQUISITION OF
SCHLUMBERGER ELECTRICITY METERING

SPOKANE, WA — July 1, 2004 — Itron Inc. (NASDAQ: ITRI) announced that effective today, the Company has closed its purchase of Schlumberger Limited's (Schlumberger) electricity metering products business (SEM).

The SEM acquisition includes Schlumberger's electricity meter manufacturing and sales operations in the United States and the electricity meter operations of certain foreign affiliates of Schlumberger in Canada, Mexico, Taiwan and France. The purchase price for SEM was $248 million, and is subject to post closing working capital adjustments. Itron used proceeds from a new $240 million senior secured credit facility and $125 million in senior subordinated notes to finance the acquisition, pay related fees and expenses, and repay approximately $50.2 million of outstanding debt under its existing credit facility.

About Itron

Itron is a leading technology provider and critical source of knowledge to the global energy and water industries. More than 2,800 utilities worldwide rely on Itron technology to deliver the knowledge they require to optimize the delivery and use of energy and water. Itron delivers value to its clients by providing industry-leading solutions for meter data collection, energy information management, demand side management and response, load forecasting, analysis and consulting services, transmission and distribution system design and optimization, web-based workforce automation, C&I customer care, enterprise and residential energy management. To know more, start here: www.itron.com.

For additional information, contact:
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