FORM S-1/A

General form of registration statement for all companies including face-amount certificate companies [amend]

Filing Date: **1999-09-10**
SEC Accession No. 0001047469-99-035417

FILER

CVC INC

CIK:**1047427**| IRS No.: **161383279** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **S-1/A** | Act: **33** | File No.: **333-38057** | Film No.: **99709904**
SIC: **3674** Semiconductors & related devices

Mailing Address
525 LEE ROAD
ROCHESTER NY 14606

Business Address
525 LEE ROAD
ROCHESTER NY 14606
7164582550

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON SEPTEMBER 10, 1999

REGISTRATION NO. 333-38057

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 3
TO
FORM S-1
CVC, INC.
(Exact name of registrant as specified in its charter)

<TABLE>
<S> <C> <C>

DELAWARE	35633821	16-1383279
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number))	(I.R.S. Employer Identification No.)

</TABLE>

---

525 LEE ROAD
ROCHESTER, NEW YORK 14606
(716) 458-2550
(Address, including zip code and telephone number, including area code, of registrant's principal executive offices)

CHRISTINE B. WHITMAN
CHAIRMAN OF THE BOARD, PRESIDENT AND
CHIEF EXECUTIVE OFFICER
CVC, INC.
525 LEE ROAD
ROCHESTER, NEW YORK 14606
(716) 458-2550
(Name, address, including zip code, and telephone number, including area code, of agent for service)

COPIES TO:

<TABLE>
<S> <C>

FREDERICK W. KANNER, ESQ.	JOHN HESSION, ESQ.
DEWEY BALLANTINE LLP	TESTA, HURWITZ & THIBEAULT, LLP
1301 AVENUE OF THE AMERICAS	125 HIGH STREET
NEW YORK, NEW YORK 10019	BOSTON, MASSACHUSETTS 02110
(212) 259-8000	(617) 248-7000

</TABLE>

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC:
As soon as practicable after this Registration Statement becomes effective.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

PROSPECTUS

3,500,000 SHARES

[LOGO]

COMMON STOCK

CVC is offering 3,000,000 shares of common stock in its initial public offering. Two of its stockholders are selling an aggregate of 500,000 shares in this offering. CVC will not receive any of the proceeds from the sale of shares by the selling stockholders.

CVC has applied to list the shares on the Nasdaq National Market under the symbol "CVCI."

Anticipated Price Range $ to $ a share.

INVESTING IN THE SHARES INVOLVES RISKS. RISK FACTORS BEGIN ON PAGE 4.

<TABLE>
<CAPTION>

	Per Share	Total
<S>	<C>	<C>
Public Offering Price	$	$
Underwriting Discount	$	$
Proceeds to CVC	$	$
Proceeds to Selling Stockholders	$	$

</TABLE>

The selling stockholders have granted the underwriters the right to purchase up to 525,000 additional shares within 30 days to cover any over-allotments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

Lehman Brothers expect to deliver these shares on , 1999.

LEHMAN BROTHERS

PRUDENTIAL SECURITIES

SG COWEN

WARBURG DILLON READ LLC

, 1999

[DESCRIPTION OF ARTWORK]

CVC MAKES THE CONNEXION-REGISTERED TRADEMARK-

CVC's Connexion-Registered Trademark- Cluster Tool offers data storage and semiconductor customers an integrated thin film process solution using Physical Vapor Deposition (PVD), Ion Beam Etching (IBE), Metal-Organic Chemical Vapor Deposition (MOCVD) and Rapid Thermal Chemical Vapor Deposition (RTCVD).

[Upper Right-hand Corner] Graphic of laptop computer with (i) magnified graphic of semiconductor chip with accompanying text reading "Advanced semiconductors for semiconductor industry;" and (ii) magnified graphics of magnetic recording head and recording head reading/writing to disk drive with accompanying text reading "MR and GMR read/write heads for data storage industry."

[Left Margin] Photo of two persons operating Connexion-Registered Trademark-800 cluster tool with accompanying text reading "Front view of Connexion-Registered Trademark-800 with dual load-lock doors."

[Lower Right-hand Corner] Graphic representing overhead view of Connexion-Registered Trademark-800 Cluster Tool with accompanying text reading "Connexion-Registered Trademark-800 Cluster Tool configured for MOCVD process."

CONNEXION-Registered Trademark- is a registered trademark of CVC. OPEN CONNEXION-TM-and INFINITY-TM- are trademarks of CVC.

TABLE OF CONTENTS

<TABLE>
<CAPTION>

<CAPTION>

</TABLE>

ABOUT THIS PROSPECTUS

Investors should rely only on the information contained in this prospectus. CVC and the underwriters have not authorized anyone to provide any different or additional information. This prospectus is not an offer to sell or a solicitation of an offer to buy common stock in any jurisdiction where it is unlawful. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock. This preliminary prospectus is subject to completion prior to this offering.

This prospectus makes forward-looking statements. Investors should consider any statements that are not statements of historical fact to be forward-looking statements. The words "believes," "anticipates," "plans," "expects," "seeks," "estimates" and similar expressions identify forward-looking statements. There are a number of important factors that could cause the results of CVC to differ materially from those indicated by such forward-looking statements, including those discussed under the section of this prospectus entitled "Risk Factors."

All trademarks and trade names appearing in this prospectus are the property of their respective holders.

Until , 1999, all dealers selling shares of the common stock, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY TOGETHER WITH THE MORE DETAILED INFORMATION AND FINANCIAL STATEMENTS AND NOTES APPEARING ELSEWHERE IN THIS PROSPECTUS. EXCEPT AS OTHERWISE INDICATED, THE INFORMATION IN THIS PROSPECTUS (1) ASSUMES THAT THE OVER-ALLOTMENT OPTION GRANTED TO THE UNDERWRITERS IS NOT EXERCISED; (2) ASSUMES CONVERSION AND REDEMPTION OF ALL SHARES OF OUTSTANDING PREFERRED STOCK AND (3) GIVES RETROACTIVE EFFECT TO A TWO-FOR-THREE REVERSE STOCK SPLIT TO BECOME EFFECTIVE UPON THE CLOSING OF THIS OFFERING.

THE COMPANY

CVC is a leading worldwide supplier of fabrication equipment providing thin film process solutions for the manufacture of magnetic heads for disk drives and advanced semiconductor devices for computers and communications systems. Our products are optimized for the highly uniform, repetitive steps required for the manufacturing of devices involving multiple thin film layers and a wide range of materials. Our solutions incorporate our core competencies, including:

- integrated thin film processing;
- materials science and plasma physics;
- vacuum engineering;
- atomic scale engineering of magnetic, microelectronic and optical devices; and
- process control software.

The manufacture of magnetic recording heads and semiconductor devices requires from tens to hundreds of fabrication processing steps. Both magnetic

recording heads and semiconductor devices are formed by building or removing extremely thin, uniform layers of conducting or insulating films onto substrates or wafers. The need to increase storage density and boost performance of disk drives has led to the development of smaller devices and the transition to more advanced recording heads with multiple layers of different materials and surface structures. In order to increase speed and performance of semiconductor devices, semiconductor manufacturers are shrinking the geometries and line widths of integrated circuits, while at the same time adding multiple, thin film layers of insulating or conducting materials. The process of manufacturing magnetic heads and semiconductors is constantly evolving to address the demand for smaller devices with higher performance and requires advanced thin film fabrication equipment.

Our principal product, the CONNEXION Cluster Tool system, is a modular system with stations for connecting up to six process modules around a central substrate-handling platform. Our CONNEXION Cluster Tool system utilizes an open platform that enables the integration of process modules supplied by either CVC or third parties. We currently offer a wide range of advanced process modules for physical vapor deposition, or PVD, including sputtering and ion beam deposition, metal-organic chemical vapor deposition, or MOCVD, and etching. The CONNEXION Cluster Tool system enables the manufacture of highly uniform magnetic recording head and semiconductor devices through the integration of various processes in a controlled vacuum environment. We believe that the CONNEXION Cluster Tool system, combined with its MOCVD module, is well suited for advanced interconnect applications, including barrier and copper deposition.

Since 1993, we have shipped more than 100 CONNEXION Cluster Tool systems, including more than 375 process modules. Our customers include many of the leading manufacturers of thin film recording heads for the data storage industry, including Alps, Fujitsu, IBM, Read-Rite, Seagate Technology, TDK and Yamaha, as well as manufacturers of semiconductor devices, including Anadigics, Analog Devices, Honeywell and M/A-COM. In order to expand our technology and broaden our offering of process modules, we acquired Commonwealth Scientific Corporation in May 1999. The

acquisition of Commonwealth broadened our product offering by providing us with our ion beam etch, deposition and diamond-like carbon process modules for the data storage industry.

Our executive offices are located at 525 Lee Road, Rochester, New York, 14606, and our telephone number is (716) 458-2550. CVC was incorporated in 1990 in connection with its acquisition of CVC Products, Inc. CVC Products, Inc. was founded in 1934 as the experimental vacuum processing group of Eastman Kodak.

THE OFFERING

Common stock offered by CVC	3,000,000 shares
Common stock offered by the selling stockholders	500,000 shares
Common stock to be outstanding after the offering	11,477,315 shares
Use of proceeds	Approximately $15.0 million for repayment of debt, $10.0 million for the redeemption of the Series D Redeemable Preferred Stock, $6.2 million for capital expenditures and the balance for general corporate purposes. See "Use of Proceeds." CVC will not receive any of the proceeds from the sale of shares by the selling stockholders.
Proposed Nasdaq National Market symbol	CVCI

Common stock to be outstanding after the offering excludes 2,263,389 shares issuable upon exercise of stock options outstanding as of June 30, 1999 and 790,760 shares issuable upon the exercise of an outstanding warrant held by Seagate Technology.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes the financial data of our business. The pro forma results for fiscal 1998 and the nine months ended June 30, 1999 assume the acquisition of Commonwealth Scientific Corporation occurred on October 1, 1997 and October 1, 1998, respectively and give effect to the automatic conversion of all the outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into common stock, as well as the conversion of

Series C Convertible Preferred Stock into common stock and into Series D Redeemable Preferred Stock, all of which will occur upon the closing of this offering.

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,				NINE MONTHS ENDED JUNE 30,		PRO FORMA	
							YEAR ENDED SEPTEMBER 30,	NINE MONTHS ENDED JUNE 30,
	1995	1996	1997	1998	1998	1999	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
				(IN THOUSANDS, EXCEPT PER SHARE DATA)				
STATEMENTS OF OPERATIONS DATA:								
Revenues	$ 21,358	$ 48,378	$ 62,588	$ 68,173	$ 54,275	$ 55,795	$ 112,060	$ 74,721
Gross margin	5,728	14,623	21,302	26,154	20,771	21,379	39,008	23,205
Income (loss) from operations	143	3,376	4,095	2,367	2,436	2,618	4,782	(639)
Net income (loss)	130	3,179	2,045	264	879	739	2,196	(1,083)
Pro forma net income (loss) per share:								
Basic	$ 0.18	$ 4.32	$ 2.67	$ 0.26	$ 0.86	$ 0.58	$ 0.30	$ (0.13)
Diluted	0.02	0.46	0.29	0.04	0.12	0.09	0.26	(0.12)
Weighted average shares outstanding:								
Basic	735	735	766	1,021	1,021	1,280	7,406	8,194
Diluted	5,302	6,914	6,993	7,071	7,056	8,044	8,363	9,128

</TABLE>

Excluding the effects of the acquisition of Commonwealth, pro forma earnings per share for the year ended September 30, 1998 and the nine months ended June 30, 1999 were $0.04 and $0.10, respectively (basic). Diluted earnings per share are unchanged from the historical diluted earnings per share amounts presented above for these two periods.

The following table summarizes our balance sheet as of June 30, 1999. The pro forma column reflects the automatic conversion of all the outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into common stock and Series C Convertible Preferred Stock into common stock and into Series D Redeemable Preferred Stock, all of which will occur upon the closing of this offering. The pro forma as adjusted column gives effect to the sale of 3,000,000 shares of common stock offered by CVC, at an assumed initial public offering price of $ per share, after deducting the underwriting discount and estimated offering expenses, and the application of the estimated net proceeds. See "Use of Proceeds."

<TABLE>
<CAPTION>

	AS OF JUNE 30, 1999		
<S>	<C>	<C>	<C>
	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
	(IN THOUSANDS)		
BALANCE SHEET DATA:			
Cash and cash equivalents	$ 767	$ 767	
Working capital	20,340	20,340	
Total assets	71,627	71,627	
Short-term borrowings and current portion of long-term debt	7,817	7,817	
Long-term debt, less current portion	8,674	8,674	
Preferred stock	19,895	10,000	
Common stockholders' equity	10,939	20,834	
Total stockholders' equity	30,834	30,834	

</TABLE>

RISK FACTORS

AN INVESTMENT IN OUR COMMON STOCK IS RISKY. YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISKS, AS WELL AS THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS.

WE EXPERIENCE FLUCTUATIONS IN OUR OPERATING RESULTS WHICH MAY ADVERSELY IMPACT OUR STOCK PRICE.

Our quarterly operating results have fluctuated significantly in the past, and we expect this trend to continue. A principal reason is that we derive a

substantial portion of our revenue from the sale of a relatively small number of systems which typically range in price from approximately $1.0 million to $4.0 million. As a result, our revenues and results of operations for any one quarter may be adversely affected by factors relating to the timing of orders and shipments of these systems. Additional factors which affect our quarterly operating results include:

- specific economic conditions in the data storage and semiconductor industries
- cyclical patterns of capital spending by customers
- modification or cancellation of customer orders
- continued market acceptance of our systems and our customers' products
- shipment delays
- loss of a significant customer
- increased research and development or marketing costs associated with our introduction of new products
- introduction of new products by our customers
- our ability to successfully introduce new products on a timely basis
- changes in our pricing policies or those of our competitors
- production and quality problems
- the publication of opinions by industry analysts about us, our products or our competitors

In addition, our customers or potential customers may be affected by Year 2000 issues that may, in part (1) cause a delay in payments for products shipped, (2) cause customers to expend significant resources on Year 2000 compliance matters, rather than investing in our products or (3) cause customers to defer placing orders for our systems in the first quarter of our fiscal 2000 or beyond. These issues may impact our results of operations in the first quarter of fiscal 2000, our first quarter as a public company.

Many of these factors are beyond our control, and our operating results for any particular quarter may differ materially from our expectations or those of the market. In addition, our operating results may not be indicative of future operating results, which may adversely impact the price of our common stock.

WE FACE RISKS ASSOCIATED WITH LIMITED SALES BACKLOG.

Our backlog at the beginning of a quarter typically does not include all orders required to achieve our sales objective for that quarter. Moreover, all customer purchase orders are subject to cancellation or rescheduling by the customer, generally with limited or no penalties. Therefore, backlog at any particular date is not necessarily representative of actual sales for any succeeding period. Our net sales and operating results for a quarter may depend upon orders we obtain for systems to be shipped in the same quarter that the order is received. In addition, we derive a substantial portion of our net sales in

any fiscal period from the sale of a relatively small number of high-priced systems. As a result, the timing of recognition of revenue for a single transaction could have a material adverse effect on our sales and operating results.

A SIGNIFICANT AMOUNT OF OUR REVENUES IS RECORDED LATE IN EACH QUARTER. WE MAY BE UNABLE TO ADJUST SPENDING QUICKLY ENOUGH TO COMPENSATE FOR SHORTFALLS IN QUARTERLY REVENUES, AND AS A RESULT OUR OPERATING RESULTS COULD BE ADVERSELY AFFECTED.

We have historically recorded a significant amount of our revenues for each quarter late in the quarter, while our expenses have been incurred more evenly throughout the period. The concentration of product shipments late in the quarter increases the risk of shipment delays and, consequently, the risk that quarterly revenue expectations will not be met. Our business and financial results for a particular period could be materially adversely affected if an anticipated order for even one system is not received in time to permit shipment during the period. In addition, a significant portion of our expenses are relatively fixed. We also have limited visibility on revenues for future quarterly periods and face risks of revenue shortfalls due to our limited sales backlog in current periods. If the number of systems we actually ship, and thus the amount of revenues we are able to record, late in any particular quarter are below expectations for any reason, the adverse effect may be magnified by our inability to adjust spending quickly enough to compensate for the revenue

shortfall.

THE SUCCESS OF OUR BUSINESS DEPENDS ON THE DEMAND FOR PRODUCTS FROM DATA STORAGE AND SEMICONDUCTOR MANUFACTURERS, WHOSE INDUSTRIES ARE HIGHLY CYCLICAL.

Our business depends in large part upon the demand for products from data storage and semiconductor manufacturers. The data storage and semiconductor industries accounted for the following percentages of our net sales for the periods indicated:

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,		
<S>	<C> 1996	<C> 1997	<C> 1998
Data Storage	77%	88%	77%
Semiconductor	14%	9%	21%

</TABLE>

The data storage and semiconductor industries have been characterized by cyclicality. These industries have experienced significant economic downturns at various times in the last decade, characterized by slowing product demand, inventory surpluses, accelerated erosion of average selling prices and production overcapacity. In the recent past, these downturns have had a material adverse effect on the demand for the type of capital equipment and process technology that we offer. In addition, because of (1) our continuing need to invest in research and development, (2) our substantial capital equipment requirements and (3) our extensive ongoing customer service and support requirements worldwide, our ability to reduce expenses in response to any downturn or slowdown in the rate of capital investment by manufacturers in these industries may be limited.

In the recent past, the data storage and semiconductor industries have experienced inventory oversupply and poor operating results. Our business would likely be materially adversely affected if slowdowns in the rate of capital investment or inventory surpluses in the data storage and semiconductor industries occur in the future.

OUR REVENUES AND PROFITS MAY DECREASE IF WE LOSE ANY OF OUR MAJOR CUSTOMERS.

Our customer base is highly concentrated among a limited number of large customers, primarily because the data storage industry is dominated by a small number of large companies. In particular, purchases by Seagate Technology, also our largest stockholder, have historically accounted for a significant portion of our revenues. The loss of any of these customers, and Seagate Technology in

particular, could have a material adverse effect on us. The following table sets forth the percentage of our total revenues derived from sales to our five largest customers for the periods indicated:

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,		
<S>	<C> 1996	<C> 1997	<C> 1998
Five Largest Customers	81%	79%	71%

</TABLE>

We anticipate that our revenue will continue to depend on a limited number of major customers, although the companies considered to be major customers and the percentage of our revenue represented by each major customer may vary from quarter to quarter.

We generally do not have long-term purchase agreements with our customers and do not have any written agreements that require customers to purchase fixed minimum quantities of our products. CVC's sales to specific customers tend to vary significantly from year to year depending upon customers' budgets for capital expenditures and new product introductions. The loss of, or reduced demand for products or related services from, any of our major customers could have a material adverse effect on our business. If any of these large manufacturers discontinues its relationship with us or suffers economic downturns, our results of operations could be materially adversely affected.

IF WE DO NOT RESPOND EFFECTIVELY AND ON A TIMELY BASIS TO RAPID TECHNOLOGICAL CHANGE, OUR BUSINESS COULD BE ADVERSELY AFFECTED.

The data storage and semiconductor manufacturing industries are subject to rapid technological change and new product introductions and enhancements, as well as evolving industry standards. Our ability to remain competitive will

depend in part upon our ability to develop new and enhanced systems at competitive prices in a timely and cost-effective manner and to accurately predict technology transitions. In addition, new product introductions or enhancements by our competitors could cause a decline in sales or loss of market acceptance of our existing products. Increased competitive pressure could also lead to intensified price competition, resulting in lower margins, which could materially adversely affect our business.

Because new product development commitments must be made well in advance of sales, new product decisions must anticipate both the future demand for the products under development and the equipment required to produce such products. We cannot be certain that we will be successful in developing, manufacturing and marketing new products or in enhancing existing products.

WE OPERATE IN AN EXTREMELY COMPETITIVE MARKET, AND IF WE FAIL TO COMPETE EFFECTIVELY, OUR BUSINESS MAY BE HARMED.

The data storage and semiconductor capital equipment industries are intensely competitive. Established companies, both domestic and foreign, compete with each of our product lines. Many of our competitors have greater financial, engineering, manufacturing and marketing resources than we do. A substantial investment is required by customers to evaluate, test, select and integrate capital equipment into a production line. As a result, once a manufacturer has selected a particular vendor's capital equipment, we believe that the manufacturer generally relies upon that equipment for the specific production line application and frequently will attempt to consolidate its other capital equipment requirements with the same vendor. Accordingly, if a particular customer selects a competitor's capital equipment, we expect to experience difficulty in selling to that customer for a significant period of time. We believe that our ability to compete successfully depends on a number of factors both within and outside of our control, including:

- price

- product quality

- breadth of product line

- system performance

- cost of ownership

- global technical service and support

- success in developing or otherwise introducing new products

We cannot be certain that we will be able to compete successfully in the future.

THE SUCCESS OF OUR BUSINESS DEPENDS ON CONTINUED MARKET ACCEPTANCE OF OUR CONNEXION CLUSTER TOOL SYSTEM.

Our principal product is a line of capital equipment, known as the CONNEXION Cluster Tool system, which together with its associated process modules is used to manufacture thin film recording heads and semiconductor devices. We believe that continued future growth depends in large part upon our ability to gain increased customer acceptance for our CONNEXION Cluster Tool system and related technology. The following table sets forth the percentage of our net sales derived from sales of the CONNEXION Cluster Tool systems for the periods indicated:

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,		
<S>	<C>	<C>	<C>
	1996	1997	1998
CONNEXION Cluster Tool system.....	71%	85%	83%

</TABLE>

Continued acceptance of the CONNEXION Cluster Tool system will depend on factors, including:

- cost of ownership

- performance and reliability

- ability to manufacture on a successful and timely basis

- availability of customer support

If we fail to enhance continually the CONNEXION Cluster Tool system, the

future marketplace acceptance of that product could be adversely affected. We cannot assure you that we will be successful in obtaining increased market acceptance of the CONNEXION Cluster Tool system or any future enhanced version of the system. If we fail to gain sufficient customer acceptance for this system, our business could be materially adversely affected.

WE HAVE INVESTED SIGNIFICANT RESOURCES IN THE DEVELOPMENT OF ADVANCED COPPER DEPOSITION TECHNOLOGY. IF WE FAIL TO SUCCESSFULLY DEVELOP ADVANCED COPPER DEPOSITION PROCESSES THAT ARE ACCEPTED BY THE MARKETPLACE, OUR LONG-TERM GROWTH COULD BE MATERIALLY ADVERSELY AFFECTED.

To date, we have invested significantly, and expect to continue investing significantly in the development of advanced copper deposition technology for high performance integrated circuit fabrication for the semiconductor market. The development of this technology is emerging and highly complex and the market for equipment incorporating this technology is not expected to reach commercial viability until after 2000. Recently, several semiconductor device manufacturers have announced that they have made advancements in copper-based technology. These and other competitors with substantially greater resources than ours are investing in research and development of similar technologies. These and other competitors may achieve market acceptance of their products before us. We cannot assure you that our efforts in this area will be technologically successful or, even if technologically successful, will be commercially accepted by the marketplace. If we fail to achieve

commercial success in our pursuit of copper-based technology for the semiconductor industry, our long-term growth prospects could be materially adversely affected.

SALES TO FOREIGN MARKETS CONSTITUTE A SIGNIFICANT AND GROWING PORTION OF OUR TOTAL REVENUES. OUR RESULTS OF OPERATIONS COULD BE ADVERSELY AFFECTED BY ECONOMIC DOWNTURNS IN FOREIGN MARKETS AND OUR DEPENDENCE ON FOREIGN SALES REPRESENTATIVES.

An increasing portion of our revenues in recent years has been derived from sales in foreign markets. International sales are subject to various risks. The following table sets forth for the periods indicated the percentage of our total revenues derived from sales to our customers located outside of the United States:

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,		
<S>	<C>	<C>	<C>
	1996	1997	1998
Non-U.S. Customers	19%	31%	38%

</TABLE>

We intend to continue to expand our operations outside the United States and enter additional international markets, which will require significant management attention and financial resources. International business presents additional risks, including:

- periodic recessions in foreign economies as they impact our particular sector
- the risk of government-financed competition
- changes in trade policies and tariff regulations
- worldwide political and economic instability
- difficulties in obtaining U.S. export licenses and managing businesses abroad

Our international sales are denominated in U.S. dollars. As a result, changes in the value of foreign currencies relative to the value of the U.S. dollar can render our products comparatively more expensive. Although we have not been significantly negatively impacted in the past by foreign currency changes in Japan, Korea, Taiwan and Europe, such conditions could negatively impact our international sales in future periods. Further, our international sales are made primarily through several independent sales representatives and a third party distributor. We cannot be certain that they will continue to market and distribute our products successfully, if at all. Our implementation of new distribution and sales arrangements could result in delays and disruptions in our international sales and customer support efforts, which could reduce sales and have a material adverse effect on our business.

THE LOSS OF ANY OF OUR KEY PERSONNEL COULD ADVERSELY IMPACT OUR ABILITY TO MEET OUR CUSTOMER AND TECHNOLOGICAL DEMANDS.

Our future operating results depend in significant part upon the continued contributions of our officers and key personnel who are critical to our success, and many of whom would be difficult to replace. Many of our employees are not bound by long-term employment or noncompetition agreements, and competitors may attempt to recruit them. The loss of our officers or other key personnel could have a material adverse effect on our business.

WE MAY HAVE DIFFICULTY ATTRACTING AND RETAINING QUALIFIED PERSONNEL WHICH COULD ADVERSELY IMPACT OUR ABILITY TO EXECUTE OUR BUSINESS STRATEGY.

The competition for personnel throughout our industry can be significant. Because of this competition for qualified labor, we have occasionally experienced delays in meeting our staffing requirements. Our future success will depend on our ability to attract and retain qualified technical, marketing and management personnel, particularly highly skilled design, process and test engineers.

The market for such personnel has become intensely competitive, particularly in California where there has been a significant increase in the business activities of other companies in the data storage and semiconductor manufacturing sectors.

Any protracted inability on our part to recruit, train and retain adequate numbers of qualified personnel could adversely affect our ability to manufacture, sell and support our products, which could materially adversely affect our business.

WE MAY EXPERIENCE DIFFICULTY INTEGRATING OUR RECENT ACQUISITION.

We recently acquired Commonwealth Scientific Corporation. Realization of the potential benefits from this acquisition may not occur unless the products, technologies and personnel of Commonwealth are successfully integrated with our operations in a timely and efficient manner. Any diversion of the attention of management, and any difficulties encountered in the transition process, could have a material adverse effect on the revenues, financial condition and operating results of the combined enterprise. If we are not able to successfully integrate Commowealth and its services and products into our operations, our business could be materially adversely affected.

WE MAY BE UNABLE TO CONSUMMATE POTENTIAL ACQUISITIONS OR SUCCESSFULLY INTEGRATE THEM WITH OUR BUSINESS WHICH COULD SLOW OUR GROWTH.

As part of our continued strategy to expand the range of our product offerings and technologies, we intend to make acquisitions of complementary businesses, technologies, services or products if appropriate opportunities arise. However, we may be unable to identify suitable acquisition or investment candidates at reasonable prices or on reasonable terms. Additionally, regardless of whether suitable candidates are available, we may be unable to consummate future acquisitions or investments, which could harm our growth strategy. If we do consummate acquisitions, we could have difficulty integrating the acquired products, personnel or technologies. These difficulties could disrupt our ongoing business, distract our management and employees and increase our expenses.

WE HAVE A LENGTHY SALES CYCLE WHICH MAY INCREASE OUR EXPOSURE TO CUSTOMER CANCELLATIONS OR DELAYS IN ORDERS.

Sales of our systems depend, in significant part, upon the decision of an existing or prospective customer to add new manufacturing capacity or to expand existing manufacturing capacity, both of which involve a significant capital commitment. We may experience delays in finalizing system sales following initial system qualification while the customer evaluates and receives approvals for the initial purchase of our systems. In general, for new customers or applications our sales cycle could take 12 to 18 months to complete. During this time, we may expend substantial funds and management effort as part of the sales process. Lengthy sales cycles subject us to a number of significant risks, including inventory obsolescence and fluctuations in operating results over which we have little or no control.

PROTECTION OF OUR INTELLECTUAL PROPERTY RIGHTS MAY RESULT IN COSTLY LITIGATION.

There has been substantial litigation regarding patent and other intellectual property rights in the data storage, semiconductor and related industries. We have been, and may in the future be, notified of allegations that we may be infringing intellectual property rights possessed by others. In the future, protracted litigation and expense may be incurred if necessary to defend ourselves against alleged infringement of third party rights. Any such litigation, even if ultimately successful in our defense, could result in substantial cost and diversion of time and effort by our management, which by itself could have a material adverse effect on our business. Adverse determinations in that litigation could:

- result in our loss of proprietary rights

- subject us to significant liabilities, including treble damages under certain circumstances

- require us to seek licenses from third parties, which licenses may not be available on reasonable terms or at all

- prevent us from manufacturing or selling our products

Any of these outcomes could have a material adverse effect on our business.

OUR SUCCESS DEPENDS, IN PART, ON INTELLECTUAL PROPERTY WHICH MAY BE DIFFICULT TO PROTECT AND COULD AFFECT OUR ABILITY TO COMPETE EFFECTIVELY.

We believe that our success depends, in part, on our ability to obtain and protect patents protecting our proprietary technology. As of August 31, 1999, CVC had obtained 11 U.S. patents, had received notices of allowance on two U.S. patent applications and had 34 U.S. patent applications pending. In addition, CVC had obtained two foreign patents from the United Kingdom and had 17 foreign patent applications pending on its behalf as of that date.

We cannot assure you that:

- pending patent applications or any future applications will be approved

- any patents will provide us with competitive advantages or will not be challenged by third parties

- the patents of others will not have an adverse effect on our ability to do business

We cannot assure you that others will not independently develop similar products, duplicate our products or, if patents are issued to us, design around these patents. In addition, we may be forced to expend time and resources on protracted litigation to defend our intellectual property rights against third parties. Further, because foreign patents may afford less protection under foreign law than is available under U.S. patent law, we cannot assure you that any foreign patents issued to us will adequately protect our proprietary rights.

In addition to patent protection, we also rely upon trade secret protection, employee and third-party nondisclosure agreements and other intellectual property protection methods to protect our confidential and proprietary information. Despite these efforts, we cannot be certain that:

- others will not independently develop substantially equivalent proprietary information and techniques

- others will not otherwise gain access to our trade secrets

- others will not disclose our technology

- we can meaningfully protect our trade secrets

WE DEPEND ON A LIMITED NUMBER OF SUPPLIERS, AND IN SOME CASES SOLE SUPPLIERS. ANY DISRUPTION OR TERMINATION OF THESE SUPPLY CHANNELS MAY HARM OUR BUSINESS.

We purchase components, subassemblies and services from a limited number of suppliers and occasionally from a single source. Disruption or termination of certain of these sources could occur, and these disruptions could have at least a temporary adverse effect on our operations. A prolonged inability on our part to obtain certain components included in our systems could have a material adverse effect on our business.

FAILURE BY US TO IDENTIFY AND REMEDIATE ALL MATERIAL YEAR 2000 RISKS COULD CAUSE A SIGNIFICANT DISRUPTION TO OUR BUSINESS. WE COULD BE REQUIRED TO EXPEND SIGNIFICANT INTERNAL RESOURCES ON YEAR 2000 REMEDIATION OR THE YEAR 2000 PROBLEMS OF OUR SUPPLIERS COULD CAUSE A DELAY IN SUPPLYING GOODS AND SERVICES TO US. FURTHERMORE, YEAR 2000 PROBLEMS OF OUR CUSTOMERS COULD CAUSE THEM TO DELAY PAYMENT FOR PRODUCTS THAT WE HAVE SHIPPED TO THEM.

We have implemented a multi-phase Year 2000 project consisting of assessment and remediation, and testing following remediation. We cannot, however, be certain that we have identified all of the potential risks. Failure by us to identify and remediate all material Year 2000 risks could adversely affect our business, financial condition and results of operations. We have identified the following risks you should be aware of:

- we cannot be certain that the entities on whom we rely for certain goods and services that are important to our business will be successful in addressing all of their software and systems problems in order to operate without disruption in the Year 2000 and beyond

- our customers or potential customers may be affected by Year 2000 issues that may, in part:

  -- cause a delay in payments for products shipped

  -- cause customers to expend significant resources on Year 2000 compliance matters, rather than investing in our products

- we have not developed a contingency plan related to the failure of our or a third-party's Year 2000 remediation efforts and may not be prepared for such an event

Further, while we have made efforts to notify our customers who have purchased potential non-compliant products, we cannot be sure that customers who purchased such products will not assert claims against us alleging that such products should have been Year 2000 compliant at the time of purchase, which could result in costly litigation and divert management's attention.

IF WE FAIL TO COMPLY WITH ENVIRONMENTAL REGULATIONS TO WHICH WE ARE SUBJECT, OUR BUSINESS COULD BE ADVERSELY IMPACTED.

We are subject to a variety of governmental regulations related to the use, storage, handling, discharge or disposal of toxic, volatile or otherwise hazardous chemicals used in our manufacturing processes. Any failure on our part to comply with regulations or to control in any way our handling of hazardous substances could subject us to future liabilities which could have a material adverse effect on our business.

OUR STOCK PRICE MAY BE VOLATILE.

There has not been a public market for our common stock. We cannot predict the extent to which investor interest in CVC will lead to the development of a trading market or how liquid that market might become. Further, we cannot guarantee that the price of our common stock will not decline below the initial public offering price. Stock prices of companies in our industry have experienced price fluctuations which have often been unrelated to the operating performance of affected companies. The initial public offering price may not be indicative of prices that will prevail in the trading market. Various factors could cause the market price of our common stock to fluctuate substantially. These factors may include:

- news announcements relating to CVC, our competitors, customers or other entities regarding quarterly operating results, technology advances or production overcapacity

- general trends in our industry

- changes in market conditions in the data storage and semiconductor industries

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted against these companies. This type of litigation, or similar litigation, could have a material adverse effect on our business.

A LIMITED NUMBER OF STOCKHOLDERS WILL HAVE THE ABILITY TO INFLUENCE OUR POLICIES FOLLOWING THE OFFERING.

A substantial majority of our capital stock is held by a limited number of stockholders. After completion of this offering, assuming no exercise of currently exercisable stock options, our principal stockholders and executive officers and directors will beneficially own approximately 65% of the shares of common stock outstanding, 67% if Seagate Technology exercises in full its warrant to purchase common stock. In particular, Seagate Technology is CVC's largest stockholder and two of its representatives are members of CVC's board of directors. Following completion of this offering, Seagate Technology will own 2,428,313 shares representing approximately 21% of CVC's outstanding common stock. In addition, if Seagate Technology exercises in full a warrant for the common stock that it holds, it would own an aggregate of approximately 26% of the outstanding common stock.

Accordingly, this limited number of stockholders, including Seagate Technology, will likely for some time influence the election of our board of directors, control major decisions of corporate policy and determine the outcome of any major transaction or other matter submitted to our stockholders or board of directors, including potential mergers or acquisitions, and amendments to our certificate of incorporation. Stockholders other than these principal stockholders are therefore likely to have little or no influence on decisions regarding such matters.

THE PRICE OF OUR STOCK COULD DECREASE AS A RESULT OF SHARES BEING SOLD IN THE MARKET AFTER THE OFFERING.

The market price of our common stock could drop as a result of sales of a large number of shares of common stock in the market after the offering, or the perception that these sales could occur. These factors also could make it more difficult for us to raise funds through future offerings of common stock.

There will be 11,477,315 shares of common stock outstanding immediately after the offering. Of these shares, the shares sold in the offering will be freely transferable without restriction or further registration under the Securities Act, except for any shares purchased by our "affiliates" as defined in Rule 144 under the Securities Act. The remaining 7,977,315 shares of common stock outstanding will be "restricted securities" as defined in Rule 144. These shares may be sold in the future without registration under the Securities Act to the extent permitted by Rule 144 or an exemption under the Securities Act. In addition, additional shares of common stock subject to outstanding vested stock options could also be sold. The holders of the shares of common stock issued upon conversion of outstanding preferred stock and some of our other large stockholders will also have registration rights allowing them to cause us to register their shares under the Securities Act.

USE OF PROCEEDS

The estimated net proceeds to us from the sale of 3,000,000 shares of our common stock in this offering are estimated to be approximately $. This is based on an assumed initial public offering price of $ per share, after deducting underwriting discounts and estimated offering expenses payable by us. We will not receive any proceeds from the sale of our common stock by the selling stockholders.

We intend to use approximately $15.0 million of the proceeds from the offering to repay the outstanding balance under several loan agreements. These loan agreements include: (1) a line of credit with an interest rate at prime plus 1/4%; (2) a term loan which matures October 2001 with an interest rate at prime plus 1/2%; (3) a note payable which matures September 2000 with an interest rate at 8%; and (4) three capital leases with maturity dates of March 2000, August 2000, and January 2002, and interest rates of 13.9%, 16.5%, and 8.1%, respectively. In addition, we intend to use approximately $10.0 million to redeem the Series D Redeemable Preferred Stock and approximately $6.2 million for capital expenditures. The balance of the net proceeds will be used for general corporate purposes, which may include acquisitions of other businesses. We do not currently have any arrangements or understandings regarding any acquisitions and we are not currently engaged in any negotiations regarding any acquisition. Pending such uses, we will invest the net proceeds of this offering in short-term obligations of investment grade.

DIVIDEND POLICY

We have never paid or declared cash dividends on our common stock. We currently intend to retain all future earnings for our business and do not anticipate paying cash dividends in the foreseeable future. We are currently restricted under the terms of some of our credit agreements from paying any dividends to stockholders without the prior written consent of the lenders. Future dividends, if any, will depend on, among other things: (1) our results of operations, (2) capital requirements and (3) restrictions in loan agreements.

CAPITALIZATION

The following table sets forth our capitalization as of June 30, 1999. Our capitalization is presented:

- on an actual basis;
- on a pro forma basis to give effect to the automatic conversion of all outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into common stock, as well as the conversion of Series C Convertible Preferred Stock into common stock and Series D Redeemable Preferred Stock, all of which will occur upon the closing of this offering; and
- on a pro forma as adjusted basis to reflect our receipt of the net proceeds from the sale of 3,000,000 shares of common stock in this offering at an assumed initial public offering price of $ per share after deducting the underwriting discount and estimated offering expenses, the repayment of approximately $15.0 million of debt, of which approximately $7.5 million relates to debt outstanding as of June 30, 1999 and the redemption of all outstanding shares of Series D Redeemable Preferred Stock for $10.0 million.

<TABLE>
<CAPTION>

	AS OF JUNE 30, 1999

	ACTUAL	PRO FORMA	PRO FORMA AS ADJUSTED
		(IN THOUSANDS)	
Short-term borrowings and current portion of long-term debt	$ 7,817	$ 7,817	
Long-term debt, less current portion	8,674	8,674	
Stockholders' equity:			
Preferred stock, $0.01 par value, 502,500 shares authorized; shares issued and outstanding:			
Series C, $0.01 par value; 100,000 shares authorized and outstanding, actual; 0 shares issued and outstanding pro forma; and 0 shares issued and outstanding pro forma as adjusted	9,855	--	
Series D, $0.01 par value; 200,000 shares authorized; 0 shares issued and outstanding, actual; 0 shares issued and outstanding, pro forma; 0 shares issued and outstanding, pro forma as adjusted	--	10,000	
Series B, $0.01 par value; 100,000 shares authorized; 60,492 shares issued and outstanding, actual; 0 shares issued and outstanding, pro forma; 0 shares issued and outstanding, pro forma as adjusted	8,355	--	
Series A, $0.01 par value; 2,500 shares authorized; 1,685 shares issued and outstanding, actual; 0 shares issued and outstanding, pro forma; 0 shares issued and outstanding, pro forma as adjusted	1,685	--	
Common stock, $0.01 par value per share; 50,000,000 shares authorized; 2,345,394 shares issued and outstanding, actual; 8,477,315 shares issued and outstanding, pro forma; 11,477,315 shares issued and outstanding, pro forma as adjusted	23	84	
Additional paid-in capital	9,249	19,097	
Warrant	14	--	
Unamortized deferred compensation	(168)	(168)	
Retained earnings	1,952	1,952	
Minimum pension liability	(131)	(131)	
Total stockholders' equity	30,834	30,834	
Total capitalization	$ 47,325	$ 47,325	

Common stock to be outstanding after the offering excludes 2,263,389 shares issuable upon exercise of stock options outstanding as of June 30, 1999 and 790,760 shares issuable upon the exercise of an outstanding warrant held by Seagate Technology.

See "Selected Consolidated Financial Data," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the Consolidated Financial Statements and Notes thereto included in this prospectus.

DILUTION

The pro forma net tangible book value of the common stock as of June 30, 1999 was $, or $ per share, after giving effect to the automatic conversion of all outstanding shares of Series A Convertible Preferred Stock, Series B Convertible Preferred Stock and Series C Convertible Preferred Stock into an aggregate of shares of common stock which will occur upon the consummation of this offering. After giving effect to the sale of the common stock pursuant to this offering at an assumed initial public offering price of $ per share, assuming that the underwriters' over-allotment option is not exercised, and after deducting the underwriting discount and estimated expenses of the offering, the adjusted pro forma net tangible book value at June 30, 1999, would have been $, or $ per share.

Pro forma net tangible book value per share before the offering has been determined by dividing pro forma net tangible book value (total tangible assets less total liabilities) by the pro forma number of shares of common stock outstanding at June 30, 1999. The offering will result in an increase in pro forma net tangible book value per share of $ to existing stockholders and dilution of $ to new investors who purchase shares in the offering. Dilution is determined by subtracting pro forma net tangible book value per share from the assumed initial public offering price of $ per share. The following table illustrates this dilution:

Initial public offering price	$
Pro forma net tangible book value per share at June 30,	

1999	$
Increase attributable to sale of common stock in the offering (1)	
Pro forma net tangible book value per share after the offering	
Dilution to persons who purchase shares in the offering	$

After deduction of the underwriting discount and estimated offering expenses totaling $.

If the underwriters' over-allotment option were exercised in full, the pro forma net tangible book value per share after the offering would be $ per share, the increase in net tangible book value per share to existing stockholders would be $ per share and the dilution to persons who purchase shares in the offering would be $ per share.

The following table summarizes, on a pro forma basis as of June 30, 1999, the differences between the total consideration paid and the average price per share paid by the existing shareholders and the new investors with respect to the number of shares of common stock purchased from us based on an assumed initial public offering price of $ per share:

	SHARES PURCHASED		TOTAL CONSIDERATION		AVERAGE PRICE
	NUMBER	PERCENT	AMOUNT	PERCENT	PER SHARE
Existing stockholders (1)					
New investors					
Total					

(1) The sale by the selling stockholders in the offering will reduce the number of shares held by existing stockholders to shares, or % of the total number of shares of common stock to be outstanding after the offering and will increase the number of shares held by the new investors to shares, or % of the total number of shares of common stock to be outstanding after the offering. See "Principal and Selling Stockholders."

These tables do not assume exercise of stock options or warrants outstanding as of June 30, 1999. At June 30, 1999, an aggregate of 2,263,389 shares of common stock were issuable upon the exercise of outstanding options at a weighted average exercise price of $3.46 per share. Upon consummation of this offering, a warrant will become convertible into 790,760 shares of common stock at $5.58 per share. To the extent that outstanding options and this warrant are exercised in the future, there will be further dilution to new investors.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data of CVC set forth below as of September 30, 1997 and 1998 and for each of the years ended September 30, 1996, 1997 and 1998 are derived from CVC's audited consolidated financial statements, which appear elsewhere in this prospectus. The selected consolidated financial data as of September 30, 1994, 1995, and 1996 and for each of the years ended September 30, 1994 and 1995 have been derived from audited consolidated financial statements of CVC not included in this prospectus. The selected financial data as of June 30, 1999 and for the nine months ended June 30, 1998 and 1999 have been derived from the unaudited consolidated financial statements which appear elsewhere in this prospectus and which, in the opinion of the management of CVC, include all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and the results of operations for these periods. Operating results for the nine months ended June 30, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending September 30, 1999. The pro forma June 30, 1999 balance sheet data reflects the automatic conversion of all the outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into common stock, as well as the conversion of Series C Convertible Preferred Stock into common stock and into Series D Redeemable Preferred Stock. The data should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and with Management's Discussion and Analysis of Financial Condition and Results of Operations appearing elsewhere in

this prospectus.

	YEAR ENDED SEPTEMBER 30,					NINE MONTHS ENDED JUNE 30,
	1994	1995	1996	1997	1998	1998
	(IN THOUSANDS, EXCEPT PER SHARE DATA)					
STATEMENTS OF OPERATIONS DATA:						
Revenues	$ 13,915	$ 21,358	$ 48,378	$ 62,588	$ 68,173	$ 54,275
Cost of goods sold	11,795	15,630	33,755	41,286	42,019	33,504
Gross margin	2,120	5,728	14,623	21,302	26,154	20,771
Operating expenses:						
Research and development	1,271	1,214	4,346	9,055	12,615	9,844
Sales and marketing	2,354	2,924	4,777	5,613	7,696	5,593
General and administrative	1,248	1,447	2,124	2,539	3,476	2,898
In-process R&D write-off	--	--	--	--	--	--
Total	4,873	5,585	11,247	17,207	23,787	18,335
Income (loss) from operations	(2,753)	143	3,376	4,095	2,367	2,436
Interest and other, net	(533)	(559)	(197)	(593)	(1,154)	(931)
Write-off of deferred charges	--	--	--	--	(675)	--
Income (loss) before income taxes	(3,286)	(416)	3,179	3,502	538	1,505
Income taxes (benefit)	36	(546)	--	1,457	274	626
Net income (loss)	$ (3,322)	$ 130	$ 3,179	$ 2,045	$ 264	$ 879
Net income (loss) per share:						
Basic	$ (5.46)	$ 0.18	$ 4.32	$ 2.67	$ 0.26	$ 0.86
Diluted	(0.80)	0.02	0.46	0.29	0.04	0.12
Weighted average shares outstanding:						
Basic	608	735	735	766	1,021	1,021
Diluted	4,160	5,302	6,914	6,993	7,071	7,056

	1999
STATEMENTS OF OPERATIONS DATA:	
Revenues	$ 55,795
Cost of goods sold	34,166
Gross margin	21,629
Operating expenses:	
Research and development	8,489
Sales and marketing	6,395
General and administrative	2,953
In-process R&D write-off	1,174
Total	19,011
Income (loss) from operations	2,618
Interest and other, net	(355)
Write-off of deferred charges	--
Income (loss) before income taxes	2,263
Income taxes (benefit)	1,524
Net income (loss)	$ 739
Net income (loss) per share:	
Basic	$ 0.58
Diluted	0.09
Weighted average shares outstanding:	
Basic	1,230
Diluted	8,044

Assuming the conversion of the outstanding shares of Series A Convertible Preferred Stock and Series B Convertible Preferred Stock into common stock and the conversion of Series C Convertible Preferred Stock into common stock and

into Series D Redeemable Preferred Stock and excluding the effects of the acquisition of Commonwealth, pro forma earnings per share for the year ended September 30, 1998 and the nine months ended June 30, 1999 were $0.04 and $0.10, respectively (basic). Diluted earnings per share are unchanged from the historical diluted earnings per share amounts presented above for these two periods.

<TABLE>
<CAPTION>

	AS OF SEPTEMBER 30,					AS OF JUNE 30,
<S>	<C> 1994	<C> 1995	<C> 1996	<C> 1997	<C> 1998	<C> ACTUAL
BALANCE SHEET DATA:						
Cash and cash equivalents	$ 2	$ 3,157	$ 730	$ 2,161	$ 106	$ 767
Working capital	(2,312)	5,429	8,816	9,259	10,904	20,340
Total assets	11,425	23,554	31,837	43,833	42,764	71,627
Short term borrowings and current portion of long-term debt	2,229	188	894	2,295	5,689	7,817
Long-term debt, less current portion	3,935	3,528	5,635	5,309	11,379	8,674
Preferred stock	(1,685)	10,040	10,040	10,040	10,040	19,895
Common stockholders' equity (deficit)	(4,014)	(3,857)	(721)	1,388	1,940	10,939
Total stockholders' equity (deficit)	(2,329)	6,183	9,319	11,428	11,980	30,834

<CAPTION>

<S>	<C> PRO FORMA
BALANCE SHEET DATA:	
Cash and cash equivalents	$ 767
Working capital	20,340
Total assets	71,627
Short term borrowings and current portion of long-term debt	7,817
Long-term debt, less current portion	8,674
Preferred stock	10,000
Common stockholders' equity (deficit)	20,834
Total stockholders' equity (deficit)	30,834

</TABLE>

UNAUDITED PRO FORMA COMBINED STATEMENTS OF OPERATIONS

The following unaudited pro forma statements of operations for the year ended September 30, 1998 and the nine months ended June 30, 1999 give effect to the May 10, 1999 acquisition of Commonwealth Scientific Corporation. The unaudited pro forma statements of operations are based on the statements of operations for CVC, appearing elsewhere in this prospectus, and the statements of operations of Commonwealth as if the acquisition occurred on October 1, 1997 and October 1, 1998, respectively. The Commonwealth statements of operations have been modified to conform to CVC's fiscal year end. These unaudited pro forma statements of operations should be read in conjunction with the historical financial statements and notes thereto of CVC and Commonwealth included elsewhere in this prospectus.

The unaudited pro forma combined statements of operations give effect to the following pro forma adjustments necessary to reflect the acquisition of Commonwealth:

- Reduction in certain operating expenses related to the restructuring activities undertaken, solely comprised of Commonwealth employees terminated as of or shortly after the acquisition;

- Elimination of the write-off of the portion of the purchase price allocated in-process research, development and engineering, due to its one-time nature;

- Amortization of goodwill and other intangibles over periods ranging from five to ten years; and

- Decrease in income taxes related to adjustments.

Amounts are in thousands, except for per share data.

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30, 1998			
<S>	<C>	<C>	<C>	<C> PRO FORMA

<CAPTION>

<S>	CVC <C>	CSC <C>	ADJUSTMENTS <C>	COMBINED <C>
STATEMENTS OF OPERATIONS:				
Revenues	$ 68,173	$ 43,887	$ --	$ 112,060
Cost of goods sold	42,019	31,033	--	73,052
Gross margin	26,154	12,854	--	39,008
Operating expenses	23,787	11,132	(840)	34,079
In-process R&D write-off	--	--	--	--
Goodwill and intangibles amortization	--	--	147	147
Total operating expenses	23,787	11,132	(693)	34,226
Income (loss) from operations	2,367	1,722	693	4,782
Write-off of deferred charges	(675)	--	--	(675)
Interest and other, net	(1,154)	(302)	--	(1,456)
Income (loss) before income taxes	538	1,420	693	2,651
Income taxes (benefit)	274	517	(336)	455
Net income (loss)	$ 264	$ 903	$ 1,029	$ 2,196
Net income per share:				
Basic	$ 0.26			$ 0.96
Diluted	0.04			0.26
Weighted average shares outstanding:				
Basic	1,021		1,269	2,290
Diluted	7,070		1,293	8,363

</TABLE>

<TABLE>
<CAPTION>

<S>	NINE MONTHS ENDED JUNE 30, 1999			
	<C>	<C>	<C>	<C>
				PRO FORMA
	CVC	CSC	ADJUSTMENTS	COMBINED
STATEMENTS OF OPERATIONS:				
Revenues	$ 55,795	$ 18,926	$ --	$ 74,721
Cost of goods sold	34,166	17,350	--	51,516
Gross margin	21,629	1,576	--	23,205
Operating expenses	17,826	6,538	(630)	23,734
In-process R&D write-off	1,174	--	(1,174)	--
Goodwill and intangibles amortization	11	--	99	110
Total operating expenses	19,011	6,538	(1,705)	23,844
Income (loss) from operations	2,618	(4,962)	1,705	(639)
Write-off of deferred charges	--	--	--	--
Interest and other, net	(355)	(305)	--	(660)
Income (loss) before income taxes	2,263	(5,267)	1,705	(1,299)
Income taxes (benefit)	1,524	(1,488)	(252)	(216)
Net income (loss)	$ 739	$ (3,779)	$ 1,957	$ (1,083)
Net income per share:				
Basic	$ 0.58			$ (.47)
Diluted	0.90			(.47)
Weighted average shares outstanding:				
Basic	1,279		1,048	2,327
Diluted	8,044		5,717	2,327

</TABLE>

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THE FOLLOWING DISCUSSION CONTAINS FORWARD-LOOKING STATEMENTS THAT INVOLVE RISKS AND UNCERTAINTIES. CVC'S ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE DISCUSSED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF CERTAIN FACTORS INCLUDING THOSE SET FORTH UNDER "RISK FACTORS" AND ELSEWHERE IN THE PROSPECTUS. THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH "SELECTED CONSOLIDATED FINANCIAL DATA" AND THE CONSOLIDATED FINANCIAL STATEMENTS

AND NOTES THERETO APPEARING ELSEWHERE IN THIS PROSPECTUS.

OVERVIEW

CVC is a leading worldwide supplier of fabrication equipment providing thin film process solutions for the manufacture of magnetic heads for disk drives and advanced semiconductor devices for computers and communications equipment. CVC's principal product is the CONNEXION Cluster Tool system, which provides integrated deposition and etch equipment based on a central substrate handling platform and a series of interchangeable thin film deposition and etch processing modules. CVC also derives revenue from the sale of sources, spare parts, enhancements, and field service contracts. System revenues represented 80%, 83% and 85% of CVC's total revenue in the first nine months of fiscal 1999, fiscal 1998 and fiscal 1997, respectively. In order to expand its technology and broaden its offering of process modules, CVC acquired Commonwealth Scientific Corporation in May 1999. Commonwealth's primary products are ion beam etch, deposition and diamond-like carbon process modules for the data storage industry and ion beam sources principally used by suppliers of optical equipment.

CVC's growth in the past four years has been primarily due to the expansion of the disk drive industry and transition of the industry to magnetoresistive, or MR, heads and giant magnetoresistive, or GMR, heads. During the first nine months of fiscal 1999, fiscal 1998 and fiscal 1997, 80%, 77% and 88%, respectively, of CVC's revenue was derived from sales made to manufacturers of magnetic heads and 9%, 21%, and 9%, respectively was derived from sales to manufacturers of semiconductor devices, with the remainder of the revenue derived from ancillary products and services. CVC's top four customers for the nine months ended June 30, 1999, were Seagate, IBM, TDK and Alps, all of whom manufacture magnetic heads. CVC expects that these customers will continue to account for a significant portion of CVC's total 1999 and 2000 revenues and that significant customer concentration will continue for the foreseeable future.

CVC recognizes revenue from system sales, enhancements and spare parts at the time of shipment. Provisions for estimated installation and warranty costs are recorded at the time revenue is recognized. Revenue on field service contracts is deferred and recognized on a straight-line basis over the period of the contract.

Revenue derived from system sales is dependent upon the timing of orders due to customer requirements for additional manufacturing capacity and CVC's ability to respond on a timely basis to rapid technological developments. CVC's customers typically place large orders, which could cause revenues to fluctuate significantly from period to period. Orders for system sales range in price from approximately $1.0 million to $4.0 million, depending on the configuration of the system. For example, in the second half of fiscal 1998 and the first quarter of fiscal 1999, CVC's revenues were adversely affected by reduced orders from magnetic head manufacturers, who experienced reduced demands, inventory surpluses and poor operating results and as a result, deferred capital expenditures of fabrication equipment. In recent quarters, magnetic head manufacturers have increased capital spending to acquire new process technologies that enable them to produce GMR heads. Because the data storage and semiconductor industries are highly cyclical, and orders in CVC's backlog are subject to cancellation or rescheduling, CVC's visibility on revenues for future periods is limited, and its operating results could fluctuate significantly from period to period.

International sales accounted for 36%, 38% and 31% of our total revenues in the first nine months of fiscal 1999, fiscal 1998 and fiscal 1997, respectively. CVC expects that international sales will continue to account for a significant portion of our revenue in the foreseeable future. CVC's international sales are denominated in U.S. dollars. As a result, changes in the value of foreign currencies relative to the value of the U.S. dollar can render our products comparatively more expensive. Although CVC has not been significantly negatively impacted in the past by foreign currency changes in Japan, Korea, Taiwan and Europe, such conditions could negatively impact its international sales in future periods.

CVC's gross margin is influenced by a number of factors related to the mix of revenues within a particular period. For example, systems for new process applications tend to have lower margins initially than those for existing processes. As a result, sales to semiconductor manufacturers, whose process requirements tend to be unique, generally have a lower gross margin than sales to magnetic head manufacturers, who typically purchase systems for which we have significantly more processing experience. Sales to international customers typically have a lower gross margin than sales to domestic customers. In addition, revenues from ion beam sources, enhancements, spare parts and field service contracts typically have a higher gross margin than system margins. As a result of these factors, CVC expects its gross margin to fluctuate from period to period.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated the percentage of

revenues for certain items in CVC's consolidated statement of operations data.

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,			NINE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold	69.8	66.0	61.6	61.7	61.2
Gross margin	30.2	34.0	38.4	38.3	38.8
Operating expenses					
Research and development	9.0	14.5	18.5	18.1	15.2
Sales and marketing	9.8	9.0	11.3	10.3	11.5
General and administrative	4.4	4.0	5.1	5.4	5.3
In-process R&D Write-off	--	--	--	--	2.1
Total	23.2	27.5	34.9	33.8	34.1
Income from operations	7.0	6.5	3.5	4.5	4.7
Interest and other, net	(0.4)	(0.9)	(1.7)	(1.7)	(0.6)
Write-off of deferred charges	--	--	(1.0)	--	--
Income before income taxes	6.6	5.6	0.8	2.8	4.1
Income taxes	0.0	2.3	0.4	1.2	2.7
Net income	6.6	3.3	0.4	1.6	1.3

</TABLE>

NINE MONTHS ENDED JUNE 30, 1999 COMPARED TO NINE MONTHS ENDED JUNE 30, 1998

REVENUES. Revenues increased 2.8% to $55.8 million for the nine months ended June 30, 1999 from $54.3 million for the nine months ended June 30, 1998. The increase is attributable primarily to increased sales of GMR systems to magnetic head manufacturers and increased sales resulting from the Commonwealth acquisition, which offset lower sales of CVC's systems to semiconductor manufacturers.

GROSS MARGIN. Gross margin increased to 38.8% of revenues for the nine months ended June 30, 1999 from 38.3% for the nine months ended June 30, 1998. Gross margin contributions in the fiscal 1999 period was affected by the mix of lower margin sales of newly-acquired Commonwealth systems, offset by higher margins attributable to revenues from ion beam sources and enhancements. In the fiscal 1998 period, the gross margin reflects the higher percentage of lower margin sales of new systems for semiconductor manufacturers.

RESEARCH AND DEVELOPMENT. Research and development expenses decreased 13.2% to $8.5 million for the nine months ended June 30, 1999 from $9.8 million for the nine months ended June 30, 1999. As a percentage of revenues, research and development expenses decreased to 15.2% for the nine months ended June 30, 1999 compared to 18.1% for the nine months ended June 30, 1998. The higher expenditure level in the fiscal 1998 period is primarily attributable to material expenses associated with the completion of a government contract. In addition, expenses in the fiscal 1999 period reflect lower material costs related to certain internal development projects offset by additional Commonwealth research and development expenses. Notwithstanding the decrease in fiscal 1999 expenses, CVC believes that research and development expenditures are essential to maintaining its competitive position in the data storage and semiconductor equipment market and expects these expenditure levels to increase in absolute dollars for the foreseeable future.

SALES AND MARKETING. Sales and marketing expenses increased 14.2% to $6.4 million for the nine months ended June 30, 1999 from $5.6 million for the nine months ended June 30, 1998. As a percentage of revenues, sales and marketing expenses increased to 11.5% for the nine months ended June 30, 1999 from 10.3% for the nine months ended June 30, 1998. The increase is attributable to the addition of Commonwealth personnel and related expenses as well as additional personnel and related expenses in sales, marketing and field service to support CVC's expanded product offerings and customer base, including the expansion of the field service group in Japan and the United States.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased 3.4% to $3.0 million for the nine months ended June 30, 1999 from $2.9 million for the nine months ended June 30, 1998. The increase in general administrative expenses primarily reflects the additional expenses associated with the Commonwealth acquisition. As a percentage of revenues, administrative expenses were 5.3% for the nine months ended June 30, 1999 and 5.4% for the nine months ended June 30, 1998.

IN-PROCESS R&D WRITE-OFF. During the nine months ended June 30, 1999, as part of the purchase of Commonwealth, the value assigned to research expenditures reflecting products in the development stage and not considered to have reached technological feasibility were written off in accordance with applicable accounting rules. This write-off amounted to approximately $1.2 million.

INTEREST AND OTHER, NET. Interest and other, net decreased to $0.4 million for the nine months ended June 30, 1999 from $0.9 million for the nine months ended June 30, 1998. The decrease in interest and other, net primarily reflects reduced interest expense due to the reduction of borrowings with the proceeds from the sale of preferred stock in December 1998 and a one-time gain associated with the sale of two non-core product lines.

INCOME TAXES. Income tax expense for the nine months ended June 30, 1999 amounted to $1.5 million compared to $0.6 million for the nine months ended June 30, 1998. The effective tax rate for the nine months ended June 30, 1999 was 67.3% compared to the effective rate of 41.6% for the nine months ended June 30, 1998. The increase is the result of the non-deductible in-process R&D write-off.

YEAR ENDED SEPTEMBER 30, 1998 COMPARED TO YEAR ENDED SEPTEMBER 30, 1997

REVENUES. Revenues increased 8.9% to $68.2 million in fiscal 1998 from $62.6 million in fiscal 1997. The increase in revenues is attributable primarily to increased systems sales to semiconductor manufacturers and increased sales of spares, partially offset by reduced systems sales to magnetic head manufacturers.

GROSS MARGIN. Gross margin increased to 38.4% of revenues in fiscal 1998 from 34.0% in fiscal 1997. The margin improvement was attributable to lower systems manufacturing costs as the result of efficiencies derived from repeat orders and increased sales of higher margin spares and enhancements.

RESEARCH AND DEVELOPMENT. Research and development expenses increased 38.4% to $12.6 million in fiscal 1998 from $9.1 million in fiscal 1997. As a percentage of revenues, research and development expenses increased to 18.5% in fiscal 1998 from 14.5% in fiscal 1997. The increase is attributable to increased expenditures for an expanded demonstration program, increased personnel costs due to the hiring of engineers in the fourth quarter 1997 to support the expanded demonstration program and new development projects, as well as expenses related to government contracts.

SALES AND MARKETING. Sales and marketing expenses increased 37.5% to $7.7 million in fiscal 1998 from $5.6 million in fiscal 1997. As a percentage of revenues, sales and marketing expenses increased to 11.3% in fiscal 1998 from 9.0% in fiscal 1997. The increase is attributable to the addition of marketing personnel to support the semiconductor market, the addition of field service personnel, increased trade show and advertising expense, and higher commissions resulting from increased system sales.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased 40% to $3.5 million in fiscal 1998 from $2.5 million in fiscal 1997. As a percentage of revenues, general and administrative expenses increased to 5.1% in fiscal 1998 compared to 4.0% in fiscal 1997. The increase is attributable to the full year impact of additional employees hired in fiscal 1997 as well as several new hires in fiscal 1998, an increase in consulting services directly related to the implementation of a new computer system and an increase in depreciation due to expenditures in computer systems made in fiscal 1997 and 1998.

INTEREST AND OTHER, NET. Interest and other, net increased to $1.2 million in fiscal 1998 from $0.6 million in fiscal 1997, reflecting an increase in borrowings on the credit line and interest expense on a new $8.0 million term loan.

WRITE-OFF OF DEFERRED CHARGES. In fiscal 1997, costs were incurred relative to preparing CVC for its initial public offering. During the fourth quarter of fiscal 1998, the intent to complete the public offering was withdrawn due to continued weakness in the data storage and semiconductor industries and the equity market for initial public offerings and, accordingly, these costs were charged against current period earnings.

INCOME TAXES (BENEFIT). Income tax expense in fiscal 1998 was $0.3 million compared to $1.5 million in fiscal 1997. The effective tax rate for fiscal 1998 was 50.9% compared to the effective rate of 41.6% in fiscal 1997. The increase of 9.3% was due to permanent non-tax deductible expenses and a low level of profitability, partially offset by the utilization of a valuation allowance related to net operating loss carryforwards.

YEAR ENDED SEPTEMBER 30, 1997 COMPARED TO YEAR ENDED SEPTEMBER 30, 1996

REVENUES. Revenues increased by 29.4% to $62.6 million in fiscal 1997 from $48.4 million in fiscal 1996. The increase in revenues is attributable to

increased sales of systems to magnetic head

manufacturers, partially offset by reduced systems sales to semiconductor manufacturers and reduced sales of shock testing systems, which is a non-core product.

GROSS MARGIN. Gross margin increased to 34.0% of revenue in fiscal 1997 from 30.2% in fiscal 1996. This increase was attributable to manufacturing efficiencies as the result of higher volumes of systems and cost reductions resulting from improved processes in the 1997 period, partially offset by the initial sale to SEMATECH, a non-profit research and development consortium, of an advanced copper MOCVD CONNEXION Cluster Tool system for research and development purposes and thus at a price not intended to produce a profit.

RESEARCH AND DEVELOPMENT. Research and development expenses increased 108.4% to $9.1 million in fiscal 1997 from $4.3 million in fiscal 1996. As a percentage of revenues, research and development expenses increased to 14.5% in fiscal 1997 from 9.0% in fiscal 1996. This increase was attributable to the hiring of a significant number of experienced engineers in fiscal 1997 and the fourth quarter of fiscal 1996 to support technological advancements in the data storage market for next generation magnetic recording heads, as well as CVC's commitment to advanced copper deposition technology for high performance semiconductor device fabrication.

SALES AND MARKETING. Sales and marketing expenses increased 17.5% to $5.6 million in fiscal 1997 from $4.8 million in fiscal 1996. As a percentage of revenues, sales and marketing expenses decreased to 9.0% in fiscal 1997 from 9.9% in fiscal 1996. Functions directly related to revenue, such as sales and field service, grew at a combined pace of 22.4%, on a consistent basis with the rate of revenue growth in this period. Marketing expenses increased 9.7% as a result of additional staffing requirements to support new market opportunities.

GENERAL AND ADMINISTRATIVE. General and administrative expenses increased 19.5% to $2.5 million in fiscal 1997 from $2.1 million in fiscal 1996. The increase in general and administrative expenses is attributable to increased personnel to support the rate of revenue growth in this period. As a percentage of revenues, general and administrative expenses decreased to 4.0% in fiscal 1997 from 4.4% in fiscal 1996.

INTEREST AND OTHER, NET. Interest and other, net, increased to $0.6 million in fiscal 1997 from $0.2 million in fiscal 1996, reflecting an increase in borrowings on a credit line, a $3.0 million term loan obtained in September 1996 and reduced interest income resulted from lower available cash balances.

INCOME TAXES (BENEFIT). Income tax expense amounted to $1.5 million in fiscal 1997, compared to no such expense in fiscal 1996. During 1996, net operating loss carryforwards and state investment tax credits were recognized as a result of CVC's return to profitability and management's assessment that the realization of these loss carryforwards was more likely than not. No similar benefits were available in fiscal 1997 as the net operating loss benefits had been previously recognized in fiscal 1996. ']

QUARTERLY OPERATING RESULTS

The following tables set forth CVC's operating results for each of the eight quarters ended June 30, 1999. The information for each of these quarters is unaudited but has been prepared on the same basis as the audited consolidated financial statements appearing elsewhere in this prospectus and includes all adjustments, consisting only of normal recurring adjustments, that CVC considers necessary to present fairly this information when read in conjunction with CVC's Consolidated Financial Statements and Notes thereto and Management's Discussion and Analysis of Financial Condition and Results of Operations included elsewhere in this prospectus. CVC's operating results for any one quarter are not necessarily indicative of results for any future period.

<TABLE>
<CAPTION>

	SEPT 30, 1997	DEC 31, 1997	MAR 31, 1998	JUNE 30, 1998	SEPT 30, 1998	DEC 31, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
STATEMENTS OF OPERATIONS:						
Revenues	$ 18,964	$ 19,346	$ 20,529	$ 14,400	$ 13,898	$ 14,655
Cost of goods sold	12,077	12,307	13,108	8,265	8,339	8,249
Gross margin	6,887	7,039	7,421	6,135	5,559	6,406
Operating expenses						
Research and development	2,512	2,867	4,009	2,968	2,771	2,439
Sales and marketing	1,518	1,885	1,913	1,620	2,278	1,930
General and administrative	656	1,028	865	1,006	577	812
In-process R&D write-off	--	--	--	--	--	--

Total	4,686	5,780	6,787	5,594	5,626	5,181
Income (loss) from operations	2,201	1,259	634	541	(67)	1,225
Interest and other, net	(162)	(211)	(305)	(414)	(224)	(326)
Write-off of deferred charges	--	--	--	--	(675)	--
Income (loss) before income taxes	2,039	1,048	329	127	(966)	899
Income taxes (benefit)	848	436	137	53	(352)	419
Net income (loss)	$ 1,191	$ 612	$ 192	$ 74	$ (614)	$ 480

<CAPTION>

	MAR 31, 1999	JUNE 30, 1999
<S>	<C>	<C>
STATEMENTS OF OPERATIONS:		
Revenues	$ 17,788	$ 23,352
Cost of goods sold	10,983	14,934
Gross margin	6,805	8,418
Operating expenses		
Research and development	2,546	3,504
Sales and marketing	1,832	2,633
General and administrative	902	1,239
In-process R&D write-off	--	1,174
Total	5,280	8,550
Income (loss) from operations	1,525	(132)
Interest and other, net	190	(219)
Write-off of deferred charges	--	--
Income (loss) before income taxes	1,715	(351)
Income taxes (benefit)	757	348
Net income (loss)	$ 958	$ (699)

</TABLE>
<TABLE>
<CAPTION>

	SEPT 30, 1997	DEC 31, 1997	MAR 31, 1998	JUNE 30, 1998	SEPT 30, 1998	DEC 31, 1998
<S>	<C>	<C>	<C>	<C>	<C>	<C>
PERCENTAGE OF REVENUE:						
Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Gross margin	36.3	36.4	36.1	42.6	40.0	43.7
Operating expenses						
Research and development	13.2	14.8	19.5	20.6	19.9	16.6
Sales and marketing	8.0	9.8	9.3	11.2	16.4	13.2
General and administrative	3.5	5.3	4.3	7.0	4.2	5.5
In-process R&D write-off	--	--	--	--	--	--
Total	24.7	29.9	33.1	38.8	40.5	35.4
Income (loss) from operations	11.6	6.5	3.1	3.8	(0.5)	8.3
Interest and other, net	(0.9)	(1.1)	(1.5)	(2.9)	(1.6)	(2.2)
Write-off of deferred charges	--	--	--	--	(4.9)	--
Net income (loss)	6.3%	3.2%	0.9%	0.5%	(4.4%)	3.3%

<CAPTION>

	MAR 31, 1999	JUNE 30, 1999
<S>	<C>	<C>
PERCENTAGE OF REVENUE:		
Revenues	100.0%	100.0%
Gross margin	38.3	36.0
Operating expenses		
Research and development	14.3	15.0
Sales and marketing	10.3	11.3
General and administrative	5.1	5.3
In-process R&D write-off	--	5.0
Total	29.7	36.6
Income (loss) from operations	8.6	(0.6)

Interest and other, net	(1.1)	(0.9)
Write-off of deferred charges	--	--
Net income (loss)	5.4%	(3.0%)

</TABLE>

CVC's quarterly and annual operating results are affected by a wide variety of factors that could materially and adversely affect net sales and profitability from period to period, including:

- specific economic conditions in the data storage and semiconductor industries
- the timing of significant orders
- cyclical patterns of capital spending by customers
- modification or cancellation of customer orders
- continued market acceptance of our systems and our customers' products
- shipment delays
- loss of a significant customer
- increased research and development or marketing costs associated with our introduction of new products

- introduction of new products by our customers
- our ability to successfully introduce new products on a timely basis
- changes in our pricing policies or those of our competitors
- production and quality problems
- the publication of opinions by industry analysts about us, our products or our competitors

CVC's revenues have fluctuated over the past eight quarters primarily due to the overall decline in the data storage and semiconductor markets in 1998, which adversely affected CVC's sales for the last two quarters of fiscal 1998 and the first quarter of fiscal 1999. CVC's quarterly gross margin is influenced by a number of factors relating to the level and mix of revenues for products carrying different gross margins, as well as the type of customer, whether data storage or semiconductor manufacturers, and type of order, whether a repeat or new application. Repeat orders generally have lower costs associated with the order due to manufacturing efficiencies. Gross margin as a percentage of sales increased during the last two quarters of fiscal 1998 and the first quarter of fiscal 1999 due to: (1) a higher percentage of total revenues generated from increased sales of spare parts and enhancements carrying relatively higher gross margins and (2) a higher percentage of total system revenues generated from repeat system sales to data storage customers carrying relatively higher gross margins. Gross margin as a percentage of sales decreased during the second quarter of fiscal 1999 in part due to the consolidation of Commonwealth's operating results from May 10, 1999, the date of the acquisition. Sales and marketing as a percentage of sales increased during the last quarter of fiscal 1998 due to an increase in advertising, customer demonstrations and exhibits expense.

Due to potential quarterly fluctuations in operating results, CVC believes that quarter-to-quarter comparisons of its results of operations should not be relied upon as indicators of future performance. Further, in the event that in some future quarter CVC's net sales or operating results were below the expectations of public market securities analysts and investors, the price of the common stock would likely be materially adversely affected.

LIQUIDITY AND CAPITAL RESOURCES

In recent years, CVC has financed its capital and operating needs principally through the sale of $10.0 million of its preferred securities, advances from customers, and borrowings under various credit facilities. As of June 30, 1999, CVC had working capital of $20.3 million, including cash and cash equivalents of $0.8 million, compared to working capital of $10.9 million at September 30, 1998. Operating activities in the nine months ended June 30, 1999 provided cash flow of $1.4 million, as compared with fiscal 1998 in which operating activities used cash of $6.9 million. In the nine months ended June 30, 1999, reduced inventory levels, depreciation and advances from customers provided cash of $3.4 million, $2.8 million and $3.0 million, respectively, and were offset in part by increased accounts receivable of $6.7 million and decreased accounts payable of $2.3 million. The use of cash in operating

activities in fiscal 1998 was a direct result of a $7.5 million or 87% decrease in advances from customers generally attributable to lower order rates from customers, and a $2.8 million or 28% decrease in accounts payable. These decreased liabilities were partially offset by $2.2 million in depreciation and reduced levels of receivables and inventory, which provided cash of $1.3 million and $1.7 million, respectively. These net changes reflect lower fourth quarter sales in fiscal 1998 as compared to fiscal 1997 by approximately $5.1 million combined with overall inventory level reductions.

In the first nine months of fiscal 1999 and fiscal 1998, CVC invested $4.8 million and $3.6 million, respectively, in capital expenditures. The capital expenditures were primarily for facilities, machinery and equipment, computers and related equipment, and demonstration system tools. The Company has invested heavily in demonstration tools for use at its facilities in order to demonstrate new product capabilities for its magnetic head and semiconductor device customers. Although CVC currently has no significant capital commitments, it expects to spend approximately $6.0 million on capital expenditures over the next 12 months.

As of June 30, 1999, CVC's principal source of liquidity consisted of a $10.0 million line of credit under a demand line and term loan agreement, under which there were $6.1 million in borrowings. As of June 30, 1999, CVC was in compliance with all covenants in this agreement. Borrowings associated with term loans from a commercial bank as of June 30, 1999 amounted to $8.4 million. One such loan requires monthly payments of principal and interest at prime plus 1/2% while the other term loan requires monthly payments of principal and interest at 8.39%. CVC also has a mortgage credit facility which requires monthly payments of principal and interest at 5.29% on the first $500,000 of the mortgage credit facility through October 1, 1999, after which the rate increases to 8.29% through September 30, 2002, consistent with the interest rate on $1,500,000 of the credit facility. Subsequent to September 30, 2002, CVC may select the interest rate on the remaining principal from certain interest rate alternatives specified in the mortgage credit facility agreement.

CVC's principal liquidity requirements are expected to be for working capital, capital expenditures, demonstration equipment, and if appropriate, acquisitions. CVC intends to use the proceeds of the offering for general corporate purposes, including approximately $6.2 million for capital expenditures relating to facility expansion and manufacturing and demonstration equipment, $15.2 million for repayment of debt, $10.0 million to reduce the Series D Redeemable Preferred Stock, and the balance for additional working capital. See "Use of Proceeds." CVC believes that cash from operations, and bank borrowings, together with the net proceeds of the sale of common stock by CVC in the offering, will be adequate to fund operations for at least the next 12 months.

CVC's long-term capital requirements will be affected by many factors, including the success of CVC's current product offerings, CVC's ability to enhance its current products and to develop and introduce new products that keep pace with technological developments and general trends in the data storage and semiconductor industries. CVC plans to finance its long-term capital needs with the net proceeds of the offering, together with borrowings and cash flow from operations. To the extent that such funds are insufficient to finance CVC's activities, CVC will have to raise additional funds through the issuance of additional equity or debt securities or through other means. There can be no assurance that additional financing will be available on acceptable terms.

YEAR 2000

The Year 2000 Issue is the result of computer programs using two digits rather than four to define the applicable year. Any of CVC's computer programs or hardware or other equipment that have date-sensitive software or embedded chips may recognize a date using "00" as the year 1900 rather than the year 2000. This could result in a system failure or miscalculations causing disruptions of operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activities.

CVC has determined that it needs to modify or replace portions of its business systems' software and certain hardware so that those systems will properly utilize dates beyond December 31, 1999. In May 1999, CVC installed a new business system which has been certified by the vendor as Year 2000 compliant. In addition, CVC is in the process of completing its inventory and assessment of its desktop systems and laptops. CVC currently uses standard "off the shelf" vendor-supplied software on its desktop systems and laptops. Many of these vendors are still implementing their Year 2000 compliance programs and CVC will implement the Year 2000 compliant versions as required when those solutions are available. CVC has run internal tests on its desktop systems and laptops and believe it has identified those systems and laptops which require upgrade or replacement. CVC currently expects that such remediation efforts will be complete by November 1999. CVC believes that with these and other modifications or replacements of its business systems' existing software and certain hardware, its computer programs should be able to continue to operate effectively after

December 31,1999. However, if such modifications and replacements are not made, or are not completed in a timely manner, the Year 2000 Issue could have a material adverse impact on CVC's operations.

In addition to its systems, CVC relies directly and indirectly on external systems of its customers, suppliers, subcontractors, utilities providers and other third parties. CVC has contacted these third parties about their Year 2000 readiness. These third parties have either informed CVC that the systems they provide to CVC are either Year 2000 compliant or are in the process of upgrading those systems that are not Year 2000 compliant. For those systems that are not Year 2000 compliant, CVC and the particular supplier are in the process of upgrading the affected systems, a process which CVC currently expects to be complete by November 1999. To date, CVC is not aware of any third-party Year 2000 issues that could materially impact its results of operations, liquidity or capital resources. However, CVC has no means of ensuring that the third parties that it deals with will be Year 2000 ready. If the systems of any third parties with which CVC interacts experience Year 2000 problems, CVC's business, financial condition or results of operations could be materially adversely affected. CVC cannot be certain that the systems of third parties with which it interacts will not suffer from Year 2000 problems.

CVC's new products are designed to be Year 2000 ready; however, some of its older products will require upgrades for Year 2000 readiness. CVC intends to provide upgrades for certain of these products, some of which will be provided to customers without charge. Notwithstanding these efforts, if any of CVC's products fails to perform or causes a system malfunction due to the onset of Year 2000, customers could bring claims against CVC, which could have a material adverse effect on CVC's business, results of operations or financial condition. Moreover, CVC's customers could choose to convert to other Year 2000 ready products in order to avoid such malfunctions, which could have a material adverse effect on CVC's business, results of operations or financial condition.

CVC does not currently have any formal contingency plans and has not yet determined its most reasonably likely worst case scenario with respect to the Year 2000 Issue. CVC cannot be certain that any measures it adopts will prevent the occurrence of Year 2000 problems, which could have a material adverse effect on its business, results of operations or financial condition.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company will implement SFAS 130 and SFAS 131 as required in fiscal 1999, which will require the Company to report and display certain information related to comprehensive income and operating segments, respectively. Adoption of
SFAS 130 and SFAS 131 is not expected to impact the Company's financial position or results of operations.

In March 1998, the Accounting Standards Executive Committee issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use."
SOP 98-1 establishes the accounting for costs of software products developed or purchased for internal use, including when such costs should be capitalized. We do not expect SOP 98-1, which is effective for us beginning April 1, 1999, to have a material effect on our financial condition or results of operations.

In April 1998, the Accounting Standards Executive Committee issued SOP 98-5, "Reporting on the Costs of Start-Up Activities." Start-up activities are defined broadly as those one-time activities relating to opening a new facility, introducing a new product or service, conducting business in a new territory, conducting business with a new class of customer, commencing some new operation or organizing a new entity. Under SOP 98-5, the cost of start-up activities should be expensed as incurred. SOP 98-5 is effective for our fiscal year 2000 financial statements and do not expect its adoption to have material effect on our financial condition or results of operations.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." The new standard establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities. SFAS No. 133 is effective for all fiscal year quarters of fiscal years beginning after June 15, 1999. We do not expect SFAS No. 133 to have a material effect on our financial condition or results of operations.

BUSINESS

INTRODUCTION

CVC is a leading worldwide supplier of fabrication equipment providing thin film process solutions for the manufacture of magnetic heads for disk drives and advanced semiconductor devices for computers and communications equipment. Our products are optimized for the highly uniform, repetitive steps required for the manufacturing of devices involving multiple thin film layers and a wide range of materials. Since 1993, we have shipped more than 100 CONNEXION Cluster Tool systems, including more than 375 process modules. Our customers include many of the leading manufacturers of thin film recording heads for the data storage industry, including Alps, Fujitsu, IBM, Read-Rite, Seagate Technology, TDK and Yamaha, as well as manufacturers of semiconductor devices, including Anadigics, Analog Devices, Honeywell and M/A-COM.

INDUSTRY BACKGROUND

THE DATA STORAGE INDUSTRY

In order to satisfy market demand for devices with greater storage capacity, the disk drive industry has developed new types of recording heads enabling greater areal density. Areal density is the measure of stored bits per square inch in the recording surface of a disk. According to data storage industry sources, areal densities have been increasing approximately 60% per year since 1990. The increase in areal density has been facilitated by the development of magnetoresistive, or MR, heads that provide areal densities of up to 5 gigabits per square inch. During 1996 and 1997, the disk drive industry began to transition to MR heads. Prior to this transition, most hard disk drives utilized inductive heads that provided areal densities of no more than 2 gigabits per square inch. The data storage industry is currently transitioning to giant magnetoresistive, or GMR, heads which are expected to provide areal densities of up to 50 gigabits per square inch by 2005.

According to TrendFocus, GMR head shipments are expected to increase from 30 million units in 1998 to 1.2 billion units in 2002, while the shipment of MR heads are expected to decrease from 650 million units in 1998 to limited shipments by 2001. The disk drive industry's expected growth and transition from MR heads to GMR heads reflect a number of factors, including:

- the exchange of increasing volumes of data among users across the Internet and intranets;

- the rapid accumulation of data resulting from growth of digital content, including audio, video and data;

- continued improvements in computing price performance ratios, including the emergence of the sub-$1,000 personal computer; and

- the introduction of new applications for storage devices such as digital cameras, auto navigation, video on demand and personal digital assistants, or PDAs.

Inductive, MR and GMR heads are manufactured using various thin film deposition processes, which provide magnetic, conductive and insulating properties. MR and GMR heads typically require the deposition of approximately 18 to 28 thin film layers of different materials. CVC believes that the data storage industry's current transition to GMR heads and future transition to advanced GMR heads will require the data storage industry to make investments in advanced processing equipment to support both the technology transition and anticipated volume growth.

THE SEMICONDUCTOR INDUSTRY

The manufacture of semiconductors involves multiple thin film processing steps. Certain types of semiconductor devices that utilize exotic substrates, such as Gallium Arsenide, or GaAs, are more difficult to produce due to certain physical characteristics such as lower maximum tolerable processing temperatures and less mechanical strength of the substrates. However, these substrates enable the fabrication of high-speed, high-performance devices with low power consumption that make them ideally suited for advanced communications applications, such as portable communication devices,

including digital pagers and cellular phones. Due to the characteristics of these exotic substrates, the fabrication of devices involving these substrates requires advanced process equipment that can provide multiple, highly uniform, precision thin film materials.

In order to increase the performance and reduce the cost of semiconductor devices, manufacturers have continued to shrink line widths, while at the same time adding multiple layers of metal interconnect materials. Semiconductor manufacturers currently use aluminum or aluminum alloys to interconnect the various layers of a semiconductor device. As semiconductor line widths shrink below 0.18 microns, or 0.18 millionths of a meter, copper is increasingly being used as an alternative to aluminum interconnects. Copper provides less resistance to electron flow at narrow line widths and makes it possible to build high speed devices using fewer interconnect layers than would be necessary with

aluminum. The deposition of copper interconnect material requires two steps: (1) the deposition of a barrier layer, to protect the insulating layers from being contaminated by copper, and (2) the deposition of seed and copper fill layers, which serve as the interconnect. The deposition of interconnect material involves very specialized substrate processing equipment, including metal deposition equipment. According to Dataquest, copper deposition equipment sales are expected to grow from $100 million in 1998 to $700 million in 2003.

SUBSTRATE PROCESSING

The manufacture of MR and GMR heads and semiconductors requires from tens to hundreds of fabrication processing steps. Many of these steps involve the controlled application or removal of layers of materials to or from a base material, or substrate, or on a previously deposited layer. The process of deposition involves the building up of extremely thin films of electrically insulating or electrically conducting materials. These layers can range from over one-thousandth to less than one-millionth of a millimeter in thickness. A wide range of materials and deposition processes, including physical vapor deposition, or PVD, chemical vapor deposition, or CVD, and electro chemical deposition, or ECD, are used to build up thin film layers on substrates to achieve specific performance characteristics. The removal of material from substrates, known as etching, involves the precise removal of residue or excess material using dry plasma or ion beams in order to build a specific pattern, for example, to form a semiconductor device.

The process of manufacturing magnetic heads and semiconductors is constantly evolving to address the demand for smaller devices with higher performance. Devices with smaller features sizes and higher levels of performance require new materials or more manufacturing steps involving multiple layers of thin film materials. To successfully develop new manufacturing processes, thin film recording head and semiconductor manufacturers require sophisticated processing equipment that:

- incorporates highly specialized processing and systems knowledge;

- enables the precise, uniform deposition of a wide range of thin film materials;

- supports a variety of deposition and etching processes on an integrated platform; and

- provides the ability to transition to new materials and fabrication processes efficiently

THE CVC SOLUTION

CVC is a leading worldwide provider of thin film processing solutions and equipment for the data storage and semiconductor industries. CVC provides integrated thin film deposition and etching equipment based on a central substrate-handling platform and a series of interchangeable process modules. CVC's solutions incorporate its core competencies, including: integrated thin film processing, materials science and plasma physics, vacuum engineering, process control software and atomic scale engineering of magnetic, microelectronic and optical devices. These solutions are optimized for the highly uniform, repetitive steps required for the manufacturing of devices involving multiple thin film layers and a wide range of materials. CVC's integrated, modular-based solutions provide functional flexibility that enables thin film recording head and semiconductor manufacturers to quickly transition

to new fabrication processes, improve time-to-market of higher performance products and improve manufacturing yields.

CVC's CONNEXION Cluster Tool system is a modular system with stations for connecting up to six process modules around a central substrate-handling platform. CVC's CONNEXION Cluster Tool system utilizes an open platform that enables the integration of modules supplied by either CVC or third-parties. CVC currently offers a wide range of advanced process modules for PVD, including sputtering and ion beam deposition, metal-organic chemical vapor deposition, or MOCVD, and etching. The CONNEXION Cluster Tool, combined with a wide range of process modules, enables the manufacture of highly uniform devices through the integration of various processes in a controlled vacuum environment. Principal applications for CVC's CONNEXION Cluster Tool system include the fabrication of thin-film recording heads and semiconductors. CVC believes that the CONNEXION Cluster Tool system, combined with its MOCVD module, is well suited for advanced interconnect applications, such as barrier and copper deposition.

STRATEGY

CVC's objective is to enhance its position as a leading worldwide developer of thin film processing solutions for the data storage and semiconductor industries. Key elements of CVC's strategy include:

MAINTAIN TECHNOLOGICAL LEADERSHIP IN THE DATA STORAGE INDUSTRY. Since 1990,

CVC has focused on the development of integrated thin film process technologies that enable the fabrication of advanced magnetic heads used in data storage applications. To date, CVC has shipped more than 100 of its cluster tool systems, including more than 375 process modules. CVC intends to continue to combine its expertise in thin film processing with the open architecture, modular design of its CONNEXION Cluster Tool system to develop increasingly efficient and cost-effective integrated process solutions for the data storage industry.

EXPAND DATA STORAGE LEADERSHIP INTO THE SEMICONDUCTOR MARKET. CVC intends to leverage its accumulated expertise in thin film head processing by targeting selected semiconductor markets that require advanced thin film processes. CVC believes that its CONNEXION Cluster Tool systems is well suited for the fabrication of advanced semiconductors, such as those manufactured with GaAs substrates, advanced storage devices, such as magnetic random-access memory, or MRAM, and optical components, such as optical amplifiers, pump laser chips and dense wave division multiplexing, or DWDM, components. CVC plans to continue to identify and develop products that address integrated process solutions where thin film process technologies play a critical role.

CAPITALIZE ON CLOSE RELATIONSHIPS WITH INDUSTRY LEADERS. CVC has established strategic relationships with a number of industry-leading data storage and semiconductor manufacturers. By working closely with industry leaders early in their research and development stage, CVC can identify and develop customized integrated process solutions that better address customers' existing and future processing requirements. Having met the specific needs of market leaders with innovative integrated process solutions, CVC is able to leverage the experience gained to create products that will meet the demands of an expanded set of customers across a range of applications and process technologies. CVC's ability to implement new process solutions also helps CVC meet its customers' time-to-market demands and advances CVC's goal of having products designed early into its customers' production and planning cycles.

TARGET ADVANCED INTERCONNECT OPPORTUNITIES IN THE SEMICONDUCTOR INDUSTRY. Since 1993, CVC has committed significant resources to the development of advanced interconnect technology for high-performance integrated circuit fabrication. CVC has developed an MOCVD module that enables deposition of both barrier and copper layers in an integrated system. CVC has delivered an integrated copper and barrier MOCVD deposition system to one of its strategic customers and intends to continue to develop solutions to meet the requirements of emerging advanced interconnect technologies.

CONTINUE TO PROVIDE SUPERIOR CUSTOMER SERVICE ON A WORLDWIDE BASIS. CVC is focused on delivering a high level of customer satisfaction by providing superior customer service through a dedicated customer service group consisting of 38 full-time employees and a research development group consisting of 73 full-time employees, as well as through distributors and sales representatives in the United States, Japan, East Asia and Europe. CVC believes that its focus on customer service combined with the Company's process and systems expertise has enhanced its reputation in the data storage and semiconductor industries. CVC's CONNEXION Cluster Tool system is used by a majority of the leading magnetic recording head manufacturers in the data storage industry. CVC believes this broad industry representation is due in part to its superior worldwide customer service.

BROADEN PRODUCT OFFERINGS THROUGH INTERNAL DEVELOPMENT AND ACQUISITIONS. CVC plans to continue to expand its product offerings through both internal development and acquisitions of complementary businesses, products and technologies. Since the market introduction of the CONNEXION Cluster Tool system in 1993, CVC has continuously enhanced and expanded its product offerings in response to the evolving needs of its customers through internal research and development. In 1998, CVC developed and introduced integrated metrology capabilities that allow precise measurement and testing functions to take place in a process module without disrupting the production process and without disturbing the tightly controlled vacuum environment. In May 1999, the Company expanded its existing family of process modules through the acquisition of Commonwealth, a provider of ion beam deposition and etching modules.

PRODUCTS

CONNEXION CLUSTER TOOL SYSTEM

CVC's principal product is its CONNEXION Cluster Tool system. The CONNEXION Cluster Tool system is based on a central substrate-handling platform and a series of interchangeable thin-film deposition and etching processing modules. CVC's CONNEXION Cluster Tool system utilizes an open platform that enables the integration of process modules supplied by either CVC or third parties. Since 1993, CVC has shipped more than 100 of these systems, including more than 375 process modules. The diagrams below illustrate two typical configurations of the CONNEXION Cluster Tool system incorporating various process modules offered by CVC.

<TABLE>

<CAPTION>

DATA STORAGE GMR CONFIGURATION	SEMICONDUCTOR GAAS CONFIGURATION
<S>	<C>
[LOGO]	[LOGO]
A. SEVEN STATION CENTRAL WAFER HANDLER	D. SINGLE-TARGET PVD MODULE
B. MULTI-TARGET ION BEAM DEPOSITION MODULE	E. EIGHT STATION CENTRAL WAFER HANDLER
	F. INDUCTIVELY-COUPLED-PLASMA SOFT CLEAN
C. MULTI-TARGET PVD MODULE	MODULE

</TABLE>

Depending on the configuration, individual systems range from $1.0 million to more than $4.0 million, and individual process modules range from approximately $350,000 to $2.0 million.

CVC believes that the advantages provided by its CONNEXION Cluster Tool system include the following:

ABILITY TO PROCESS A WIDE RANGE OF MATERIALS. The modular design of the CONNEXION Cluster Tool system also provides customers the ability to process a wide range of materials. This ability allows CVC's customers to address their rapidly evolving manufacturing and material requirements across multiple applications. The following table provides an overview of the materials and applications addressed by CVC's CONNEXION Cluster Tool systems for the data storage and semiconductor industries:

<TABLE>
<CAPTION>

DATA STORAGE			
MATERIALS GROUPS	SPECIFIC MATERIALS		PRODUCT APPLICATIONS
<S>	<C>	<C>	<C>
Conductors	Aluminum	Tantalum	
	Chromium	Titanium	
	Copper	Titanium/Tungsten	
	Gold	Tungsten	
	Molybdenum		
	Platinum		
Magnetic Materials	Aluminum Silicon Iron	Iridium Manganese	Inductive, MR and GMR
	Cobalt Chromium Platinum	Iron Manganese	Heads for Disk Drives
		Iron Tantalum Nitride	
	Cobalt Iron	Nickel Iron	
	Cobalt Platinum	Nickel Iron Rhodium	
	Cobalt Zirconium Tantalum	Nickel Manganese	
		Platinum Chromium Manganese	
	Cobalt Zirconium Niobium	Platinum Manganese	
Insulating Materials	Aluminum Nitride	Silicon Nitride	
	Aluminum Oxide	Silicon Oxide	
Wear-Resistant Coatings	Diamond-like-carbon, or DLC		

</TABLE>

<TABLE>
<CAPTION>

SEMICONDUCTOR DEVICES			
MATERIALS GROUPS	SPECIFIC MATERIALS		PRODUCT APPLICATIONS
<S>	<C>	<C>	<C>
Conductors	Aluminum (alloys)	Titanium	GaAs and Silicon
	Cobalt	Titanium Silicide	Semiconductors
	Copper	Titanium Tungsten Nitride	
	Gold	Tungsten	
	Nickel		
	Platinum		
Barrier/Liner/Glue/ Layers	Tantalum	Titanium	
	Tantalum Nitride	Titanium Nitride	Logic and Memory Integrated Circuits
High-k Dielectrics	Barium Strontium Titanate	Tantalum Pentoxide	
		Titanium Oxide	Analog and Mixed Signal Integrated
Other Specialty Materials	Blue Phosphor	Silicon Chromium Carbon	Circuits
	Chromium Silicon Nitride	Tantalum Nitride	
	Nickel Chromium	Zinc Oxide	
	Silicon Chromium		

</TABLE>

FLEXIBILITY OF MODULAR DESIGN. The modular design of the CONNEXION Cluster Tool system provides customers the flexibility to cost effectively transition from the development stage to full production. In the development stage,

customers can use a process module as a fully-functional, stand-alone tool to develop and test individual fabrication steps. Following the successful development of individual process steps, a customer can combine multiple process modules with CVC's CONNEXION Cluster Tool platform, to form an integrated system for commercial production. Furthermore, the modular design allows customers to reconfigure systems that are in production to address the evolving manufacturing processes required by magnetic head and semiconductor manufacturers. The flexibility to exchange modules enables customers to develop quickly new fabrication processes, improving time-to-market of higher performance products, with a lower capital investment.

BENEFITS OF INTEGRATED PLATFORM. The integrated platform of the CONNEXION Cluster Tool system provides customers with the ability to combine various deposition and etching modules on a single platform in a vacuum controlled environment. The benefits of a vacuum controlled environment include high uniformity and reduced incidences of cross contamination and damage from external handling. CVC's integrated platform enables customers to achieve improved manufacturing yields, enhanced tool uptime and device reliability and performance.

HIGHLY SPECIALIZED PROCESS SOLUTIONS. CVC provides customers highly specialized process solutions, including a variety of energy sources and components. These solutions enable CVC's customers to achieve high uniformity over a wide range of substrate materials and sizes, as well as control of the composition materials, atomic microstructures and surface/interface properties.

CVC PROCESS MODULES

CVC offers process modules for physical vapor deposition, including plasma sputtering and ion beam deposition, metal-organic chemical vapor deposition, ion beam etching, diamond like carbon processing, inductively-coupled-plasma soft clean processing and rapid thermal processing. CVC obtained its ion beam deposition, etching and its diamond like carbon processing modules through its acquisition of Commonwealth Scientific Corporation in May 1999.

PHYSICAL VAPOR DEPOSITION--PLASMA SPUTTERING MODULE

Physical vapor deposition by sputtering is used to deposit a wide range of magnetic, conductive and insulating materials on various substrates with different topographies. PVD is performed in a high vacuum chamber by applying a strong direct current or radio frequency electric field to an inert gas, usually argon, to create a plasma. The electrically charged ions are accelerated toward a target made of the material which is to be deposited. When the ions hit the target, atoms are physically knocked off the target and are scattered on the wafer or substrate, slowly building up a thin film layer. CVC offers both a single wafer PVD module and a multi-station PVD module for the sequential deposition of various materials within a single vacuum chamber.

PHYSICAL VAPOR DEPOSITION--ION BEAM DEPOSITION MODULE

PVD by ion beam deposition, or IBD, is used to deposit a wide range of very thin magnetic, conductive and insulating materials on various substrates with different topographies. Ion beam deposition is performed in a high vacuum chamber by focusing an ion beam generated by a radio frequency or direct current ion beam source toward a target made of the desired material to be deposited. The beam of energetic ions hits the target and ejects atoms of the desired material toward the wafer or substrate, building up a thin film layer in a slower, more directional manner than with sputtering. With certain processes, a second ion beam is directed toward the substrate to control the microstructure of the thin film while depositing the desired material.

METAL-ORGANIC CHEMICAL VAPOR DEPOSITION MODULE

MOCVD is used to deposit various materials such as aluminum, copper, tungsten, titanium, titanium nitride, tantalum and tantalum nitride. The MOCVD process causes precursor materials that contain atoms of the material to be deposited to react at the heated wafer or substrate surface resulting in the formation of the thin film layer of the material. MOCVD uses a metal organic compound distributed through a liquid delivery system as the source of the material to be deposited. The MOCVD process deposits a uniform and conformal thin film as a barrier layer and a seed layer prior to electrodeposition. In addition, this process provides an alternative to electrodeposition for copper filling of narrow interconnect structures in the manufacture of advanced semiconductors.

ION BEAM ETCH MODULE

Etching by ion beam, or IBE, is used for ion milling in conjunction with microlithography to transfer a desired device pattern from a photoresist made to the substrates, as well as surface preparation applications. An ion beam directed toward the substrate can be used to remove contaminants such as oxide layers or for substrate conditioning to improve adhesion. Ion beam etching is performed in a high vacuum chamber by focusing an ion beam generated by a radio

frequency and direct current ion beam source toward the wafer or substrate. During ion beam etching, atoms are ejected from the substrate surface as a result of variable angle bombardment by a beam of energetic ions.

DIAMOND-LIKE-CARBON MODULE

IBD of thin diamond-like-carbon, or DLC, is used to deposit hard coating layers as wear and corrosion protection for thin-film heads and magnetic media. The IBD DLC module employs a carbon-containing gas flow through an ion source mounted onto a vacuum process chamber to deposit thin layers of DLC on wafers or other substrates. CVC's ion beam DLC deposition system sources are currently used in production by the thin-film head manufacturers. As hard disk storage densities increase, the distance between the recording head and magnetic media are decreasing to below 100 Angstroms. The next-generation advanced GMR heads will require dense and defect-free DLC films below 50 Angstroms. To address this requirement, CVC has developed a filtered cathodic arc DLC deposition cluster module which enables controlled deposition of high-quality ultrathin DLC layers. This cluster module will enable CVC to effectively serve the DLC application for several future generations of thin film recording heads and magnetic media.

INDUCTIVELY-COUPLED-PLASMA SOFT CLEAN MODULE

CVC offers a multi-zone inductively-coupled-plasma, or ICP, soft clean module for surface preparation prior to material depositions. CVC's ICP module technology employs the design features of the ICP system licensed by CVC from Texas Instruments and enhanced by CVC through internal developments. The ICP module design provides the capability for damage-free cleaning of semiconductor surfaces in order to enable formation of low resistivity interconnect structures such as with copper metallization and with controlled device interfaces for enhanced interconnect reliability and performance.

RAPID THERMAL PROCESSING/RAPID THERMAL CHEMICAL VAPOR DEPOSITION MODULE

CVC's RTP module with multi-zone temperature control optimizes temperature and process uniformity and repeatability control. CVC's RTP and RTCVD module is designed for various thermal processing applications including anneal, oxidation and CVD processes.

600 SERIES PHYSICAL VAPOR DEPOSITION SYSTEMS

Introduced in 1988, the 610 and 611 products are PVD sputtering deposition systems, handling up to 6-inch diameter substrates. The 611 system is equipped with a loadlock and eight work stations which accept combinations of radio frequency magnetron, radio frequency diode and direct current magnetron planar sputtering cathodes enabling up to eight materials to be deposited with sequential or co-sputter deposition processes. The CVC 600 Series system is the basic design with many 611 features but without the loadlock and less automated process control. A soft clean ion source can be installed in any work station for low damage cleaning of semiconductor surfaces.

ION BEAM SOURCES AND POWER SUPPLIES

With its acquisition of Commonwealth, CVC obtained a range of ion sources, as well as the power supplies used to operate these sources. Ion beam processing is used in a variety of advanced research and development applications, as well as the production of thin film etch and deposition applications where precise control and repeatability of multilayer thin films are critical. CVC provides these products on an OEM basis to companies supplying equipment to the precision optics, opthalmics and optoelectronics industries. In addition, CVC uses its ion beam sources and power supplies in its IBD, IBE and DLC process modules.

CUSTOMERS

CVC's customers include many of the leading manufacturers of thin film recording heads for the data storage industry and certain manufacturers of semiconductor devices. During fiscal year 1998, approximately 77% of CVC's revenues were derived from sales made to thin film recording head manufacturers and approximately 21% of CVC's revenues were from sales to semiconductor device manufacturers. Customers of CVC who have placed orders or purchased at least one system from it during fiscal 1998 and 1999 include:

<TABLE>
<CAPTION>

DATA STORAGE	SEMICONDUCTOR
<S>	<C>
Alps Electronics	Anadigics
Applied Magnetics	Analog Devices
Fujitsu	Honeywell
Hitachi Metals	Kodak
IBM	M/A-COM
Read-Rite	Xerox
Samsung Electronics	

Seagate Technology
TDK
Yamaha
</TABLE>

RELATIONSHIP WITH SEAGATE TECHNOLOGY

Seagate Technology, which provides products for storing, managing and accessing digital information on computers and data communications systems, is CVC's largest customer, as well as its largest stockholder. Seagate Technology accounted for 57% of CVC's total revenue in fiscal 1996, 47% of CVC's total revenue in fiscal 1997 and 31% of CVC's total revenue in fiscal 1998. In addition, Seagate Technology is CVC's largest stockholder. In 1995, Seagate Technology made an equity investment of approximately $9.0 million in CVC. In connection with such investment, Seagate Technology obtained the right to elect two members of CVC's Board of Directors. That right will terminate upon consummation of this offering.

Following completion of this offering, Seagate Technology will own shares representing approximately 21% of CVC's outstanding common stock. In addition, pursuant to a warrant acquired by Seagate Technology in 1995, Seagate Technology has the right to acquire an additional 790,760 shares of common stock at an exercise price of $5.58 per share. Assuming full exercise of such warrant, Seagate Technology would own an aggregate of approximately 26% of CVC's outstanding common stock following completion of this offering.

BACKLOG

CVC's backlog consists generally of product orders for which a purchase order has been received and which are scheduled for shipment within 12 months. Because a large percentage of CVC's orders require products to be shipped in the same quarter in which the order was received, and due to possible changes in delivery schedules, cancellations of orders and delays in shipment, CVC does not believe that the level of backlog at any point in time is an accurate indicator of its performance.

MARKETING AND SALES

CVC sells its products in the United States and Europe through its direct sales force that is supported by its 16-person marketing and sales organization. In Japan and Europe, CVC utilizes distributors to sell its products. CVC markets its products in China, Korea, Taiwan, Malaysia, Singapore and Thailand, through independent sales representatives. International sales accounted for 19% of CVC's total revenues for fiscal 1996, 31% for fiscal 1997 and 38% for fiscal 1998. CVC's sales and marketing organization employs a consultative sales process, working closely with customers to understand and define their deposition process and equipment needs and to determine that those needs are addressed by CVC's process technologies, as well as complementary technologies offered by other equipment providers. CVC works closely with the senior management and research and development personnel of its existing customer base to gain insight into their industries and to focus on selling new process technologies tailored to their customers' requirements.

The sales cycles for CVC's systems vary depending upon whether the system is an initial purchase or a repeat order. New customer sales cycles are typically 12 to 18 months, whereas repeat order sales cycles are typically four to six months. The sales cycle for a new customer begins with the generation of a sales lead, which is followed by qualification of the lead, an analysis of the customer's particular applications needs and problems, one or more presentations to the customer, frequently including extensive participation by CVC's senior management, two to three product sample demonstrations, followed by customer testing of the results and extensive negotiations regarding the equipment's process and reliability specifications. New customer sales cycles are monitored closely by senior management for correct strategy approach and prioritization.

CUSTOMER SERVICE AND SUPPORT

Prompt and effective field service and support is critical to CVC's sales efforts, due to the substantial commitments made by customers that purchase CVC's equipment. As of September 30, 1998, CVC had 38 full-time employees dedicated to customer service and support. CVC's strategy of supporting its installed base through both customer support and research and development groups has served to encourage the use of CVC's equipment and process technologies in customer production applications. CVC's engineers and field support personnel work closely with customers to help define their production and process requirements, and customers often collaborate in trial production runs at CVC's Fremont, California, Rochester, New York and Alexandria, Virginia research and demonstration facilities. CVC believes that its marketing efforts are enhanced by the technical expertise of its engineers who also provide customer process support and participate in industry forums, conferences and user groups.

CVC generally warrants its new systems for 15 months from the date of shipment. CVC generally warrants to an original purchaser of its new systems that the products and parts manufactured or assembled by CVC and the application software supplied will be free from defects in materials and workmanship under normal use. Installation is included in the price of the system. CVC's field service engineers provide customers with call-out repair and maintenance services for a fee. Customers may also enter into repair and maintenance service contracts, covering CVC's systems. For a fee, CVC trains its customers' service engineers to perform routine services, and, in addition, CVC provides its customers with 24-hour a day, seven day a week, telephone consultation services. CVC also has customer support centers located in New York, California, Texas, Minnesota, Virginia, Northern Ireland and Japan.

RESEARCH, DEVELOPMENT AND ENGINEERING

The data storage and semiconductor manufacturing industries are characterized by rapid technological change and requirements for new product introductions and enhancements. CVC's ability to remain competitive in this market will depend in part upon its ability to develop new and enhanced systems and to introduce these systems at competitive prices and on a timely and cost-effective basis. Accordingly, CVC devotes a significant portion of its personnel and financial resources to research, development and engineering programs and seeks to maintain close relationships with its customers to remain responsive to their equipment needs. CVC continuously conducts research and development efforts in existing products to extend performance and process capabilities as well as on next generation products.

In the data storage market, CVC has recently developed advanced cluster-integrated IN SITU sensor-based process control capabilities to enable precise, real-time measurements during the production process of thin film structures for data storage devices. CVC has also developed a magnetic orientation device to achieve more accurate and programmable characteristics of magnetic thin films. In the area of advanced interconnect technologies, CVC has been developing leading-edge MOCVD barrier and copper metallization processes for high-performance semiconductor interconnect applications. CVC operates process development and applications engineering facilities in New York, California, Virginia and Texas with process and metrology capabilities for data storage thin film recording head and semiconductor technologies.

As of September 30, 1998, CVC had 73 full-time employees dedicated to its research, development and engineering programs. In fiscal 1996, 1997 and 1998, CVC expended $4.3 million, $9.1 million and $12.6 million on these programs, constituting 9%, 15% and 19% of revenues during those periods, respectively. Research and development expenditures consist primarily of salaries, project materials and other costs associated with CVC's ongoing research and development efforts. CVC expects in future years that research, development and engineering expenditures will continue to represent a substantial percentage of revenues. CVC augments its internal technology development efforts by licensing technology from others and establishing strategic research and development relationships with universities and various major customers.

Trade, industry standards and development consortia, such as SEMI, SEMATECH and SEMI/ SEMATECH, help to define the methods, measurement parameters, manufacturing requirements and specifications influencing commercial transactions within the data storage and semiconductor industry. Christine Whitman, the chief executive officer of CVC, serves on the Board of Directors of SEMI/ SEMATECH. CVC believes that its involvement with such organizations has helped to ensure that CVC's new products conform to industry standards and emerging requirements.

MANUFACTURING

CVC's manufacturing activities consist primarily of assembling and testing components and subassemblies which are acquired from third party suppliers and then integrated by CVC into finished systems. The manufacturing operations are conducted in CVC's 90,000 square foot facility in Rochester, New York and its 32,000 square foot facility in Alexandria, Virginia. As of September 30, 1998, CVC had 119 full-time employees dedicated to its manufacturing efforts. CVC manufactures its systems in controlled clean environments which are similar to the clean rooms used by data storage and semiconductor manufacturers. All final assembly and systems tests are performed within CVC's manufacturing facilities. Quality control of suppliers is maintained through incoming verification of components, in-process inspection during equipment assembly and final inspection and operation of all manufactured equipment prior to shipment. CVC's customers frequently participate in systems testing during the final assembly and inspection process.

CVC's Rochester and Fremont facilities are ISO 9001 certified. CVC believes that ISO 9001 certification, a quality assurance model for companies that design, produce, install and inspect items as part of their businesses, offers CVC a competitive advantage over competitors which are not ISO 9001 certified and, in some cases, is a condition of doing business with certain of its customers.

CVC procures components and subassemblies included in its products from a limited group of suppliers and occasionally from a single source. CVC does not maintain long-term supply contracts with its key suppliers but believes that alternative suppliers could be found if necessary.

COMPETITION

The data storage and semiconductor manufacturing equipment industries are highly competitive. A substantial investment is required to install and integrate capital equipment into a data storage or semiconductor production line. CVC believes that once a device manufacturer has selected a particular supplier's capital equipment, that manufacturer generally relies upon that supplier's equipment for the specific production line application and, to the extent possible, subsequent generations of similar systems. Accordingly, it may be extremely difficult to achieve significant sales to a particular customer once another supplier's manufacturing equipment has been selected by that customer, unless there are compelling reasons to do so, such as significant performance or cost advantages. Increased competitive pressure could lead to lower prices for CVC's products, thereby adversely affecting CVC's operating results.

In the data storage market, CVC's current competitors include Balzers Process Systems, Nordiko and Veeco Instruments. In the semiconductor market, CVC's competitors include Applied Materials, Balzers Process Systems and Novellus. Certain of CVC's competitors have substantially greater financial resources, more extensive engineering, manufacturing, marketing and customer service and support capabilities, larger installed bases of semiconductor capital equipment and broader semiconductor process equipment offerings as well as greater name recognition than CVC.

CVC believes that its ability to compete in the data storage and semiconductor manufacturing equipment markets depends on a number of factors, including:

- the ability to develop and introduce new products rapidly
- product and technology innovation
- product quality and reliability
- product performance
- breadth of its product line
- price

- technical service and support
- adequacy of manufacturing quality and capacity and sources of raw materials
- efficiency of production
- delivery capabilities
- protection of CVC's products by intellectual property laws

CVC believes it competes favorably in the data storage and semiconductor manufacturing markets based on its differentiated value-added process technologies, enhanced system performance, customer support and the cost of ownership of its equipment.

CVC expects its competitors in the data storage and semiconductor process equipment industries to continue to improve the design and performance of their current systems and processes and to introduce new systems and processes with improved price and performance characteristics.

PATENTS AND OTHER INTELLECTUAL PROPERTY

CVC relies on a combination of patent, copyright, trademark and trade secret laws and non-disclosure agreements to protect its proprietary process and equipment technology. While CVC believes that its patents and its other intellectual property rights may have significant value, CVC also believes that due to the rapid technological changes that characterize the data storage and semiconductor equipment industries, the innovative skills, technical expertise and know-how of its personnel may be more important than patent protection or such other rights. As of August 31, 1999, CVC had obtained 11 U.S. patents, had received notices of allowance on two U.S. patent applications and had 34 U.S. patent applications pending. In CVC has also obtained two foreign patents from the United Kingdom and had 17 foreign patent applications pending on its behalf as of that date. In addition, in connection with the acquisition of Commonwealth Scientific Corporation, CVC has licensed and been assigned rights to certain

jointly-owned patents but there can be no assurance that such licensed and assigned rights are sufficiently broad for current or contemplated uses.

The data storage and semiconductor industries are characterized by frequent litigation regarding patent and other intellectual property rights. Although CVC is not aware of any pending or threatened patent litigation involving CVC, there can be no assurance that third parties will not assert claims against CVC with respect to existing or future products or technologies. In the event of litigation to determine the validity of any third-party claims, such litigation, whether or not determined in favor of CVC, could result in significant expense to CVC and divert the efforts of CVC's technical and management personnel from productive tasks. In the event of an adverse ruling in such litigation, CVC might be required to discontinue the use of certain processes, cease the manufacture, use and sale of infringing products, expend significant resources to develop non-infringing technology, or obtain licenses to the infringing technology. In the event of a successful claim against CVC and CVC's failure to develop or license a substitute technology at a reasonable cost, CVC's business, financial condition and results of operations would be materially adversely affected.

There can be no assurance that CVC's pending patent applications will be approved, that any patents will provide it with competitive advantages or will not be challenged by third parties, or that the patents of others will not have an adverse effect on CVC's business. There can be no assurance that others will not independently develop similar products, duplicate CVC's products or, if patents are issued to CVC, design around the patents issued to CVC. CVC also relies upon trade secret protection and employee and third-party nondisclosure agreements to protect its confidential and proprietary information. Despite these efforts, there can be no assurance that others will not independently develop substantially equivalent proprietary information and techniques or otherwise gain access to CVC's trade secrets or disclose such technology or that CVC can meaningfully protect its trade secrets.

EMPLOYEES

As of September 30, 1998, CVC had a total of 277 full-time employees at all of its locations, consisting of 119 in manufacturing, 73 in research and development, 16 in marketing and sales, 38 in customer service and support, 27 in administration and four in facilities maintenance.

As of September 30, 1998, 49 employees at CVC's site in Rochester, New York were members of Local 342 of the International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers union and covered by a collective bargaining agreement scheduled to expire in October, 2001. CVC believes that its relations with its employees, and the bargaining unit which represents certain of them, are good.

FACILITIES

CVC's principal office is located in Rochester, New York, and consists of 90,000 square feet used for manufacturing, research and development and administration. CVC entered into a financing agreement with the County of Monroe Industrial Development Agency (the "Agency") in 1974 under which such agency's bond proceeds were used to purchase the land and construct such Rochester facility for lease to CVC. On September 29, 1997, CVC entered into an amended lease agreement with the Agency that extended the term of the original lease from the year 2000 to December 31, 2007. Upon the expiration of such amended lease, CVC is obligated to purchase the Rochester facility from the Agency for nominal consideration.

As part of its acquisition of Commonwealth Scientific Corporation in May 1999, CVC obtained two operating facilities. These facilities are located in Alexandria, Virginia. The principal administrative office is in an owned building which is approximately 30,000 square feet. The manufacturing and engineering functions are located in a separate leased facility of approximately 32,000 square feet. The lease on this facility expires September 12, 2001.

In addition, CVC leases 24,000 square feet in Fremont, California, for research and process development, product engineering and as a base for regional sales and field service for the West Coast of the United States and 3,400 square feet in Dallas, Texas, for engineering, equipment design, process development, sales and customer support. CVC also leases space in Minneapolis, Minnesota, Japan, Northern Ireland, Singapore and Taiwan for sales and customer support. Although CVC believes that its current facilities are adequate to meet its current requirements for the near term, it may seek to lease or acquire additional facilities in the future.

LEGAL PROCEEDINGS

In the ordinary course of business, CVC may be involved in legal proceedings from time to time. As of the date of this prospectus, there are no material legal proceedings pending against CVC.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of CVC are as follows:

NAME	AGE	POSITION
Christine B. Whitman	48	President, Chief Executive Officer and Chairman
Giovanni Nocerino, Ph.D.	47	Executive Vice President, Sales & Service
Emilio O. DiCataldo	48	Senior Vice President and Chief Financial Officer
Mehrdad M. Moslehi, Ph.D.	39	Senior Vice President and Chief Technical Officer
Christopher J. Mann	41	Senior Vice President, Marketing
Richard J. Chicotka, Ph.D.	58	Vice President, Engineering
Richard A. Kellogg	57	Vice President, Manufacturing
Judd C. Prozeller	48	Vice President, Quality & Human Resources
G. Patrick Bonnie	55	Director
Robert C. Fink	64	Director
James Geater	66	Director
Douglas A. Kingsley	37	Director
Victor E. Mann	74	Director
Seiya Miyanishi	52	Director
Andrew C. Peskoe	42	Director
George R. Thompson, Jr	69	Director
Donald L. Waite	66	Director

Ms. Whitman joined CVC Products in 1978 and has served as President, Chief Executive Officer and Chairman of CVC since its acquisition of CVC Products in 1990. Ms. Whitman received a BA from Syracuse University and is a member and Secretary of the Board of Directors of SEMI/ SEMATECH. She also serves as a member of the Board of Directors of Frontier Telephone of Rochester and The M&T Bank. Ms. Whitman serves on the Executive Committee of the Board of Directors of the Industrial Management Council, the Board of Trustees for the Greater Rochester Chamber of Commerce, the United Way Board of Directors, the Al Sigl Center Partners' Foundation Board of Governors and is a member of the Board of Trustees of Rochester Institute of Technology.

Dr. Nocerino joined CVC in the fall of 1997 as Executive Vice President, Sales & Service. From 1994 to 1997, Dr. Nocerino worked as Vice President and General Manager of Sales and Marketing at Varian Associates, a supplier of semiconductor manufacturing equipment. Prior to his employment at Varian Associates, Dr. Nocerino was Executive Vice President with Materials Research Corporation, a subsidiary of Sony and a manufacturer of thin film equipment and material for the data storage and semiconductor industries. Dr. Nocerino holds a joint honors B.Sc. in Physics and Electronic Engineering and a Ph.D. from the University of Manchester, England in 1977.

Mr. DiCataldo joined CVC in 1995 as Senior Vice President and Chief Financial Officer. From 1991 to 1995, Mr. DiCataldo served as Senior Vice President, Finance and Administration of MedImmune, Inc., a therapeutic and vaccine company. Prior to his employment at MedImmune, Mr. DiCataldo held Vice President-level positions at Bausch & Lomb, Inc. and Praxis Biologics and worked for the firm of Price Waterhouse LLP. Mr. DiCataldo is a Certified Public Accountant and holds a BS in Accounting from St. John Fisher College.

Dr. Moslehi joined CVC in 1994 as Senior Vice President and Chief Technical Officer. From 1988 to 1994, Dr. Moslehi served in various positions at Texas Instruments, a semiconductor manufacturer, most recently as Branch Manager in their Semiconductor Process and Design Center where he developed process and equipment technologies such as RTP, PVD and photochemical cleaning. Dr. Moslehi is named as an inventor on over 80 U.S. patents and in 1993 he earned the American

Electronics Association's Technologist/Inventor of the Year. Dr. Moslehi received a BS in Electrical Engineering at Arya-Mehr University of Technology and a MS and Ph.D. in Electrical Engineering from Stanford University. Dr. Moslehi also serves on the consulting faculty of Stanford University.

Mr. Christopher Mann joined CVC Products in 1979 and now serves as Senior Vice President, Marketing. Mr. Mann has previously held the positions of Field Service Manager, Engineering Services Manager and Vice President, Marketing at CVC and CVC Products prior to the Acquisition. Prior to joining CVC in 1979, Mr. Mann worked for CVC Scientific Products, Ltd. in the United Kingdom.

Dr. Chicotka joined CVC in 1995 as Vice President, Engineering. From 1994 to 1995, Dr. Chicotka served as Director of Development Engineering of Conner

Peripherals, a manufacturer of disk drives. From 1993 to 1994, Dr. Chicotka served as Director of Process Engineering of Seagate Magnetics, a division of Seagate Technology. From 1962 to 1992, Dr. Chicotka served in various positions at IBM, most recently as Manager of Head Process Manufacturing and Engineering of Storage Products Development and Manufacturing in San Jose, California. Dr. Chicotka received a BS and MS in Metallurgical Engineering and a Ph.D. in Materials Science from Polytechnic Institute of Brooklyn.

Mr. Kellogg joined CVC in January of 1999 and currently serves as Vice President, Manufacturing. Prior to this assignment, he consulted with CVC and other firms in the materials management area. From 1997 to 1998, Mr. Kellogg held the position of Vice President, Materials for Lam Research. During the period from 1994 to 1997, Mr. Kellogg was Vice President of Operations for Varian Thin Film Systems, a manufacturer of plasma vapor deposition systems and, after its acquisition, with Novellus Systems. He spent the period from 1989 to 1994 with Libbey Owens Ford Glass as General Manager of its Shelbyville Operations. Mr. Kellogg holds a BA from Lake Forest College.

Mr. Prozeller joined CVC in 1995 and currently serves as Vice President, Quality and Human Resources. From 1990 to 1995, Mr. Prozeller served as the Senior Program Director for the Department of Training and Professional Development at the Rochester Institute of Technology. From 1990 to 1995, Mr. Prozeller also served as a total quality consultant for a number of large institutional clients. From 1979 to 1988, Mr. Prozeller served in various positions at the Xerox Corporation, most recently as a Total Quality Consultant, providing consulting services to various suppliers. Mr. Prozeller received a BS from New York State University at Brockport, an MED from Nazareth College of Rochester, and an MBA from Rochester Institute of Technology.

Mr. Bonnie has been a director of CVC since 1998. Mr. Bonnie serves as a Senior Vice President and General Manager of Seagate Technology's Recording Head Operations. Previously, Mr. Bonnie served in a range of managerial assignments in engineering and manufacturing at Seagate Technology, including process engineering, magnetic device design and production activities in the wafer, slider, assembly and test areas of the head business over the last 30 years. Mr. Bonnie holds a B.Ch.E. from the University of Minnesota and has done graduate work in engineering and law.

Mr. Fink has been a director of CVC since 1997. In 1993, Mr. Fink joined Lam Research Corporation, a manufacturer of semiconductor processing equipment, and served as Vice President and Chief Operating Officer, following Lam's acquisition of Drytek, Inc. Mr. Fink served as the President of Drytek from 1983 to 1988. Prior to Drytek, Mr. Fink spent four years with ITT Corporation's Semiconductor Division as Director of VLSI Operations for North America and 12 years with General Instrument Corporation's Microelectronics Division as Director of Worldwide Manufacturing Resources. Mr. Fink's career also includes 13 years with General Electric Corporation. He received a BS in Metallurgical Engineering from Polytechnical Institute of New York.

Mr. Geater has been a director of CVC since 1990. Since 1986, Mr. Geater has served as President of Geater Associates, a management consulting firm. He previously held various positions at Eastman Kodak, including General Business Manager and was a faculty member of the Wm. E. Simon Graduate

School of Business Administration at the University of Rochester. Mr. Geater received a BA in Economics from Miami University and an MBA from the University of Rochester.

Mr. Kingsley has been a director of CVC since 1998. Mr. Kingsley is a Senior Vice President of Advent International Corporation, a venture capital firm, where he has been employed since 1990. From 1985 through 1988 Mr. Kingsley was a Sales engineer for Teradyne, Inc., a manufacturer of automatic test equipment for the electronics industry. Mr. Kingsley is a graduate of Dartmouth College and Harvard Business School. He is a director of LeCroy Corporation and a member of the Board of Overseers of the Boston Symphony Orchestra.

Mr. Victor Mann has been a director of CVC since 1990. Since 1990, Mr. Mann has been a self-employed consultant to various businesses in the United Kingdom as well as to the British Government. Mr. Mann has also served as a Technical Director of Plessey. Mr. Mann has degrees in Telecommunications and Engineering and Management Studies.

Mr. Miyanishi has been a director of CVC since 1990. Since 1987, Mr. Miyanishi has served as President and Chief Executive Officer of Nikko Tecno, a company based in Japan and dealing in the import and export of capital equipment, which was founded in 1946. Mr. Miyanishi has served as owner, President and Chief Executive Officer of several other companies in Japan. Mr. Miyanishi received a BS of managerial economics from Keio University.

Mr. Peskoe has been a director of CVC since 1990. Mr. Peskoe joined the law firm of Golenbock, Eiseman, Assor & Bell in 1986, and currently serves as a partner of such firm, concentrating on mergers and acquisitions and corporate finance. Through his ownership in SWSE Capital Partners, Inc. and directly, Mr.

Peskoe is also a private investor in technology companies. Mr. Peskoe received his undergraduate degree from Harvard College and a JD from Harvard Law School.

Mr. Thompson became a director of, as well as a consultant to, CVC upon CVC's acquisition of Commonwealth Scientific Corporation in May 1999. Mr. Thompson was a co-founder of Commonwealth Scientific and was President and CEO from 1970 to 1999. Prior to founding Commonwealth, he served in various engineering and marketing positions with Systems Research laboratories, Barry Controls Inc., and Bromion, Inc. Mr. Thompson attended the University of Virginia and received a BS in General Engineering from M.I.T.

Mr. Waite has been a director of CVC since 1995. Since 1983, Mr. Waite has served in various positions for Seagate Technology, most recently as Chief Administrative Officer, Chief Financial Officer and Executive Vice President. Mr. Waite received a BS in Accounting from Creighton University and a JD from Georgetown University Law Center. Mr. Waite is a Certified Public Accountant.

All directors hold office until the next annual meeting of the stockholders and until their successors have been elected and qualified. Executive officers of CVC are elected by CVC's board of directors on an annual basis and serve until their successors are duly elected and qualified. There are no family relationships among any of the executive officers or directors of CVC, except for Victor Mann, a director, whose son Christopher Mann is Senior Vice President, Marketing. Mr. Thompson has advised CVC that, subject to the consummation of this offering, he will resign his directorship.

DIRECTOR COMMITTEES AND COMPENSATION

DIRECTOR COMMITTEES

The Audit Committee of CVC's board of directors consists of Messrs. Kingsley, Victor Mann, Thompson and Waite. The Audit Committee:

- reviews with CVC's independent accountants the scope and timing of their audit services;

- the accountants' report on CVC's consolidated financial statements following completion of their audit; and

- CVC's policies and procedures with respect to internal accounting and financial controls.

In addition, the Audit Committee makes annual recommendations to CVC's board of directors for the appointment of independent accountants for the ensuing year.

The Compensation Committee of CVC's board of directors consists of Messrs. Fink, Geater and Peskoe. The Compensation Committee:

- reviews and evaluates the compensation and benefits of all officers of CVC;

- reviews general policy matters relating to compensation and benefits of employees of CVC;

- makes recommendations concerning these matters to CVC's board of directors; and

- administers CVC's stock option plans. See "--Stock Plans."

DIRECTOR COMPENSATION

Directors who are employees of CVC will receive no additional compensation for their services as members of CVC's board of directors or as members of Board committees. Directors who are not employees of CVC are paid an annual retainer of $8,000, payable in shares of common stock, as well as additional fees paid in cash of $1,500 for each meeting of the Board and $500 for each meeting of a Board committee attended by such director. In addition, chairman of Board committees are paid an additional amount of $1,000 in cash. CVC's directors are reimbursed for their out-of-pocket and travel expenses incurred in connection with their service as directors.

CVC's Nonemployee Directors' 1999 Stock Option Plan contains provisions pursuant to which options for 7,500 shares of common stock are granted to each nonemployee director upon commencement of service on the Board, and options for 2,000 shares of common stock are granted to each nonemployee director on March 31 of each year of continued service on the Board. CVC has authorized and reserved 200,000 shares of common stock for issuance under this plan.

EXECUTIVE COMPENSATION

The following table sets forth the total compensation for fiscal 1998 of the

chief executive officer and each of the other four most highly compensated executive officers of (each, a "Named Executive Officer", and collectively, the "Named Executive Officers"):

SUMMARY COMPENSATION TABLE

<TABLE>
<CAPTION>

NAME AND PRINCIPAL POSITION	YEAR	ANNUAL COMPENSATION			NUMBER OF SECURITIES UNDERLYING OPTIONS/SARS LONG-TERM COMPENSATION AWARDS	ALL OTHER COMPENSATION (2)
		SALARY	BONUS	OTHER ANNUAL COMPENSATION(1)		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Christine B. Whitman President, Chief Executive Officer and Chairman	1998	$ 173,040	$ 47,600	--	--	$ 2,647
Giovanni Nocerino Executive Vice President, Sales & Service	1998	183,333	--	--	$ 160,000	--
Mehrdad M. Moslehi Senior Vice President and Chief Technical Officer	1998	147,054	31,100	--	--	2,576
Christopher J. Mann Senior Vice President, Marketing	1998	147,290	27,100	$ 77,731(3)	--	4,153
Emilio O. DiCataldo Senior Vice President and Chief Financial Officer	1998	146,692	31,800	--	--	1,900

</TABLE>

---

(1) In accordance with the rules of the Securities and Exchange Commission, other compensation in the form of perquisites and other personal benefits has been omitted in those instances where such perquisites and other personal benefits constituted less than the lesser of $50,000 or 10% of the total annual salary and bonus for the Named Executive Officer for the fiscal year.

(2) Represents matching contributions made by CVC on behalf of the Named Executive Officer to CVC's 401(k) Plan.

(3) Represents automobile allowance of $10,488 and sales commissions of $67,243.

The following table sets forth certain information regarding the option grants made during fiscal 1998 to each of the Named Executive Officers. CVC issued no stock appreciation rights in fiscal 1998.

OPTION GRANTS

<TABLE>
<CAPTION>

NAME	INDIVIDUAL GRANTS					
	NUMBER OF SECURITIES UNDERLYING OPTIONS	PERCENT OF TOTAL OPTIONS GRANTED TO EMPLOYEES IN FISCAL 1998	EXERCISE OR BASE PRICE ($/SHARE)	EXPIRATION DATE	VALUE AT ASSUMED ANNUAL RATES OF STOCK PRICE APPRECIATION FOR OPTION TERM	
					5%	10%
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Christine B. Whitman	--	--	--	--	--	--
Giovanni Nocerino	160,000	38.62%	$ 5.73	10/1/07	$ 1,170,095	$ 1,475,516
Mehrdad M. Moslehi	--	--	--	--	--	--
Christopher J. Mann	--	--	--	--	--	--
Emilio O. DiCataldo	--	--	--	--	--	--

</TABLE>

The following table sets forth information regarding exercise of options and the number and value of options held at September 30, 1998, by each of the Named Executive Officers.

YEAR END OPTION VALUES

<TABLE>
<CAPTION>

	NUMBER OF UNEXERCISED OPTIONS AT FISCAL YEAR END		VALUE OF UNEXERCISED IN-THE-MONEY OPTIONS AT FISCAL YEAR END(1)	
	EXERCISABLE	UNEXERCISABLE	EXERCISABLE	UNEXERCISABLE
<S>	<C>	<C>	<C>	<C>
Christine B. Whitman	346,800	27,200		
Giovanni Nocerino	--	160,000		
Mehrdad M. Moslehi	1,600	6,400		
Christopher J. Mann	203,000	12,000		
Emilio O. Dicataldo	136,400	25,600		

</TABLE>

---

(1) The value of the unexercised, in-the-money options on September 30, 1998 is based on the difference between the assumed initial public offering price of the common stock ($ per share), and the per share option exercise price, multiplied by the number of shares of common stock underlying the options.

STOCK OPTION PLANS

STOCK OPTION PROGRAM

Until June 1996, CVC had an informal stock option program under which selected employees were granted non-qualified options to purchase shares of common stock. The primary purpose of this program had been to provide long-term incentives to CVC's selected employees and to further align their interests with those of CVC. Under this program, the Compensation Committee and/or CVC's board of directors:

- selected the participants;
- determined the number of shares of common stock offered to each participant;
- determined the terms of the repurchase rights for each participant; and
- determined other terms of sale.

Options granted under this informal plan generally vested over a period of three years from the date of grant and were exercisable at the fair market value of a share of common stock at the date of grant. Under this program, options to purchase 1,473,840 shares of common stock have been granted, of which options to purchase 313,333 shares of common stock have been exercised and options to purchase 120,000 shares of common stock have been cancelled.

1996 STOCK OPTION PLAN

CVC's 1996 Stock Option Plan was adopted by CVC's board of directors effective June 30, 1996 under which selected employees were granted nonqualified stock options, or "NSOs" and incentive stock options, or "ISOs," to purchase shares of common stock. The primary purpose of this plan was to provide long-term incentives to CVC's selected employees and to further align their interests with those of CVC. Under the plan, the Compensation Committee and/or CVC's board of directors:

- selected the participants;
- determined the form and number of shares of common stock offered to each participant;
- determined the exercise period of each option;
- determined the terms of the repurchase rights for each participant; and
- determined other terms of sale.

Options granted to employees under this plan were generally at fair market value as of the grant date based upon valuations obtained contemporaneously from an independent appraiser. Options granted generally vested over a period of three-to-five years from the date of grant and were exercisable at the fair market value of a share of common stock at the date of grant.

As of August 31, 1999, options to purchase 582,134 shares of common stock have been granted under this plan, of which options to purchase 6,200 shares of common stock have been exercised and options to purchase 160,933 shares have been cancelled. This plan was terminated as of August 30, 1999.

1997 STOCK OPTION PLAN

CVC's 1997 Stock Option Plan was adopted by CVC's board of directors effective October 16, 1997, under which stock options may be granted to employees of CVC and its subsidiaries. This plan permits the grant of stock options that qualify as ISOs under Section 422 of the Internal Revenue Code, and NSOs which do not so qualify. CVC has initially authorized and reserved 1,833,333 shares of the common stock for issuance under this plan, with the number of shares authorized and reserved being increased annually in an amount equal to 5% of the total number of shares of common stock issued by CVC in the preceding fiscal year, with a maximum aggregate of shares issued under this plan not to exceed 5,000,000. As of August 31, 1999, 736,002 options had been granted. Options to purchase 150,467 shares have been cancelled and none have been exercised as of August 31, 1999. The shares may be unissued shares or treasury shares. If an option expires or terminates for any reason without having been exercised in full, the unpurchased shares subject to that option will again be available for grant under the plan.

The Compensation Committee administers the plan. Subject to the limitations set forth therein, the Compensation Committee has the authority to:

- determine the persons to whom options will be granted;

- the time at which options will be granted;

- the number of shares subject to each option;

- the exercise price of each option, which may not be less than the fair market value of the underlying common stock;

- the time or times at which the options will become exercisable;

- the duration of the exercise period;

- provide for the acceleration of the exercise period of an option at any time prior to its termination or upon the occurrence of specified events;

- cancel and replace stock options previously granted with new options for the same or a different number of shares and having a higher or lower exercise price; and

- amend the terms of any outstanding stock option to provide for an exercise price that is higher or lower than the current exercise price.

All officers, employees and consultants of CVC and its subsidiaries are eligible to receive grants of stock options under this plan, as selected by the Compensation Committee. The maximum term of options granted under this plan is ten years from the date of grant. The maximum number of shares of common stock that may be subject to options granted to any participant of the plan during any one calendar year is 500,000. Options granted under the plan will generally become vested and exercisable over a five-year period in equal annual installments, unless the Compensation Committee specifies a different vesting schedule. In the event of a "change in control" of CVC, as defined in this plan, each option that was not then vested will become fully and immediately vested and exercisable, unless such options are assumed by the acquiring party in such transaction.

All options granted under this plan are nontransferable by the optionee, except for transfers approved by the Compensation Committee to certain permitted transferees, such as immediate family members of the optionee and charitable institutions, and transfers upon the optionee's death in accordance with his will or applicable law. In the event of an optionee's death or permanent and total disability, outstanding options that have become exercisable will remain exercisable for a period of one year, and the Compensation Committee will have the discretion to determine the extent to which any unvested options shall become vested and exercisable in connection with death or disability. In the case of any other termination of employment, outstanding options that have previously become vested will remain exercisable for a period of 90 days, except for a termination "for cause," as defined in this plan, in which case all unexercised options will be immediately forfeited.

In addition, the exercise price of an option is payable in cash or, in the discretion of the Compensation Committee, in common stock or a combination of cash and common stock. An optionee must satisfy all applicable tax withholding requirements at the time of exercise. This plan has a term of ten years, subject to earlier termination or amendment by CVC's board of directors, and all options granted under its plan prior to its termination remain outstanding until they have been exercised or are terminated in accordance with their terms. CVC's board of directors may amend this plan at any time.

1999 NONEMPLOYEE DIRECTOR STOCK OPTION PLAN

CVC's board of directors has adopted the 1999 Nonemployee Director Stock

Option Plan. Under this plan, stock options are granted to each member of CVC's board of directors who is not an employee of CVC. See "--Director Committees and Compensation" and "--Director Compensation."

ASSUMPTION OF CERTAIN STOCK OPTIONS

In connection with the closing of the acquisition of Commonwealth Scientific Corporation, all outstanding options to purchase shares of Commonwealth as of the closing were assumed by CVC. These non-qualified options are governed by stand alone agreements with each respective optionee. As

of August 31, 1999, options to purchase an aggregate of 260,815 shares of common stock are held by former optionees of Commonwealth.

PENSION PLAN

CVC maintains a defined benefit retirement plan for its employees which provides retirement benefits based upon a formula that takes into account the employees' compensation and length of service with CVC as well as benefits employees may be entitled to receive under certain prior plans of CVC. Such plan was frozen effective September 30, 1991 and no further benefits will be accrued under its plan. Mr. Christopher Mann will receive $157.68 and Ms. Christine Whitman will receive $394.28, each on a monthly basis, commencing at retirement at attainment of age 65.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The current members of the Compensation Committee are Messrs. Fink, Geater and Peskoe. None of these directors was at any time during the fiscal year ended September 30, 1998, nor at any other time within the past five years, an officer or employee of CVC. No executive officer of CVC serves as a member of a board of directors or compensation committee of any entity which has one or more executive officers serving as a member of CVC's board of directors or its Compensation Committee.

AGREEMENTS WITH EMPLOYEES

CVC has entered into severance agreements with each of its Named Executive Officers. These agreements provide that the employees will serve CVC in the respective offices listed in the Summary Compensation Table for a term of three years, with automatic one-year renewals, subject to earlier termination as provided in the these agreements. These agreements set forth the minimum base salary of each employee during the term of the particular agreement, subject to possible increase at the sole discretion of the Compensation Committee. Each employee is also eligible to receive, at the sole discretion of the Compensation Committee, an annual bonus based on the contribution of the employee towards achievement of the annual business goals of CVC. Under these agreements, the employees are entitled to participate in the employee benefit plans of CVC and are eligible for the grant of stock options, in the sole discretion of the Compensation Committee.

In addition, these agreements include provisions that are effective upon the termination of employment under certain circumstances. In general, the employees are entitled to a lump-sum cash severance payment upon termination by CVC without "cause" or termination by the employee for "good reason" following a "change in control", each as defined in the agreements. This lump-sum severance payment is equal to the employee's base salary as in effect immediately prior to termination multiplied by a specified number of months (24 months for Ms. Whitman, 18 months for Mr. DiCataldo, 12 months for Drs. Moslehi, Chicotka, Nocerino and Messrs. Christopher Mann Kellogg and Prozeller) and then discounted to present value from the dates such payments would otherwise have been made.

Under certain circumstances, upon a "change in control," all options to purchase shares of common stock held by the employees that were not then vested will become fully and immediately vested and exercisable. An employee terminated after a "change in control" will retain the right to exercise any options to purchase shares of common stock for 12 months following the date of such termination or, if earlier, the expiration of the original term of the option.

These agreements include certain restrictive covenants for the benefit of CVC relating to non-disclosure by the employee of CVC's confidential business information and CVC's right to inventions and technical improvements of the employee.

CERTAIN TRANSACTIONS

Advent International Group is a principal stockholder of CVC. Mr. Kingsley, a director of CVC, is a Managing Director of Advent.

In December 1998, CVC sold an aggregate of 100,000 shares of Series C Convertible Preferred Stock for a price of $10.00 per share and a warrant to

purchase an aggregate of 200,000 shares of the common stock to entities affiliated with Advent International Corporation (collectively, "Advent") in a private placement. The Series C Convertible Preferred Stock is automatically converted into 1,016,260 shares of common stock, as well as 100,000 shares of Series D Redeemable Preferred Stock upon consummation of this offering. The Series D Redeemable Preferred Stock will, in turn, be redeemed by CVC upon the consummation of this offering for a redemption price of $10.0 million. The warrant will be terminated upon consummation of this offering. See "Description of Capital Stock."

Also, in connection with that transaction, CVC entered into an Amended and Restated Registration Rights Agreement with Advent, Seagate Technology, Nikko Tecno and certain executive officers and stockholders of CVC. Such agreement grants certain demand and piggy-back registration rights to Seagate Technology and Advent with respect to shares of common stock issuable upon conversion of all outstanding shares of the Series B and Series C Senior Convertible Redeemable Preferred Stock, and also grants certain piggy-back registration rights to certain executive officers and stockholders of CVC. See "Description of Capital Stock--Registration Rights." In addition, CVC entered into an Amended and Restated Stockholders' Agreement with Advent, Seagate Technology, Nikko Tecno and certain executive officers and stockholders of CVC providing for voting and pre-emptive rights with respect to the acquisition and sale of shares by CVC and certain matters affecting corporate governance. These rights will terminate when the Series A, Series B and Series C Senior Convertible Redeemable Preferred Stock are converted into common stock upon the consummation of this offering.

As part of CVC's acquisition of Commonwealth in May 1999, CVC entered into a consulting agreement with George R. Thompson, Jr., the former Chief Executive Officer of Commonwealth and a current director of CVC. Under the terms of this consulting agreement, CVC is obligated to pay Mr. Thompson an aggregate amount of $525,000 over the three-year period following the acquisition, as consideration for consulting services provided by him to CVC. In addition, Mr. Thompson is entitled to specified benefits, including an automobile allowance. This consulting agreement may be terminated by the Company in certain circumstances and by Mr. Thompson for any reason.

Nikko Tecno, a Japanese corporation, is a principal stockholder and a distributor of CVC's products in Japan. Mr. Miyanishi, a director of CVC, is the President and Chief Executive Officer of Nikko Tecno. CVC borrowed from Nikko Tecno $1.5 million in November of 1990 and $1.0 million in December of 1991 under two unsecured notes that required quarterly interest payments calculated at an annual rate of 9%. The principal of the $1.0 million note was paid in October of 1997; the principal of the $1.5 million note was paid in January of 1999. See Notes to Consolidated Financial Statements.

Andrew Peskoe, a director of CVC, is a partner in the law firm of Golenbock, Eiseman, Assor & Bell, which has provided legal services to CVC in connection with a variety of business and organizational matters.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth information regarding the beneficial ownership of CVC's common stock as of August 31, 1999, by each person or entity known to CVC to own beneficially more than 5% of the outstanding shares of common stock, each of CVC's directors and Named Executive Officers, the selling stockholders who are Anne G. Whitman and George R. Thompson, Jr. and all directors and executive officers as a group. Unless otherwise indicated below, to the knowledge of CVC, all persons listed below have sole voting and investment power with respect to their shares of common stock, except to the extent authority is shared by spouses under applicable law.

<TABLE>
<CAPTION>

	SHARES BENEFICIALLY OWNED PRIOR TO THE OFFERING(1)(2)		SHARES TO BE SOLD IN THE	SHARES BENEFICIALLY OWNED AFTER THE OFFERING(1)(2)	
BENEFICIAL OWNER	NUMBER	PERCENT	OFFERING	NUMBER	PERCENT
<S>	<C>	<C>	<C>	<C>	<C>
Seagate Technology(3) 920 Disc Drive Scotts Valley, CA 95066-4544	3,219,073	34.7	--	3,219,073	26.2
Nikko Tecno(4) P.O. Box 139 Central Tokyo, Japan	1,412,316	16.7	--	1,412,316	12.3
Advent International Group(5) 75 State Street Boston, MA 02109	1,017,593	12.0	--	1,017,593	8.9
Anne G. Whitman(6)	1,108,800	13.1	300,000	808,800	7.0
Christine B. Whitman(7)	721,600	8.2	--	721,600	6.1

Giovanni Nocerino	106,667	1.2	--	106,667	*
Mehrdad M. Moslehi(7)	307,200	3.6	--	307,200	2.7
Christopher J. Mann	261,960	3.0	--	261,960	2.2
Emilio O. DiCataldo	142,800	1.7	--	142,800	1.2
G. Patrick Bonnie(8)	--	*	--	--	*
Robert C. Fink	4,888	*	--	4,888	*
James Geater	36,316	*	--	36,316	*
Douglas A. Kingsley(9)	1,017,593	12.0	--	1,017,593	8.9
Victor E. Mann	20,316	*	--	20,316	*
Seiya Miyanishi(10)	1,412,316	16.7	--	1,412,316	12.3
Andrew C. Peskoe(11)	134,316	1.6	--	134,316	1.2
George R. Thompson, Jr.(7)(12)	862,447	10.2	200,000	662,447	5.8
Donald L. Waite(13)	--	--	--	--	*
All directors and executive officers as a group (19 persons)(14)	5,148,459	41.3	--	4,948,459	40.4

</TABLE>

---

* Less than one percent.

(1) The number of shares of common stock shown in the table above as beneficially owned includes shares issuable pursuant to options and warrants that may be exercised within 60 days after August 31, 1999. Shares issuable pursuant to such options and warrants are deemed outstanding for computing the percentage of beneficial ownership of the person holding such options and warrants but are not deemed outstanding for computing the percentage of beneficial ownership of any other person.

(2) Includes shares of common stock issuable upon exercise of options, as follows: Christine B. Whitman--353,600 shares; Giovanni Nocerino--106,667 shares; Mehrdad M. Moslehi--3,200 shares; Christopher J. Mann--206,000 shares; Emilio O. DiCataldo--142,800 shares; and Andrew C. Peskoe--50,000 shares.

(3) Includes 2,419,680 shares of common stock issuable upon conversion of outstanding shares of Series B Convertible Preferred Stock and 790,760 additional shares of common stock issuable upon exercise of a warrant held by Seagate Technology.

(4) Includes 1,392,000 shares of common stock issuable upon conversion of Series A Convertible Preferred Stock.

(5) Includes ownership by the following venture capital funds managed by Advent International Corporation: (i) 826,560 shares of common stock issuable to Global Private Equity III Limited Partnership upon conversion of outstanding shares of Series C Convertible Preferred Stock, (ii) 126,641 shares of common stock issuable to Advent PGGM Global Limited Partnership upon conversion of outstanding shares of Series C Convertible Preferred Stock, (iii) 12,496 shares of common stock issuable to Advent Partners GPE III Limited Partnership upon conversion of outstanding shares of Series C Convertible Preferred Stock, (iv) 3,739 shares of common stock issuable to Advent Partners (NA) GPE III Limited Partnership upon conversion of outstanding shares of Series C Convertible Preferred Stock and (v) 14,563 shares of common stock issuable to Advent Partners Limited Partnership upon conversion of outstanding shares of Series C Convertible Preferred Stock. Advent is the general partner for all of the above limited partnerships.

(6) Includes an aggregate of 38,400 shares of common stock held by Ms. Whitman's three children pursuant to trust agreements with The Chase Manhattan Bank. Ms. Whitman disclaims beneficial ownership of these shares. Anne G. Whitman is not related to Christine B. Whitman.

(7) The stockholders' address is: c/o CVC, Inc., 525 Lee Road, Rochester, New York, 14606.

(8) Excludes 3,219,073 shares of common stock beneficially owned by Seagate Technology. Mr. Bonnie is an executive officer and stockholder of Seagate Technology. Mr. Bonnie disclaims beneficial ownership of the shares of common stock owned by Seagate Technology except to the extent of his indirect pecuniary interest therein as a stockholder of Seagate Technology.

(9) Includes 1,017,593 shares owned by Advent. Mr. Kingsley is a Senior Vice President of Advent International Corporation, the venture capital firm which is the manager of the funds affiliated with the Advent International Group. Mr. Kingsley disclaims beneficial ownership of the shares of common stock owned by Advent except to the extent of his indirect pecuniary interest therein as a partner in Advent.

(10) Includes 1,412,316 shares of common stock beneficially owned by Nikko Tecno of which Mr. Miyanishi is a director, officer and principal stockholder. Mr. Miyanishi disclaims beneficial ownership of the shares of common stock owned by Nikko Tecno except to the extent of his indirect pecuniary interest

therein as a stockholder of Nikko Tecno. Mr. Miyanishi's address is: c/o Nikko Tecno, P.O. Box 139, Central Tokyo, Japan.

(11) Includes 64,000 shares of common stock, and 50,000 additional shares of common stock issuable upon exercise of an option, beneficially owned by Julie Peskoe, Mr. Peskoe's wife, as to which Mr. Peskoe disclaims beneficial ownership.

(12) Includes 50,868 shares of common stock held by Mr. Thompson's daughter, Eleanor Thompson, and 50,868 shares of common stock held by his son, G. Richard Thompson. Mr. Thompson disclaims beneficial ownership of the shares of common stock held by his children.

(13) Excludes 3,219,073 shares beneficially owned by Seagate Technology. Mr. Waite is an executive officer and stockholder of Seagate Technology. Mr. Waite disclaims beneficial ownership of the shares of common stock owned by Seagate Technology except to the extent of his indirect pecuniary interest therein as a stockholder of Seagate Technology.

(14) Includes 64,000 shares of common stock and 50,000 additional shares of common stock issuable upon exercise of an option beneficially owned by the wife of a director of CVC, 1,412,316 shares held of record by Nikko Tecno, the ownership of which is attributed to a director of CVC, 1,017,593 shares held of record by Advent, the ownership of which is attributed to a director of CVC and 50,868 shares of common stock held by Mr. Thompson's daughter, Eleanor Thompson, and 50,868 shares of common stock held by his son, G. Richard Thompson.

DESCRIPTION OF CAPITAL STOCK

AUTHORIZED STOCK

Upon the completion of this offering, the authorized capital stock of CVC will consist of 50,000,000 shares of common stock, par value $0.01 per share, and 5,000,000 shares of new preferred stock, par value $0.01 per share.

COMMON STOCK

Assuming conversion of all outstanding Series A, Series B and Series C Convertible Preferred Stock, at August 31, 1999 there were 8,477,315 shares of common stock issued and outstanding held by approximately 66 stockholders of record. Holders of common stock are entitled to one vote for each share held of record on any matters voted upon by stockholders and do not have any cumulative voting rights. Subject to preferences that may be applicable to any outstanding preferred stock, holders of common stock are entitled to receive ratably such dividends as may be declared by CVC's board of directors out of funds legally available therefor. In the event of a liquidation, dissolution or winding up of CVC, holders of common stock are entitled to share ratably in all assets remaining after payment of liabilities and the liquidation preferences of any outstanding preferred stock.

Holders of common stock have no preemptive rights and no right to convert their common stock into any other securities. There are no redemption or sinking fund provisions applicable to the common stock. All outstanding shares of common stock are, and all shares of common stock to be outstanding upon completion of the offering will be, validly issued, fully paid and nonassessable. The rights, preferences and privileges of holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock which CVC may designate and issue in the future.

PREFERRED STOCK

As of August 31, 1999, 1,685 shares of Series A Convertible Preferred Stock, 60,492 shares of Series B Convertible Preferred Stock, 100,000 shares of Series C Convertible Preferred Stock and no shares of Series D Redeemable Preferred Stock were issued and outstanding. Simultaneously with the closing of this offering, the outstanding shares of Series A Convertible Preferred Stock will automatically be converted into an aggregate of 2,696,000 shares of common stock and the Series B Convertible Preferred Stock will automatically be converted into 2,419,680 shares of common stock. At the same time, the Series C Convertible Preferred Stock will automatically be converted into 1,016,260 shares of common stock and 100,000 shares of Series D Redeemable Preferred Stock. The Series D Redeemable Preferred Stock will, in turn, be redeemed by CVC upon the consummation of this offering for a redemption price of $10.0 million.

Upon the closing of the offering, the conversion of the outstanding Series A, Series B and Series C Convertible Preferred Stock, the redemption of the Series D Redeemable Preferred Stock and the filing of an Amended and Restated Certificate of Incorporation of CVC removing the designation of those series, CVC's Certificate of Incorporation will authorize the issuance of up to 5,000,000 shares of new preferred stock, and none of those shares will be outstanding or designated into any series. Under the terms of the Certificate of Incorporation, CVC's board of directors is authorized, subject to any

limitations prescribed by law, without further stockholder approval, to issue such shares of preferred stock in one or more series. Each such series of preferred stock shall have such rights, preferences, privileges and restrictions, including voting rights, dividend rights, conversion rights, redemption privileges and liquidation preferences, as shall be determined by CVC's board of directors.

The purpose of authorizing CVC's board of directors to issue preferred stock and determine its rights and preferences is to eliminate delays associated with a stockholder vote on specific issuances.

The issuance of preferred stock, while providing desirable flexibility in connection with possible acquisitions and other corporate purposes, could have the effect of making it more difficult for a third party to acquire, or of discouraging a third party from acquiring, a majority of the outstanding voting stock of CVC. CVC has no present plans to issue any shares of preferred stock.

REGISTRATION RIGHTS

Upon consummation of this offering, the holders of 7,218,197 shares of common stock will be entitled to certain rights with respect to the registration of these shares under the Securities Act. These registration rights have been waived with respect to the offering. Under the terms of an agreement between CVC and the holders of the shares eligible for registration, if CVC proposes to register any of its securities under the Securities Act, either for its own account or the account of other security holders exercising registration rights, these holders are entitled to notice of registration and are entitled to include their eligible shares in the offering, provided that the managing underwriters have the right to limit the number of these shares included in the registration.

Holders of 3,435,940 shares the shares eligible for registration may also require CVC to file a registration statement under the Securities Act at its expense with respect to these securities, and CVC is required to use its best efforts to effect that registration, subject to, among other things, the right of CVC not to effect any registration within six months following this offering. Further, stockholders may require CVC to file additional registration statements on Form S-3 when that form becomes available to CVC, subject to certain conditions and limitations. All expenses incurred in connection with such registrations must be borne by CVC, other than underwriting discounts and commissions.

WARRANTS

CVC has issued a warrant to Seagate Technology to purchase 19,769 shares of Series B Convertible Preferred Stock at an exercise price of $223.17 per share of Series B Convertible Preferred Stock during the seven-year period commencing on May 22, 1995, the date this warrant was issued. Upon the consummation of this offering, this warrant will become exercisable for 790,760 shares of common stock at an exercise price of $5.58 per share of common stock.

CVC has issued warrants to Advent to purchase an aggregate of 133,333 shares of common stock at an exercise price of $15.00 per share during the four-year period commencing on December 1, 2001. This warrant, however, will terminate upon the consummation of this offering.

LIMITATIONS ON DIRECTOR LIABILITY

CVC's Certificate of Incorporation provides that, to the fullest extent permitted by the Delaware General Corporation Law, none of its directors will be personally liable to CVC or its stockholders for monetary damages. Section 102(b) (7) of the Delaware General Corporation Law currently provides that a director's liability for breach of fiduciary duty to a corporation may be eliminated, except for liability:

- for any breach of the director's duty of loyalty to the corporation or its stockholders;

- for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law;

- under Section 174 of the Delaware General Corporation Law, for unlawful dividends or unlawful stock repurchases or redemptions; and

- for any transaction from which the director derives an improper personal benefit.

Any amendment to these provisions of the Delaware General Corporation Law will automatically be incorporated by reference into CVC's Certificate of Incorporation without any vote on the part of

its stockholders unless otherwise required, including this provision in CVC's Amended and Restated Certificate. These provisions may, however, discourage or deter stockholders or management from bringing a lawsuit against directors for a breach of their fiduciary duties, even though such an action, if successful, might otherwise benefit us and our stockholders.

CVC's By-laws provide that CVC will indemnify its directors and officers to the-fullest extent permitted by Delaware law. Generally, CVC is required to indemnify our directors and officers for all:

- judgments;
- fines;
- settlements;
- legal fees; and
- other expenses incurred in connection with pending or threatened legal proceedings because of the director's or officer's position with CVC.

SECTION 203 OF THE DELAWARE GENERAL CORPORATION LAW

CVC is subject to the provisions of Section 203 of the Delaware General Corporation Law. Under Section 203, business combinations between a Delaware corporation whose stock generally is publicly traded or held of record by more than 2,000 stockholders and an interested stockholder are generally prohibited for a three-year period following the date that such a stockholder became an interested stockholder, unless:

- the corporation has elected in its original certificate of incorporation not to be governed by Section 203. CVC did not make this election;
- the business combination was approved by the board of directors of the corporation before the other party to the business combination became an interested stockholder,
- upon consummation of the transaction that made it an interested stockholder, the interested stockholder owned at least 85% of the voting stock of the corporation outstanding at the commencement of the transaction, excluding voting stock owned by directors who are also officers or held in employee benefit plans in which the employees do not have a confidential right to tender or vote stock held by the plan; or
- the business combination was approved by the board of directors of the corporation and ratified by two-thirds of the voting stock not owned by the interested stockholder.

The three-year prohibition also does not apply to some business combinations proposed by an interested stockholder following the announcement or notification of an extraordinary transaction involving the corporation and a person who had not been an interested stockholder during the previous three years or who became an interested stockholder with the approval of the majority of the corporation's directors.

The term "business combination" is defined generally under Section 203 to include mergers or consolidations between a Delaware corporation and an interested stockholder, transactions with an interested stockholder involving the assets or stock of the corporation or its majority-owned subsidiaries and transactions which increase an interested stockholder's percentage ownership of stock. The term "interested stockholder" is defined generally under Section 203 as a stockholder who, together with affiliates and associates, owns or within three years prior did own 15% or more of a Delaware corporation's voting stock. Section 203 could prohibit or delay a merger, takeover or other change in control of CVC and therefore could discourage attempts to acquire CVC.

SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of the offering, CVC will have 11,477,315 shares of common stock outstanding. Of these shares, the 3,500,000 shares of common stock sold in the offering will be freely tradable without restriction under the Securities Act. However, any shares purchased by "affiliates" of CVC, as that term is defined in Rule 144 under the Securities Act, generally may be sold only in compliance with the limitations of Rule 144 described below. Affiliates include directors, officers and holders of 10% or greater of the total outstanding shares of comon stock.

SALES OF RESTRICTED SECURITIES

The remaining shares of common stock outstanding upon completion of the offering are deemed "restricted securities" under Rule 144. Of the restricted securities, up to 1,168,737 shares will be eligible for sale in the public market after the offering pursuant to Rule 144(k) under the Securities Act;

925,003 of these shares are subject to the 180-day lock-up agreements described below, but will be eligible for sale in the public market immediately upon the closing of the offering. Of the remaining restricted securities outstanding, 4,702,873 shares will be eligible for resale under Rule 144 commencing 90 days after the date of this prospectus; 4,201,665 of these shares are subject to the 180-day lock-up agreements.

In general, under Rule 144 as currently in effect, a holder of restricted securities who beneficially owns shares that were not acquired from CVC or an affiliate of CVC within the previous year would be entitled to sell within any three-month period a number of shares that does not exceed the greater of one percent of the then outstanding shares of common stock (approximately 114,773 shares immediately after the offering) or the average weekly trading volume of the common stock in the over-the-counter market during the four calendar weeks preceding the date on which notice of the sale is filed with the Securities and Exchange Commission. Sales of restricted securities under Rule 144 are subject to certain manner of sale provisions, notice requirements and the availability of current public information about CVC. A person who is not deemed an affiliate of CVC at any time during the three months preceding a sale, and who beneficially owns shares that were not acquired from CVC or an affiliate within the previous two years, is entitled to sell such shares under Rule 144(k) without regard to volume limitations, manner of sale provisions, notice requirements or the availability of current public information concerning CVC.

Any employee, officer or director of or consultant to CVC who received his or her shares pursuant to a written compensatory plan or contract is entitled to rely on the resale provisions of Rule 701, which, beginning 90 days after the date of this prospectus, permit persons, other than affiliates, to sell their Rule 701 shares without having to comply with the public-information, holding period, volume limitation or notice provisions of Rule 144. Affiliates can sell their Rule 701 shares without having to comply with Rule 144's one-year holding-period restrictions, but must otherwise comply with its volume limitations and manner of sale provisions.

OPTIONS

Upon completion of the offering, 1,594,132 shares of common stock issuable upon exercise of stock options will become eligible for sale in the public market subject to compliance with Rule 701 beginning 90 days after the offering; 1,421,196 of these shares underlying these options are subject to the 180-day lock-up agreements. An additional 1,247,798 shares of common stock are available for future grants under CVC's stock option plans.

CVC intends to file one or more registration statements on Form S-8 under the Securities Act to register all shares of common stock subject to outstanding stock options and common stock issuable pursuant to CVC's stock option plans that do not qualify for an exemption under Rule 701 from the registration requirements of the Securities Act. CVC has agreed with the Underwriters not to file these

registration statements earlier than 180 days following the date of this prospectus, and any such registration statements are expected to become effective upon filing. Shares covered by these registration statements will thereupon be eligible for sale in the public markets, subject to the lock-up agreements, to the extent applicable.

EFFECT OF SALES OF SHARES

No prediction can be made as to the effect, if any, that future sales of shares of common stock or the availability of shares for future sale will have on the prevailing market price for the common stock. Sales of substantial amounts of common stock, or the perception that such sales could occur, could adversely affect prevailing market prices for the common stock and could impair CVC's future ability to raise capital through an offering of equity securities.

UNDERWRITING

Each underwriter named below has agreed to purchase from CVC and the selling stockholders the number of shares of common stock set forth opposite its name.

<TABLE>
<CAPTION>

UNDERWRITERS	NUMBER OF SHARES
<S>	<C>
Lehman Brothers Inc.	
Prudential Securities	
SG Cowen Securities Corporation	
Warburg Dillon Read LLC	

Total	3,500,000

</TABLE>

The underwriters will purchase the shares pursuant to an underwriting agreement with CVC and the selling stockholders. The underwriters will pay CVC the public offering price less the underwriting discount specified on the cover page of this prospectus. CVC estimates that its expenses for this offering will be $. Certain conditions contained in the underwriting agreement must be satisfied before the underwriters are required to purchase the shares, including the delivery of legal opinions by legal counsel. The underwriters will purchase either all of the shares or none of them.

The underwriters have advised CVC that they will offer the shares directly to the public initially at the public offering price and to selected dealers, who may include underwriters, at the public offering price less a selling concession not to exceed $ per share. The underwriters may allow, and these dealers may reallow, a concession not to exceed $ per share to certain brokers and dealers. After the initial offering of the shares the underwriters may change the public offering price and other selling terms.

The underwriters will offer the shares subject to prior sale, withdrawal, cancellation or modification of offer of the shares without notice, and to their receipt and acceptance of the shares. The underwriters may reject any order to purchase shares.

The selling stockholders have granted the underwriters an option, exercisable not later than 30 days after the date of this prospectus, to purchase up to 525,000 additional shares at the public offering price less the underwriting discount specified on the cover page of this prospectus. To the extent that the underwriters exercise this option, each of the underwriters will have a firm commitment, subject to conditions, to purchase approximately the same percentage thereof that the number of shares to be purchased by it shown in the above table bears to each underwriter's initial purchase commitment, and CVC and the selling stockholders will be obligated to sell such shares to the underwriters. The underwriters may exercise such option only to cover over-allotments.

Each of the officers and directors of CVC, and certain shareholders of CVC, have agreed not to offer, sell, pledge or otherwise dispose of any shares of common stock, directly or indirectly, or engage in hedging transactions with respect to the common stock, for a period of 180 days after the date of this prospectus, without the prior written consent of Lehman Brothers Inc. Stockholders who have agreed to this lock-up arrangement hold an aggregate of shares of common stock and options to purchase an aggregate of shares of common stock. CVC has agreed not to sell or otherwise dispose of any shares of common stock for a period of 180 days, subject to exceptions. Lehman Brothers Inc. may, in its sole discretion and at any time without notice, release all or any portion of the shares subject to such lock-up agreements. See "Shares Eligible for Future Sale."

Prior to this offering, there has been no public market for the shares of common stock. The initial public offering price will be negotiated by the underwriters and CVC. The underwriters will consider, among other things and in addition to prevailing market conditions, CVC's historical performance and capital structure, estimates of business potential and earning prospects, an overall assessment of CVC's

management and the consideration of the above factors in relation to market valuation of companies in related businesses.

At CVC's request, the underwriters have reserved for sale, at the initial public offering price, up to of the shares of common stock offered in this offering for CVC's directors, officers, employees and related persons. The number of shares of common stock available for sale to the general public will be reduced to the extent such individuals purchase such reserved shares. Any reserved shares which are not so purchased will be offered by the underwriters to the general public on the same basis as the other shares offered hereby.

Application has been made to have the common stock approved for quotation on the Nasdaq National Market under the symbol "CVCI."

CVC has agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, and to contribute, under specified circumstances, to payments that the underwriters may be required to make in respect thereof.

Until the distribution of the common stock is completed, rules of the Securities and Exchange Commission may limit the ability of the underwriters and certain selling group members to bid for an purchase shares of common stock. As an exception to these rules, the underwriters are permitted to engage in

transactions that stabilize the price of the common stock. Such transactions may consist of bids or purchases for the purposes of pegging, fixing or maintaining the price of the common stock.

If the underwriters create a short position in the common stock in connection with this offering (i.e., they sell more shares than are set forth on the cover page of this prospectus), the underwriters may reduce that short position by purchasing common stock in the open market. The underwriters also may elect to reduce any short position by exercising all or part of their over-allotment option.

The underwriters also may impose a penalty bid on certain underwriters and selling group members. This means that if the underwriters purchase shares of common stock in the open market to reduce the underwriters' short position or to stabilize the price of the common stock, they may reclaim the amount of the selling concession from the underwriters and selling group members who sold those shares as part of this offering.

In general, purchases of a security for the purpose of stabilization or to reduce a syndicate short position could cause the price of the security to be higher than it might otherwise be in the absence of such purchases. The imposition of a penalty bid might have an effect on the price of a security to the extent that it were to discourage resales of the security by purchasers in an offering.

Neither CVC nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the common stock. In addition, neither CVC nor any of the underwriters makes any representation that the underwriters will engage in such transactions or that such transactions, once commenced, will not be discontinued without notice.

Any offers in Canada will be made only pursuant to an exemption from the requirements to file a prospectus in the relevant province of Canada in which such sale is made.

Purchasers of the shares of common stock offered by this prospectus may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the public offering price.

The underwriters have informed CVC that they do not intend to confirm sales of shares of common stock to any accounts over which they exercise discretionary authority in excess of 5% of the shares offered by them.

LEGAL MATTERS

The validity of the shares of common stock offered hereby will be passed upon for CVC by Dewey Ballantine LLP, New York, New York and for the Underwriters by Testa, Hurwitz & Thibeault, LLP, Boston, Massachusetts.

EXPERTS

The consolidated financial statements of CVC as of September 30, 1998 and 1997 and for the three years in the period ended September 30, 1998 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in auditing and accounting.

The financial statements of Commonwealth Scientific Corporation as of March 31, 1999 and for the three years in the period ended March 31, 1999 included in this prospectus have been audited by Arthur Andersen LLP, independent public accountants, as indicated in their report with respect thereto, and are included herein upon the authority of said firm as experts in giving said reports.

ADDITIONAL INFORMATION

The Company has filed with the Securities and Exchange Commission, Washington, D.C. 20549, a Registration Statement on Form S-1 under the Securities Act with respect to the shares of common stock offered hereby. This prospectus does not contain all of the information set forth in the Registration Statement and the exhibits and schedules thereto. For further information with respect to the Company and the common stock offered hereby, reference is made to the Registration Statement and the exhibits and schedules filed therewith. Statements contained in this prospectus as to the contents of any contract or any other document referred to are not necessarily complete, and in each instance reference is made to the copy of such contract or other document filed as an exhibit to the Registration Statement, each such statement being qualified in all respects by such reference. A copy of the Registration Statement may be inspected without charge at the offices of the Commission in Washington, D.C. 20549, and copies of all or any part of the Registration Statement may be obtained from the Public Reference Section of the Commission, Washington, D.C. 20549 upon the payment of the fees prescribed by the Commission.

CVC, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>
<S> <C>

</TABLE>

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and
Stockholders of CVC, Inc.

The stock split described in Note 1 to the consolidated financial statements has not been consummated at September 10, 1999. When it has been consummated, we will be in a position to furnish the following report:

"In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and of cash flows present fairly, in all material respects, the financial position of CVC, Inc. (the "Company") and its subsidiary at September 30, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended September 30, 1998 in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above."

PricewaterhouseCoopers LLP
Rochester, New York
November 12, 1998,

except as to Note 1,

which is as of October , 1999

CVC, INC.

CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	SEPTEMBER 30,			PRO FORMA
	1997	1998	JUNE 30, 1999	JUNE 30, 1999 (NOTE 1)
<S>	<C>	<C>	<C>	<C>
				(UNAUDITED)
ASSETS				
Current assets:				
Cash and cash equivalents	$ 2,161	$ 106	$ 767	$ 767

Accounts receivable--trade (includes related party receivables of $3,485 and $1,397 at September 30, 1997 and 1998, respectively, and $4,515 at June 30, 1999 (unaudited) less allowance for doubtful accounts of $149, and $345 at September 30, 1997 and 1998, respectively, and $741 at June 30, 1999 (unaudited))	8,288	7,026	16,210	16,210
Inventories	22,360	18,811	29,308	29,308
Deferred income taxes	1,153	1,431	2,605	2,605
Other current assets	651	1,055	1,193	1,193
	34,613	28,429	50,083	50,083
Property, plant and equipment, net	9,130	13,901	20,268	20,268
Goodwill and other intangible assets	90	434	1,276	1,276
Total assets	$ 43,833	$ 42,764	$ 71,627	$ 71,627
LIABILITIES AND STOCKHOLDERS' EQUITY				
Current liabilities:				
Short-term borrowings and current portion of long-term debt (includes related party note of $1,000 at September 30, 1997)	$ 2,295	$ 5,689	7,817	7,817
Accounts payable	9,993	7,221	9,083	9,083
Advances from customers (includes related party amounts of $1,691 and $463 at September 30, 1997 and 1998, respectively, and $4,356 at June 30, 1999 (unaudited))	8,652	1,167	6,883	6,883
Other current liabilities	4,414	3,448	5,960	5,960
	25,354	17,525	29,743	29,743
Long-term debt (includes related party note of $1,500 at September 30, 1997 and 1998)	5,309	11,379	8,674	8,674
Deferred income taxes	1,403	1,393	1,614	1,614
Other liabilities	339	487	762	762
Total liabilities	32,405	30,784	40,793	40,793
Commitments (Note 14)				
Stockholders' equity:				
Preferred stock, $.01 par value per share; 502,500 shares authorized; shares issued and outstanding:				
Series C--100,000 shares in 1999 (liquidation preference of $10,000,000)	--	--	9,855	--
Series D--100,000 shares pro forma (liquidation preference of $10,000,000)				10,000
Series B--60,492 shares at September 30, 1997 and 1998 and June 30, 1999 (liquidation preference of $9,000,000)	8,355	8,355	8,355	--
Series A--1,685 shares at September 30, 1997 and 1998 and June 30, 1999 (liquidation preference of $1,685,000)	1,685	1,685	1,685	--
Common Stock, $.01 par value per share; 50,000,000 shares authorized; 849,260 shares issued and outstanding at September 30, 1997, 1,057,931 shares issued and outstanding at September 30, 1998 and 2,345,394 shares issued and outstanding at June 30, 1999	8	10	23	84
Additional paid-in capital	772	1,100	9,249	19,083
Warrant	--	--	14	14
Unamortized deferred compensation	(254)	(252)	(168)	(168)
Retained earnings	949	1,213	1,952	1,952
Minimum pension liability	(87)	(131)	(131)	(131)
Total stockholders' equity	11,428	11,980	30,834	30,834
Total liabilities and stockholders' equity	$ 43,833	$ 42,764	$ 71,627	$ 71,627

</TABLE>

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

CVC, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,			NINE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
					(UNAUDITED)
Revenues (includes sales to related party of $27,795, $29,244 and $21,322, for the year ended September 30, 1996, 1997 and 1998, respectively) and $16,455 and $18,566 for the nine months ended June 30, 1998 and 1999, respectively (unaudited)	$ 48,378	$ 62,588	$ 68,173	$ 54,275	$ 55,795

Cost of goods sold (includes cost of goods sold to related party of $16,162, $17,352 and $11,115 for the year ended September 30, 1996, 1997 and 1998, respectively) and $9,438 and $10,011 for the nine months ended June 30, 1998 and 1999, respectively (unaudited)	33,755	41,286	42,019	33,504	34,166
Gross margin	14,623	21,302	26,154	20,771	21,629
Operating expenses					
Research and development	4,346	9,055	12,615	9,844	8,489
In-process R&D write-off	--	--	--	--	1,174
Sales and marketing	4,777	5,613	7,696	5,593	6,395
General and administrative	2,124	2,539	3,476	2,898	2,953
	11,247	17,207	23,787	18,335	19,011
Income from operations	3,376	4,095	2,367	2,436	2,618
Other income/(expense)					
Write-off of deferred charges	--	--	(675)	--	--
Interest and other income	102	11	171	6	494
Interest expense	(299)	(604)	(1,325)	(937)	(849)
	(197)	(593)	(1,829)	(931)	(355)
Income before income taxes	3,179	3,502	538	1,505	2,263
Income taxes	--	1,457	274	626	1,524
Net income	$ 3,179	$ 2,045	$ 264	$ 879	$ 739
Net income per share:					
Basic	$ 4.33	$ 2.67	$ 0.26	$ 0.86	$ 0.58
Diluted	$ 0.46	$ 0.29	$ 0.04	$ 0.12	$ 0.09

</TABLE>

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

CVC, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(IN THOUSANDS, EXCEPT SHARE DATA)

<TABLE>
<CAPTION>

	SERIES A PREFERRED STOCK		SERIES B PREFERRED STOCK		SERIES C PREFERRED STOCK	
	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT	NUMBER OF SHARES	AMOUNT
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance at October 1, 1995	1,685	$ 1,685	60,492	$ 8,355		
Minimum pension liability						
Net income						
Balance at September 30, 1996	1,685	1,685	60,492	8,355	--	--
Issuance of common stock						
Minimum pension liability						
Deferred compensation						
Amortization of deferred compensation						
Net income						
Balance at September 30, 1997	1,685	1,685	60,492	8,355	--	--
Issuance of common stock						
Minimum pension liability						
Deferred compensation						
Amortization of deferred compensation						
Net income						
Balance at September 30, 1998	1,685	1,685	60,492	8,355	--	--
(UNAUDITED)						
Issuance of preferred stock and warrant					100,000	$ 9,855
Issuance of common stock						

Minimum pension liability.....						
Deferred compensation.....						
Amortization of deferred compensation.....						
Net income.....						
Balance at June 30, 1999.....	1,685	$ 1,685	60,492	$ 8,355	100,000	$ 9,855

<CAPTION>

	COMMON STOCK				
	NUMBER OF SHARES	PAR VALUE	PAID-IN CAPITAL	WARRANT	UNAMORTIZED DEFERRED COMPENSATION
<S>	<C>	<C>			
Balance at October 1, 1995.....	735,160	$ 7	$ 450		
Minimum pension liability.....					
Net income.....					
Balance at September 30, 1996.....	735,160	7	450		
Issuance of common stock.....	114,100	1	57		
Minimum pension liability.....					
Deferred compensation.....			261		$ (261)
Amortization of deferred compensation.....					7
Net income.....					
Balance at September 30, 1997.....	849,260	8	772		(254)
Issuance of common stock.....	313,007	2	219		
Minimum pension liability.....					
Deferred compensation.....			109		(109)
Amortization of deferred compensation.....					111
Net income.....					
Balance at September 30, 1998.....	1,057,931	10	$ 1,100		(252)
(UNAUDITED)					
Issuance of preferred stock and warrant.....				$ 14	
Issuance of common stock.....	1,287,463	13	8,155		
Minimum pension liability.....					
Deferred compensation.....			(6)		6
Amortization of deferred compensation.....					78
Net income.....					
Balance at June 30, 1999.....	2,345,394	$ 23	$ 9,249	$ 14	$ (168)

<CAPTION>

	RETAINED EARNINGS	MINIMUM PENSION LIABILITY
Balance at October 1, 1995.....	$ (4,275)	$ (42)
Minimum pension liability.....		(44)
Net income.....	3,179	
Balance at September 30, 1996.....	(1,096)	(86)
Issuance of common stock.....		
Minimum pension liability.....		(1)
Deferred compensation.....		
Amortization of deferred compensation.....		
Net income.....	2,045	
Balance at September 30, 1997.....	949	(87)
Issuance of common stock.....		
Minimum pension liability.....		(44)
Deferred compensation.....		
Amortization of deferred compensation.....		
Net income.....	264	
Balance at September 30, 1998.....	1,213	(131)
(UNAUDITED)		
Issuance of preferred stock and warrant.....		
Issuance of common stock.....		
Minimum pension liability.....		
Deferred compensation.....		
Amortization of deferred compensation.....		
Net income.....	739	
Balance at June 30, 1999.....	$ 1,952	$ (131)

</TABLE>

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

CVC, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(IN THOUSANDS)

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,			NINE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
				(UNAUDITED)	
Cash flows from operating activities:					
Net income	$ 3,179	$ 2,045	$ 264	$ 878	$ 739
Adjustments to reconcile net income to net cash (used) provided by operating activities:					
In process R&D write-off	--	--	--	--	1,174
Depreciation and amortization	937	1,285	2,167	1,473	2,860
Provision for deferred taxes	(452)	461	(259)	--	--
Changes in operating assets and liabilities -					
Accounts receivable (including related party)	(579)	(3,406)	1,262	(874)	(6,697)
Inventories	(6,433)	(5,767)	1,721	530	3,388
Other assets	212	(405)	(931)	(1,087)	286
Accounts payable	3,198	4,556	(2,772)	(3,412)	(2,274)
Advances from customers (including related party)	(2,585)	3,035	(7,485)	(5,678)	2,999
Other liabilities	1,004	1,299	(890)	(123)	(1,105)
Total adjustments	(4,698)	1,058	(7,187)	(9,171)	631
Net cash (used) provided by operating activities	(1,519)	3,103	(6,923)	(8,293)	1,370
Cash flows from investing activities:					
Capital expenditures	(3,680)	(2,805)	(4,817)	(4,281)	(3,556)
Net cash used in investing activities	(3,680)	(2,805)	(4,817)	(4,281)	(3,556)
Cash flows from financing activities:					
Net proceeds from (payments on) line of credit	--	527	3,612	4,049	(2,433)
Payments on notes payable (including related party)	--	--	(1,127)	(960)	(1,500)
Proceeds from long-term debt	3,000	2,000	8,000	8,000	--
Payments on long-term debt and capital lease obligations	(229)	(1,452)	(1,021)	(814)	(3,143)
Net proceeds from issuance of preferred stock	--	--	--	--	9,855
Net proceeds from issuance of common stock	--	58	221	244	68
Net cash provided by financing activities	2,771	1,133	9,685	10,519	2,847
Net (decrease) increase in cash and cash equivalents	(2,428)	1,431	(2,055)	(2,055)	661
Cash and cash equivalents, beginning of period	3,158	730	2,161	2,161	106
Cash and cash equivalents, end of period	$ 730	$ 2,161	$ 106	$ 106	$ 767
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION					
Non-cash investing transaction:					
Equipment capitalized from inventory	$ --	$ --	$ 1,828	$ 1,828	$ 645
Cash paid during the year for:					
Interest	$ 346	$ 542	$ 1,287	$ 895	$ 867
Income taxes	$ 147	$ 782	$ 1,430	$ 1,428	$ 1,100

</TABLE>

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

CVC, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1--NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

THE COMPANY

In 1990, CVC, Inc. (CVC or the Company) acquired CVC Products, Inc. (CVC Products) at which time the Company was incorporated under the laws of the State

of Delaware. CVC Products had been originally founded in 1934 in Rochester, New York as the experimental vacuum processing group of Eastman Kodak Company. The Company maintains offices in Rochester, New York, Alexandria, Virginia, Fremont, California, Garland, Texas, Minneapolis, Minnesota, Japan and Northern Ireland.

CVC is engaged in the design, development, manufacturing and marketing of thin film fabrication and processing equipment for the data storage and semiconductor industries worldwide. The Company's products are focused on the thin film recording head equipment market and semiconductor integrated circuit market. In particular, the Company designs and manufactures modular, multi-process, single wafer cluster tool deposition systems for commercial production of thin film recording heads and semiconductor integrated circuits.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements of the Company include its subsidiary, CVC Products, after elimination of all significant intercompany balances and transactions.

UNAUDITED PRO FORMA BALANCE SHEET

The Company's Series A and Series B Convertible Preferred Stock automatically converts into common stock and the Company's Series C Convertible Preferred Stock automatically converts into common stock and Series D Redeemable Preferred Stock concurrent with the closing of an initial public offering (Note 10). Accordingly, the unaudited pro forma balance sheet has been presented on a basis to give effect to the automatic conversion of such stock as of the closing date of the initial public offering which stock is assumed to have been converted as of June 30, 1999.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at year-end as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CONCENTRATION OF CREDIT RISK

Financial instruments which potentially expose the Company to significant concentrations of credit risk consist principally of bank deposits, temporary investments and accounts receivable (including related party receivables--Note 12). Cash is placed primarily in high quality short-term interest bearing financial instruments.

The Company performs ongoing credit evaluations of its customers' financial condition and the Company maintains an allowance for uncollectible accounts receivable based upon the expected collectibility of all accounts receivable.

NOTE 1--NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of the Company's financial instruments, including cash and cash equivalents and accounts receivable, approximates their fair value at September 30, 1997 and 1998, as the maturities of these instruments are all short term. Due to differences in the stated interest rates on certain short and long-term debt obligations compared to prevailing rates, the fair value of these instruments does vary from their carrying amounts; however, such differences are immaterial.

REVENUE RECOGNITION

Revenue from the sale of equipment is recognized upon shipment. Provisions for estimated product warranty and installation costs are recorded at the time revenue is recognized. The Company generally warrants its new systems for 15 months from the date of shipment. Such warranties provide that new systems are free from defects in materials and workmanship under normal use. Warranty and installation costs incurred by the Company and the related warranty and installation accruals for each of the three years in the period ended September 30, 1998 are immaterial.

Amounts received from customers in advance of product shipment are classified as customer advances.

CASH AND CASH EQUIVALENTS

Cash equivalents consist of highly liquid debt instruments with original

maturities of three months or less.

INVENTORIES

Inventories, which include materials, labor and overhead, are recorded at the lower of cost, determined by the first-in, first-out method, or market value. The Company provides inventory reserves for excess, obsolete or slow-moving inventory based on changes in customer demand, technology developments, and other economic factors.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost. Depreciation is provided on a straight-line basis over the estimated useful lives of 3 to 10 years for equipment, furniture and fixtures and 40 years for buildings. Building improvements are depreciated over the shorter of 10 years or the remaining life of the building or the useful life of the improvement. Maintenance and repairs are expensed as incurred. Improvements which extend the useful life of property, plant and equipment are capitalized. Upon retirement or disposal of an asset, the asset and the related accumulated depreciation are eliminated from the accounts with gains and losses recorded in the statement of income.

CAPITALIZED SOFTWARE COSTS

The Company capitalizes the costs associated with purchased software and subsequently amortizes such costs on a units-of-production basis over their estimated remaining economic life, generally 3 years. These amounts, which are included in other assets, are reported at the lower of the unamortized cost or net realizable value and are immaterial.

NOTE 1--NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

RESEARCH AND DEVELOPMENT

Research and development costs are expensed as incurred.

INCOME TAXES

The Company accounts for income taxes using the asset and liability approach which requires recognition of deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the financial statement carrying amounts and the tax basis of such assets and liabilities.

This method utilizes enacted statutory tax rates in effect for the year in which the temporary differences are expected to reverse and gives immediate effect to changes in income tax rates upon enactment. Deferred tax assets are recognized, net of any valuation allowance, for deductible temporary differences and net operating loss and tax credit carryforwards.

CHANGE IN ACCOUNTING ESTIMATE

Effective October 1, 1995, the Company decreased the estimated service lives of certain depreciable assets. The Company believes that the revised lives more accurately reflect the estimated period of benefit of such assets. The change resulted in a decrease in pre-tax income of $191,000 for the year ended September 30, 1996.

NEW ACCOUNTING STANDARDS

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 130, "Reporting Comprehensive Income" and SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." The Company will implement SFAS 130 and SFAS 131 as required in fiscal 1999, which will require the Company to report and display certain information related to comprehensive income and operating segments, respectively. Adoption of SFAS 130 and SFAS 131 is not expected to impact the Company's financial position or results of operations.

STOCK SPLIT

On October 14, 1997, the Company declared a 3-for-1 stock split in the form of a stock dividend to stockholders of record at the close of business on October 31, 1997. This stock split increased the number of common shares outstanding by 849,260. All references in the consolidated financial statements referring to share prices, conversion rates, per share amounts, stock option plans and common shares issued and outstanding have been adjusted retroactively for the 3-for-1 stock split.

On August 30, 1999, the Company declared a 2-for-3 reverse stock split

effective for stockholders of record upon the closing of an initial public offering. This reverse stock split will decrease the number of common shares outstanding by 1,172,697. All references in the consolidated financial statements referring to share prices, conversion rates, per share amounts, stock option plans and common shares issued and/or outstanding have been adjusted retroactively for the 2-for-3 reverse stock split.

NOTE 1--NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)
INTERIM RESULTS (UNAUDITED)

The interim financial statements as of June 30, 1999 and for the nine months ended June 30, 1998 and 1999 are unaudited; however, in the opinion of the Company, the interim data includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the financial position and results of operations for the interim periods. The operating results for the nine months ended June 30, 1999 are not necessarily indicative of the results to be expected for the full year ending September 30, 1999.

RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2--ACQUISITION (UNAUDITED)

On May 10, 1999, the Company acquired Commonwealth Scientific Corporation (Commonwealth), a Virginia based company which offers ion beam modules and systems which provide ion beam etching, deposition and diamond-line carbon (DLC) processes and ion beam sources for research and development (R&D) and original equipment manufacturer customers. The purchase price of $8,498,000 was comprised of the issuance of 1,268,797 shares of the Company's common stock, exchanged and assumed options in Commonwealth for options to purchase 286,223 shares of the Company's common stock, and related acquisition costs. The issuance of the Company's stock was recorded at fair market value, and the assumed options were recorded at fair market value using the Black-Scholes option pricing model. The acquisition was accounted for using the purchase method of accounting. The purchase price was allocated as follows (in thousands):

<TABLE>
<S> <C>

Net tangible assets of Commonwealth	$ 6,298
Purchased in-process R&D	1,174
Intangible assets:	
Workforce in place	704
Current technology	265
Goodwill	57
Total purchase price	$ 8,498

</TABLE>

The net tangible assets includes a write-up Commonwealth's property to fair market value of $600,000 and the recognition of a restructuring liability approximating $639,000. The restructuring liability relates to the costs of exiting certain leased facilities and the reduction of Commonwealth's workforce by approximately 20%.

The purchased in-process R&D includes the value of products in the development stage, which have not reached technological feasibility and for which there is no alternative future use. In accordance with applicable accounting rules, purchased in-process R&D is required to be expensed. Accordingly, the amount of $1,174,000 was expensed in the third quarter of fiscal 1999.

The amortization period of intangible assets related to workforce in place, current technology and goodwill are ten years, five years and seven years, respectively.

NOTE 2--ACQUISITION (UNAUDITED) (CONTINUED)
The operating results of Commonwealth have been included in the Company's consolidated statement of operations from the date of acquisition. The unaudited

pro forma results below assume the acquisition occurred on October 1, 1997 and October 1, 1998 (in thousands):

<TABLE>
<CAPTION>

	PRO FORMA	
	FOR THE YEAR ENDED SEPTEMBER 30, 1998	FOR THE NINE MONTHS ENDED JUNE 30, 1999
<S>	<C>	<C>
Net sales	$ 112,060	$ 74,721
Operating income (loss)	4,782	(639)
Net income (loss)	2,196	(1,083)
Net income (loss) per share:		
--Basic	$ 0.96	$ (0.47)
--Diluted	$ 0.26	$ (0.47)

</TABLE>

The pro forma results include amortization of the intangibles presented above, cost reductions related to the restructuring charges and exclude the write-off of the in-process R&D in each period. The pro forma results are not necessarily indicative of what actually would have occurred if the acquisition had been completed as of the beginning of each of the fiscal periods presented, nor are they necessarily indicative of future consolidated results.

NOTE 3--INVENTORIES

Inventories consisted of the following at September 30, 1997 and 1998 and June 30, 1999 (in thousands):

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C> (UNAUDITED)
Component parts	$ 11,268	$ 8,976	$ 15,866
Work-in-process	6,169	5,615	11,451
Finished goods	5,208	4,917	3,710
	22,645	19,508	31,027
Less--reserve for obsolescence	(285)	(697)	(1,719)
	$ 22,360	$ 18,811	$ 29,308

</TABLE>

NOTE 4--PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consisted of the following at September 30, 1997 and 1998 (in thousands):

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Land	$ 625	$ 625
Buildings and improvements	5,117	5,954
Machinery and equipment	6,235	10,358
	11,977	16,937
Less--Accumulated depreciation	(2,847)	(4,721)
	9,130	12,216
Construction-in-process	--	1,685
	$ 9,130	$ 13,901

</TABLE>

Construction-in-process is mainly comprised of machinery and equipment which will be placed in service subsequent to September 30, 1998.

Included in property, plant and equipment is $2,220,000 for a building held

under a capital lease agreement at September 30, 1997 and 1998. Related accumulated amortization at September 30, 1997 and 1998 was $347,000 and $403,000, respectively.

Total depreciation and amortization expense on plant and equipment was $727,000, $1,215,000 and $1,874,000 in 1996, 1997 and 1998, respectively. Total depreciation expense on assets under capital leases was $83,000 in 1996 and $56,000 in 1997 and 1998, respectively.

NOTE 5--OTHER CURRENT LIABILITIES

Other current liabilities consisted of the following at September 30, 1997 and 1998 (in thousands):

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Accrued payroll and benefits	$ 1,176	$ 874
Other current liabilities	3,238	2,574
	$ 4,414	$ 3,448

</TABLE>

NOTE 6--NOTES PAYABLE AND LONG-TERM DEBT

In August 1974, the Company entered into an agreement with a local government agency under which the agency's bond proceeds of $2,400,000 were used to purchase land and construct an operating facility for lease to the Company. The industrial revenue bond obligation required monthly payments of principal and interest at 8% (approximately $19,000 in total). In September 1997, the Company refinanced the remaining principal of the industrial revenue bond with the proceeds of a new mortgage credit facility with a principal of $2,000,000. The lease term extends to December 31, 2007, at which time title to the property passes, upon payment of nominal consideration by the Company. The new mortgage credit facility requires monthly payments of approximately $16,000 through October 1, 2007, calculated based upon an amortization period of twenty years. In addition, on October 1, 2007, the Company will pay a final installment equal to the outstanding principal and interest on the credit

NOTE 6--NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)
facility based upon the actual term of this facility which is ten years. The interest rate on $500,000 of the mortgage credit facility is 5.29% until October 1, 1999 after which the rate increases to 8.29% through September 30, 2002, consistent with the interest rate on $1,500,000 of the credit facility. Beginning October 1, 2002, the Company will likely elect to pay interest on the remaining principal at the then prime rate plus one-half percent, or a rate equal to 225 basis points above the yield on U.S. treasury bonds. The obligation is secured by certain land and buildings with a net book value of $2,242,400 at September 30, 1998.

In December 1990, the Company borrowed $254,000 from former stockholders of CVC Products, Inc. The obligation, which required annual interest payments at 9%, was paid in full in December 1997.

In November 1990, the Company borrowed $1,500,000 from a company whose president is a director and shareholder of the Company. In December 1991, the Company borrowed an additional $1,000,000 from this company. The borrowings are evidenced by notes, which are unsecured and require quarterly interest payments at 9%. The $1,000,000 note was paid in full in November 1997 and the $1,500,000 note was paid in full in January 1999. Interest expense on these notes totaled $225,000 in 1996 and 1997 and $138,000 in 1998.

In September 1996, the Company borrowed $3,000,000 from a commercial bank. The five year term loan requires monthly payments of principal and interest at prime plus 1/2% through October 1, 2001. The obligation is secured by certain equipment and capital assets.

In connection with this term loan, the Company entered into an interest rate cap contract in October 1996 to hedge the risk associated with rising interest rates and capping the rate on this loan at 10 1/2%. The cost of the contract was $29,000, which is being amortized over the term of the loan.

In April 1998, the Company borrowed $8,000,000 from a commercial bank. The seven year term loan requires monthly payments of principal and interest at 8.39% until April 2005. The obligation is secured by certain personal property

and other intangibles of the Company including patents, patent applications and trademarks.

The Company also has a bank line of credit at September 30, 1998 which allows for maximum borrowings of $10,000,000 based on certain financial criteria. Maximum allowable borrowings based on the criteria at September 30, 1998 were $5,926,000. Borrowings under the agreements are at an interest rate of prime plus 1/2%. There was approximately $4,139,000 outstanding under the line of credit at September 30, 1998.

The debt agreements contain financial covenants requiring the Company to maintain certain debt to equity, capital, and current ratios, as well as certain customer order, income, and operating cash flow levels. The agreement also imposes limitations on the incurrence of additional debt. The Company is in compliance with all covenants at September 30, 1998 and June 30, 1999.

NOTE 6--NOTES PAYABLE AND LONG-TERM DEBT (CONTINUED)

A summary of the notes payable and long-term debt outstanding at September 30, 1997 and 1998 is as follows (in thousands):

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Term loan, 5 year	$ 2,450	$ 1,850
Term loan, 7 year	--	7,624
Notes payable due former stockholders	127	--
Notes payable due related party	2,500	1,500
Mortgage credit facility	2,000	1,955
Borrowings on line of credit	527	4,139
	7,604	17,068
Less--Current portion	(2,295)	(5,689)
	$ 5,309	$ 11,379

</TABLE>

The aggregate maturities for debt over the next five years and thereafter are as follows (in thousands):, 1999--$5,689, 2000--$3,117, 2001--$1,709, 2002--$1,257, and 2003 and thereafter--$5,296.

NOTE 7--INCOME TAXES

The components of income taxes for the years ended September 30, 1996, 1997 and 1998 are as follows (in thousands):

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Current:			
Federal	$ 145	$ 604	$ 417
State	307	392	116
	452	996	533
Deferred:			
Federal	(145)	475	(211)
State	(307)	(14)	(48)
	(452)	461	(259)
	$ --	$ 1,457	$ 274

</TABLE>

NOTE 7--INCOME TAXES (CONTINUED)

The significant components of deferred tax assets and liabilities at September 30, 1997 and 1998 are as follows (in thousands):

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Deferred tax assets:		
Net operating loss carryforwards	$ 228	$ 175
Inventories	266	455
State and federal tax credits	100	122
Allowance for doubtful accounts	59	138
Accrued compensation and benefits	182	240
Other accruals	707	577
	1,542	1,707
Deferred tax liabilities:		
Unamortized inventory accounting change	(805)	(605)
Property, plant and equipment	(832)	(962)
	(1,637)	(1,567)
Deferred tax asset valuation allowance	(155)	(102)
Net deferred tax asset (liability)	$ (250)	$ 38

</TABLE>

The differences between income taxes (benefit) at the U.S. statutory rate and the effective rate for the years ended September 30, 1996, 1997 and 1998 are summarized as follows (in thousands):

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Provision at federal statutory rate	$ 1,081	$ 1,191	$ 183
State taxes, net of federal benefit	228	213	45
Permanent items	31	53	101
Release of valuation allowance	(1,459)	--	(53)
Other	119	--	(2)
Income tax expense	$ --	$ 1,457	$ 274

</TABLE>

During 1996 and 1998, the valuation allowance, which relates to net operating loss carryforwards and state investment credits, was reduced by $1,459,000 and $53,000,, respectively, due to the increased likelihood the benefits will be recognized.

The net operating tax loss carryforwards of approximately $435,000 expire at various times through 2010. Their use is limited to approximately $135,000 per year; however, the annual limitation may be increased by any unused amount from the prior year.

NOTE 8--EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) profit sharing plan covering substantially all employees who meet certain age and length of service requirements. The Company contributes a percentage of the amount of salary deferral contributions made by each participating employee. Any additional contributions by the Company are discretionary. The amounts charged to expense related to this plan were approximately $80,000, $92,000 and $222,000 in fiscal years 1996, 1997 and 1998, respectively.

The Company had a noncontributory defined benefit pension plan. The Company froze this plan effective September 30, 1991 at which time all benefits became fully vested. Benefits were based on historical compensation levels and years of service. The Company's funding policy is to contribute annually an amount, based on actuarial computations, which would satisfy the Internal Revenue Service's funding standards. Approximately $122,000 was included in other liabilities at September 30, 1997 and 1998 for accrued pension costs. Further, the Company has recorded an additional minimum pension liability representing the excess of the unfunded accumulated benefit obligation over plan assets. The additional minimum liability was charged to stockholders' equity, net of income taxes.

NOTE 9--POSTRETIREMENT HEALTH CARE BENEFITS

The Company provides health care and life insurance benefits to certain retired hourly employees as well as health care benefits to salaried retirees employed prior to December 31, 1996. The Company adopted the provisions of SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions," as of October 1, 1995. As permitted under SFAS No. 106, the Company has elected to amortize the unfunded accrued postretirement benefit obligation at adoption over a 20-year period.

Details of costs for retiree benefits for the years ended September 30, 1996, 1997 and 1998 are as follows (in thousands):

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Service cost	$ 31	$ 68	$ 90
Interest cost on benefit obligation	81	82	78
Amortization	56	56	56
Retiree health care cost	$ 168	$ 206	$ 224

</TABLE>

An analysis of amounts shown in the consolidated balance sheet at September 30, 1997 and 1998 is as follows (in thousands):

<TABLE>
<CAPTION>

	1997	1998
<S>	<C>	<C>
Accumulated postretirement benefit obligation:		
Retirees	$ 852	$ 810
Active participants	346	465
	1,198	1,275
Unrecognized prior service cost	--	(39)
Unrecognized net gain	18	73
Unrecognized transition obligation	(1,000)	(944)
Retirement benefit liability	$ 216	$ 365

</TABLE>

NOTE 9--POSTRETIREMENT HEALTH CARE BENEFITS (CONTINUED)

The funding policy for retiree health care and life insurance benefits is generally to pay covered expenses as they are incurred.

The actuarial calculation assumes a health care average inflation rate of 4.7% in 1998 and grades down uniformly to 3.6% in 2004 and remains level thereafter. The health care cost trend rate has an effect on the amounts reported. Increasing the health care inflation rate by 1% would increase the September 30, 1998 accumulated postretirement benefit obligation by $180,000, and the 1998 net postretirement health care cost by $36,000. The weighted average rate of compensation increase and discount rate used in determining the accumulated postretirement benefit obligation was 3% and 6.75%, respectively.

NOTE 10--STOCKHOLDERS' EQUITY

In 1990, the Company issued 1,685 shares of 8% Series A Non-Cumulative Convertible Preferred Stock (Series A Preferred Stock). The Series A Preferred Stock is convertible at any time at the option of the holder into common stock at the rate of 1,600 shares of common stock for each share of Series A Preferred Stock. The liquidation preference of each share of Series A Preferred Stock is $1,000 and all declared but unpaid dividends. Preferred voting rights are one vote for each share of common stock into which the preferred shares may be converted. The Series A Preferred Stock will be automatically converted to 2,696,000 shares of common stock upon the closing of an initial public offering with a price per share in excess of $12.50 and aggregate gross proceeds of $10,000,000.

In May 1995, the Company issued 60,492 shares of Series B Non-Cumulative Convertible Preferred Stock (Series B Preferred Stock). The Series B Preferred

Stock is convertible at any time at the option of the holder into common stock at the rate of 40 shares of common stock for each share of Series B Preferred Stock. Preferred voting rights are one vote for each share of common stock into which the preferred shares may be converted. The Series B Preferred Stock will be automatically converted to 2,419,680 shares of common stock upon the closing of an initial public offering with a price per share in excess of $12.50 and aggregate gross proceeds of $10,000,000.

In connection with the issuance of Series B Preferred Stock, the holder was granted a seven-year warrant to purchase 19,769 shares of Series B Preferred Stock at an exercise price of $223.17 per share of Series B Preferred Stock. Expenses directly associated with this issuance of approximately $645,000 were netted against proceeds. The liquidation preference of each share of Series B Preferred Stock is $148.78 and all declared but unpaid dividends. Upon the automatic conversion of the Company's then outstanding shares of Series B Preferred Stock coincident to the closing of an initial public offering, the Company will execute a new warrant to the holder, with terms similar to the original Series B warrant, to purchase 790,760 shares of the Company's Common Stock at an exercise price of $5.58 per share in lieu of Series B Preferred Stock.

(UNAUDITED) In December 1998, the Company issued 100,0000 shares of Series C Non-Cumulative Convertible Preferred Stock (Series C Preferred Stock). The Series C Preferred Stock is convertible at any time at the option of the holder into common stock at the rate of 10.1626 shares of common stock for each share of Series C Preferred Stock. Preferred voting rights are one vote for each share of common stock into which the preferred shares may be converted. The Series C Preferred Stock will be automatically converted to 1,016,260 shares of common stock as well as 100,000 shares of Series D Redeemable Preferred Stock upon the closing of an initial public offering with a price per share in excess of $12.50 and aggregate gross proceeds of $10,000,000.

NOTE 10--STOCKHOLDERS' EQUITY (CONTINUED)

(UNAUDITED) In connection with the issuance of Series C Preferred Stock, the holder was granted a seven-year warrant to purchase an aggregate of 133,333 shares of common stock at $15 per share. The warrant cannot be exercised until December 10, 2001. Additionally, the warrant will no longer be exercisable upon an initial public offering. A fair value of $14,000 was assigned to this warrant at the time of purchase.

On October 14, 1997, the Company filed a Certificate of Amendment to the Certificate of Incorporation which increased total authorized common stock to 50,000,000 shares, $.01 par value, and total authorized preferred stock to 502,500 shares, $.01 par value.

The Company grants options to key employees to purchase its common stock, generally at fair market value as of the date of grant, based upon valuations obtained contemporaneously from an independent appraiser. Such valuations have been obtained by the Company, primarily on a quarterly basis, since June 30, 1995. Options vest over a 3 to 5 year period and expire after 10 years from the date of grant.

In October 1997, the Board of Directors and stockholders approved a new stock option plan, the 1997 Stock Option Plan (the "Plan"), under which options may be granted to employees of the Company. The Plan permits the grant of stock options that qualify as incentive stock options under Section 422 of the Internal Revenue Code, and nonqualified stock options, which do not so qualify. The Company has authorized and reserved 833,333 shares of common stock for issuance under the Plan. At September 30, 1998, options for 523,333 shares were available for grant under the Plan.

During fiscal 1997 and 1998, approximately 203,333 and 160,000 options, respectively, were granted to employees at an amount which was less than the fair market value as of the grant date. Accordingly, the Company recorded unamortized deferred compensation expense for such options which vest over a 3 to 5 year period. Compensation expense will be amortized over the vesting period and unamortized compensation expense has been recorded as a reduction in stockholders' equity. During fiscal 1997 and 1998, compensation expense recognized in the statements of income approximated $7,000 and $111,000, respectively.

Under the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation" the Company has elected to continue to account for its employee stock plans in accordance with the provisions of APB Opinion No. 25 which requires compensation costs to be recognized based on the intrinsic value of options at the grant date. Had compensation cost for the Company's stock option plan been determined based on the fair value at the grant date for awards in fiscal years 1996, 1997 and 1998 consistent with the provisions of SFAS No. 123, the Company's net earnings and earnings per share would have been the following

(in thousands, except per share amounts):

		1996	1997	1998
Net income (loss)	As reported	$ 3,179	$ 2,045	$ 264
	Pro forma	$ 3,169	$ 1,954	$ (12)
Basic earnings per share	As reported	$ 4.33	$ 2.67	$ 0.26
	Pro forma	$ 4.31	$ 2.55	$ (0.01)
Diluted earnings per share	As reported	$ 0.46	$ 0.29	$ 0.04
	Pro forma	$ 0.46	$ 0.28	$ 0.00

NOTE 10--STOCKHOLDERS' EQUITY (CONTINUED)

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model (minimum value method) with the weighted average assumptions of risk free interest rates (based on anticipated length of time until exercise) ranging from 5.32% to 6.69% and expected lives of five years.

A summary of the status of the Company's stock option plan for the three years ended September 30, 1998 is as follows:

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE
Outstanding at October 1, 1995	1,441,840	$ 0.93
Granted	194,200	$ 4.04
Canceled	51,000	$ 1.37
Outstanding at September 30, 1996	1,585,040	$ 1.32
Granted	406,600	$ 4.76
Canceled	118,000	$ 1.86
Exercised	120,200	$ 0.74
Outstanding at September 30, 1997	1,753,440	$ 2.12
Granted	427,667	$ 7.80
Canceled	205,995	$ 9.08
Exercised	199,338	$ 0.84
Outstanding at September 30, 1998	1,775,774	$ 2.82
Assumed in Acquisition	286,223	$ 5.97
Granted	250,667	$ 6.00
Cancelled	49,275	$ 6.95
Exercised	--	--
Outstanding at June 30, 1999, unaudited	2,263,389	$ 3.48

The weighted average fair value of options granted during fiscal 1996 was $.73. The weighted-average fair value of options granted during fiscal 1997 and 1998 was $1.29

The weighted-average exercise price of options granted to employees during 1997 and 1998 at an amount which was less than fair market value was $5.30 and $5.73, respectively. The weighted-average fair value of such options granted in 1997 and 1998 was $2.67 and $2.37, respectively.

A summary of the options outstanding and exercisable as of September 30, 1998 is as follows:

OPTIONS OUTSTANDING				OPTIONS EXERCISABLE	
RANGE OF EXERCISE PRICES PER SHARE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE REMAINING CONTRACTUAL LIFE IN YEARS	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE	NUMBER OF OPTIONS OUTSTANDING	WEIGHTED AVERAGE EXERCISE PRICE PER SHARE

0$.63-$ 1.25....	848,507	3.4	$ 0.66	848,507	$ 0.66
3$.18-$ 4.17....	444,333	7.6	$ 3.78	275,267	$ 3.51
4$.85-$12.00....	482,933	9.2	$ 5.93	39,733	$ 5.42
0$.63- 12.00....	1,775,773	6.0	$ 2.82	1,163,507	$ 1.50

</TABLE>

NOTE 11--EARNINGS PER SHARE

During the first quarter of fiscal 1998, the Company adopted the provisions of SFAS 128, "Earnings per Share." This statement replaces the presentation of primary earnings per share with a presentation of basic earnings per share and also requires dual presentation of diluted earnings per share. Basic earnings per share (EPS) is computed by dividing income available to common shareholders by the weighted average number of common shares actually outstanding for the period. Diluted EPS reflects the potential dilution that could occur if securities or other contracts to issue common stock were exercised or converted into common stock or resulted in the issuance of common stock that then shared in the earnings of the Company.

The following table illustrates the calculation of both basic and diluted EPS for the years ended September 30, 1996, 1997 and 1998 and for the nine months ended June 30, 1998 and 1999 (in thousands):

<TABLE>
<CAPTION>

	YEAR ENDED SEPTEMBER 30,			NINE MONTHS ENDED JUNE 30,	
	1996	1997	1998	1998	1999
<S>	<C>	<C>	<C>	<C>	<C>
BASIC EARNINGS PER SHARE					
Net income available to common shareholders.....	$ 3,179	$ 2,045	$ 264	$ 879	$ 739
Weighted average number of common shares.....	735	765	1,021	1,021	1,280
Basic earnings per share.....	$ 4.33	$ 2.67	$ 0.26	$ 0.86	$ 0.58
DILUTED EARNINGS PER SHARE					
Net income available to common shareholders.....	$ 3,179	$ 2,045	$ 264	$ 879	$ 739
Weighted average number of common shares.....	735	765	1,021	1,021	1,280
Common equivalent shares related to stock options and convertible preferred stock.....	6,179	6,227	6,049	6,035	6,764
Weighted average common and common equivalent shares.....	6,914	6,992	7,070	7,056	8,044
Diluted earnings per share.....	$ 0.46	$ 0.29	$ 0.04	$ 0.12	$ 0.09

</TABLE>

Certain antidilutive outstanding options and warrants were excluded from the computation of diluted EPS since their exercise prices exceed the average market price of the common shares during the period. The antidilutive stock options and warrants so excluded at the end of September 30, 1996, 1997 and 1998 and their associated exercise prices are summarized below. The options and warrants expire at various times between 2002 and 2008.

<TABLE>
<CAPTION>

	1996	1997	1998
<S>	<C>	<C>	<C>
Number of options and warrants.....	794,000	815,333	836,000
Exercise price.....	$ 4.04-$5.58	$ 5.58-$5.73	$ 5.58-$12.00

</TABLE>

NOTE 12--TRANSACTIONS WITH RELATED PARTIES

At September 30, 1997 and 1998, the Company had borrowings of $2,500,000 and $1,500,000, respectively, from a company whose president is a director and shareholder of the Company (Note 6). The Company has renegotiated the $1,500,000 note to extend the term to November 1999. Borrowings from this related party are reported as such in the balance sheets.

Seagate Technology (Seagate), which provides products for storing, managing and accessing digital information on computers and data communications systems, is the Company's largest customer and a

NOTE 12--TRANSACTIONS WITH RELATED PARTIES (CONTINUED)
significant stockholder. Revenues, cost of goods sold, accounts receivable and unearned revenue associated with transactions between the Company and Seagate are reported as related party in the consolidated statements of operations and balance sheets. Management believes the selling prices and sales terms of such transactions are substantially consistent with those for unrelated third parties.

NOTE 13--SIGNIFICANT CUSTOMERS AND GEOGRAPHIC INFORMATION

For the year ended September 30, 1996, sales to the Company's two largest customers comprised 57% and 13% of revenues, respectively. For the year ended September 30, 1997, sales to the Company's two largest customers comprised 47% and 11% of revenues, respectively. For the year ended September 30, 1998, sales to the Company's three largest customers comprised 31%, 16% and 11% of revenues, respectively.

Export sales to customers (including related party sales) outside the United States represent 38%, 31% and 19% of the Company's revenues for the fiscal years ended September 30, 1996, 1997 and 1998, respectively. These export sales were made to the following geographic regions:

<TABLE>
<CAPTION>

	EUROPE	ASIA-PACIFIC	CANADA	TOTAL
<S>	<C>	<C>	<C>	<C>
1996	$ 6,238,000	$ 3,013,000	$ 33,000	$ 9,284,000
1997	5,746,000	13,209,000	507,000	19,462,000
1998	13,220,000	12,643,000	26,000	25,889,000

</TABLE>

NOTE 14--COMMITMENTS

The Company leases various equipment and facilities under operating lease agreements. Rental expense under operating lease agreements was approximately $237,000, $289,000 and $774,000 in fiscal years 1996, 1997 and 1998, respectively. The future minimum lease payments under non-cancelable lease agreements are $1,041,000 in 1999, $959,000 in 2000, $793,000 in 2001, $193,000 in 2002 and $74,000 in 2003.

NOTE 15--WRITE-OFF OF DEFERRED CHARGES

During fiscal 1998, the Company incurred costs related to a potential initial public offering. These costs were accounted for as a deferred asset with the intent of deducting such amounts from contributed equity upon receipt of the proceeds from the initial public offering. During the fourth quarter of fiscal 1998, the Company withdrew its intent to complete the public offering and, accordingly, these costs were charged against current period earnings.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Stockholders and the Board of Directors of
Commonwealth Scientific Corporation:

We have audited the accompanying balance sheets of Commonwealth Scientific Corporation (the "Company," a Virginia corporation), a wholly owned subsidiary of CVC, Inc. (the "Parent," a Delaware corporation), as of March 31, 1998 and 1999, and the related statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended March 31, 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Commonwealth Scientific Corporation as of March 31, 1998 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended March 31, 1999, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN

Vienna, Virginia
May 17, 1999

COMMONWEALTH SCIENTIFIC CORPORATION

BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31,	
	1998	1999
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 378,920	$ 326,623
Accounts receivable, net of allowance for doubtful accounts of $233,000 and $300,000 at March 31, 1998 and 1999, respectively	5,556,183	3,160,366
Inventories	15,601,983	13,837,715
Prepaid expenses and other current assets	206,630	134,410
Income taxes receivable	--	732,905
Deferred income taxes	456,188	539,070
Total current assets	22,199,904	18,731,089
PROPERTY AND EQUIPMENT, at cost:		
Land	703,900	703,900
Building and improvements	839,153	882,025
Leasehold improvements	476,489	623,896
Manufacturing and test equipment	5,191,647	6,332,468
Office furniture and fixtures	480,691	496,417
	7,691,880	9,038,706
Less--Accumulated depreciation and amortization	(3,503,079)	(4,147,289)
Net property and equipment	4,188,801	4,891,417
OTHER ASSETS	67,497	55,631
Total assets	$26,456,202	$23,678,137

</TABLE>

The accompanying notes are an integral part of these balance sheets.

COMMONWEALTH SCIENTIFIC CORPORATION

BALANCE SHEETS

<TABLE>
<CAPTION>

	MARCH 31,	
<S>	<C>	<C>
	1998	1999
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 4,387,666	$ 4,197,963
Accrued expenses	2,209,071	3,632,967
Lines of credit	2,584,574	3,393,173
Current portion of long-term obligations	308,788	551,540
Deposits on sales contracts	6,109,603	2,796,684
Total current liabilities	15,599,702	14,572,327
LONG-TERM OBLIGATIONS, net of current portion	1,677,718	2,067,830
DEFERRED INCOME TAX LIABILITY	202,620	221,117

</TABLE>

Total liabilities	17,480,040	16,861,274
COMMITMENTS AND CONTINGENCIES (Note 8)		
STOCKHOLDERS' EQUITY:		
Common stock, $1 par value; 10,000,000 shares authorized, 333,180 and 336,680 shares issued at March 31, 1998 and 1999, respectively	333,180	336,680
Additional paid-in capital	751,320	782,820
Retained earnings	7,902,662	5,708,363
Treasury stock; 6,900 shares at cost	(11,000)	(11,000)
Total stockholders' equity	8,976,162	6,816,863
Total liabilities and stockholders' equity	$ 26,456,202	$ 23,678,137

</TABLE>

The accompanying notes are an integral part of these balance sheets.

COMMONWEALTH SCIENTIFIC CORPORATION

STATEMENTS OF OPERATIONS

<TABLE>
<CAPTION>

	YEARS ENDED MARCH 31,		
<S>	<C> 1997	<C> 1998	<C> 1999
NET SALES	$ 35,366,323	$ 33,982,554	$ 43,597,852
COST OF SALES	(23,445,963)	(23,344,034)	(34,473,248)
Gross profit	11,920,360	10,638,520	9,124,604
OPERATING EXPENSES:			
Research and development	3,645,520	3,746,433	4,005,021
Selling and marketing	2,376,572	3,013,517	3,408,480
General and administrative	1,447,319	1,635,329	2,072,667
Commissions	1,558,193	1,509,848	1,992,786
Total operating expenses	9,027,604	9,905,127	11,478,954
INCOME (LOSS) FROM OPERATIONS	2,892,756	733,393	(2,354,350)
INTEREST EXPENSE, NET	(163,470)	(239,036)	(425,949)
INCOME (LOSS) BEFORE INCOME TAXES	2,729,286	494,357	(2,780,299)
INCOME (PROVISION) TAX BENEFIT	(911,000)	(151,000)	586,000
NET INCOME (LOSS)	$ 1,818,286	$ 343,357	$ (2,194,299)

</TABLE>

The accompanying notes are an integral part of these statements.

COMMONWEALTH SCIENTIFIC CORPORATION

STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>
<CAPTION>

<S>	COMMON STOCK <C>	ADDITIONAL PAID-IN CAPITAL <C>	RETAINED EARNINGS <C>	TREASURY STOCK <C>	TOTAL <C>
BALANCE, March 31, 1996	$ 318,880	$ 614,900	$ 5,741,019	$ (10,600)	$ 6,664,199
Exercise of stock options	4,000	43,720	--	--	47,720
Net income	--	--	1,818,286	--	1,818,286
BALANCE, March 31, 1997	322,880	658,620	7,559,305	(10,600)	8,530,205
Exercise of stock options	10,300	92,700	--	--	103,000
Purchase of treasury stock	--	--	--	(400)	(400)
Net income	--	--	343,357	--	343,357

BALANCE, March 31, 1998	333,180	751,320	7,902,662	(11,000)	8,976,162
Exercise of stock options	3,500	31,500	--	--	35,000
Net loss	--	--	(2,194,299)	--	(2,194,299)
BALANCE, March 31, 1999	$ 336,680	$ 782,820	$ 5,708,363	$ (11,000)	$ 6,816,863

</TABLE>

The accompanying notes are an integral part of these statements.

COMMONWEALTH SCIENTIFIC CORPORATION

STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	YEARS ENDED MARCH 31,		
<S>	<C> 1997	<C> 1998	<C> 1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ 1,818,286	$ 343,357	$ (2,194,299)
Adjustments to reconcile net income to net cash (used in) provided by operating activities-			
Depreciation and amortization	620,589	930,211	1,249,908
(Gain) loss on disposal of equipment	8,912	7,179	(148,229)
Changes in assets and liabilities:			
Accounts receivable	(1,215,469)	(672,405)	2,395,817
Inventories	538,938	(5,417,308)	1,764,268
Prepaid expenses and other current assets	38,564	(83,214)	72,220
Income taxes receivable/payable	--	(217,443)	(732,905)
Deferred income taxes	(81,337)	(30,506)	(64,385)
Other assets	--	--	11,866
Accounts payable and accrued expenses	761,920	870,127	1,234,193
Income tax payable	(225,416)	--	--
Deposits on sales contracts	(450,043)	2,988,206	(3,312,919)
Net cash provided by (used in) operating activities	1,814,944	(1,281,796)	275,535
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchases of property and equipment	(2,004,735)	(1,147,768)	(1,952,524)
Proceeds from disposal of equipment	--	--	148,229
Net cash used in investing activities	(2,004,735)	(1,147,768)	(1,804,295)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Borrowings on line of credit	4,256,574	6,854,568	13,878,298
Payments on lines of credit	(4,080,865)	(5,122,408)	(13,069,699)
Borrowings on long-term obligations	20,000	1,012,000	1,082,140
Payments on long-term obligations	(248,512)	(290,237)	(449,276)
Exercise of stock options	47,720	103,000	35,000
Purchase of treasury stock	--	(400)	--
Net cash (used in) provided by financing activities	(5,083)	2,556,523	1,476,463
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(194,874)	126,959	(52,297)
CASH AND CASH EQUIVALENTS, beginning of year	446,835	251,961	378,920
CASH AND CASH EQUIVALENTS, end of year	$ 251,961	$ 378,920	$ 326,623
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid during the year for--			
Interest	$ 136,650	$ 186,245	$ 355,654
Income taxes	$ 1,217,747	$ 406,360	$ 205,875

</TABLE>

The accompanying notes are an integral part of these statements.

COMMONWEALTH SCIENTIFIC CORPORATION

NOTES TO FINANCIAL STATEMENTS AS OF MARCH 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

BUSINESS

Commonwealth Scientific Corporation (the "Company"), a wholly owned subsidiary of CVC, Inc. (the "Parent"), is engaged in the development, production, sale, service, and repair of precision equipment for the purpose of etching or deposition at submicron levels by means of ion beam technology. The Company was acquired by CVC, Inc., on May 10, 1999 (see Note 13). The Parent is committed to the necessary support of the operations and capital requirements of the Company.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by management include the adequacy of reserves for doubtful accounts, obsolete and excess inventories, and customer warranty obligations. Actual results could differ from those estimates.

REVENUE RECOGNITION

Revenue is recognized when all significant risks of ownership are transferred and all significant related acts of performance are completed, which is generally upon shipment of products.

SIGNIFICANT CUSTOMER

During fiscal year 1997, 28, 14, and 11 percent of net sales were derived from three customers. In fiscal year 1999, the Company had one customer who accounted for 32 percent of net sales. No other customer accounted for more than 10 percent of net sales.

DEPRECIATION AND AMORTIZATION

Depreciation and amortization are provided using the straight-line method for financial reporting purposes over the following estimated useful lives:

<TABLE>
<S> <C>

Building and improvements	5 to 31.5 years
Manufacturing and test equipment	5 years
Office furniture and fixtures	5 to 7 years

</TABLE>

Repair and maintenance costs are charged to expense when incurred. Renewals and betterments that significantly increase the useful life of the related asset are capitalized. Leasehold improvements are amortized over the expected useful life or the lease term, whichever is shorter.

The Company implemented Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, "during 1996. As of March 31, 1999, management determined there had been no impairment of long-lived assets as defined by SFAS No. 121.

The Company's anticipated gross revenues, the remaining estimated lives of tangible assets, or both could be reduced significantly in the near term due to changes in technology, available financing, or

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)
competitive pressures in any of the Company's individual markets. As a result, the carrying amount of long-lived assets could be reduced materially in the near term.

RESEARCH AND DEVELOPMENT COSTS

Research and development costs are recognized as expenses in the period incurred.

WARRANTY SERVICES

The Company recognizes the estimated cost of warranty obligations at the time the related products are sold. A one-year warranty on materials and workmanship is offered on products sold.

DEPOSITS ON SALES CONTRACTS

The Company negotiates progress payments on projects that require significant engineering development and/or several months to complete.

CASH AND CASH EQUIVALENTS

For financial reporting purposes, the Company considers demand deposits and all highly liquid investments with a maturity of three months or less to be cash and cash equivalents. As of March 31, 1998 and 1999, cash equivalents consisted principally of investments in overnight reverse repurchase agreements and commercial paper. The Company maintains bank accounts with federally insured financial institutions. At times, balances may exceed insured limits.

2. INVENTORIES:

Inventories are stated at the lower of cost (determined on a first-in, first-out basis) or market. Work in progress and finished goods include provisions for direct labor and manufacturing overhead. Inventories were composed of the following as of March 31, 1998 and 1999:

<TABLE>
<CAPTION>

	1998	1999
<S>	<C>	<C>
Raw materials	$ 7,006,170	$ 7,247,963
Work in progress	8,062,980	6,666,877
Finished goods	1,035,053	852,875
	16,104,203	14,767,715
Less--Inventory reserve	(502,220)	(930,000)
	$ 15,601,983	$ 13,837,715

</TABLE>

The Company's products are subject to technological change and changes in the Company's competitive market. Management has provided reserves for excess and obsolete inventories. It is possible that new product launches could result in unforeseen changes in inventory requirements for which no reserve has been provided.

3. ACCRUED LIABILITIES:

Accrued liabilities consist of the following:

<TABLE>
<CAPTION>

	1998	1999
<S>	<C>	<C>
Commissions payable	$ 540,162	$ 914,872
Vacation accrual	406,674	420,683
Installation and warranty accrual	280,000	895,019
Accrued payroll	462,416	373,397
Other	519,819	1,028,996
Total	$ 2,209,071	$ 3,632,967

</TABLE>

4. LINES OF CREDIT:

The Company has a bank line of credit, subject to annual approval, which provides for borrowings up to the lesser of $1,800,000 or an amount equal to 70 percent of eligible accounts receivable that have been outstanding not more than 90 days. Amounts borrowed under the line are payable on demand. Interest accrues at the bank's prime rate plus 0.5 percent (8.25 percent at March 31, 1999) and is payable monthly. The amount borrowed on the line of credit was approximately $1,385,000 and $693,000 at March 31, 1998 and 1999, respectively.

The Company has two bank lines of credit for inventory that provide for borrowings up to $3,500,000. Amounts borrowed under these lines of credit are payable on due dates between June 2001 and January 2002. Interest accrues at the bank's prime rate plus 1.0 percent (8.75 percent at March 31, 1999) and is payable monthly. The amount borrowed on the line of credit was $1,200,000 and $2,700,000 at March 31, 1998 and 1999, respectively.

All lines of credit discussed above are collateralized by the same assets as the notes payable to a bank discussed in Note 5. One of the inventory lines of credit is personally guaranteed by the president of the Company in an amount up to $2,000,000. The remaining amounts outstanding under the lines of credit, together with the long-term obligations described below, are guaranteed by the president of the Company in an amount up to $1,000,000. As further described in Note 13, all amounts outstanding under these lines of credit were paid in full subsequent to March 31, 1999.

5. LONG-TERM OBLIGATIONS:

Long-term obligations as of March 31, 1998 and 1999, are summarized as follows:

<TABLE>
<CAPTION>

	1998	1999
<S>	<C>	<C>
Equipment loan payable to a bank, bearing interest at the bank's prime rate plus 0.5% (8.25% at March 31, 1999). Principal payments of $24,764 plus interest are payable monthly. The note matures in October 2004	$ 1,956,369	$ 1,659,199
Equipment loan payable to a bank, bearing interest at the bank's prime rate plus 0.5% (8.25% at March 31, 1999). Principal payments of $11,917 plus interest are payable monthly. The note matures in November 2003	--	638,333
Automobile loan payable to a bank, bearing interest at the bank's prime rate plus 0.5% (8.25% at March 31, 1999). Principal payments of $417 plus interest are payable monthly. The note matures in December 2000	13,750	8,751
Future minimum payments under capital leases, payable through March 2002	18,535	355,105
	1,988,654	2,661,388
Less--Interest included in capital lease payments	(2,148)	(42,018)
Total	1,986,506	2,619,370
Less--Current portion	(308,788)	(551,540)
	$ 1,677,718	$ 2,067,830

</TABLE>

The bank notes and lines of credit are secured by all the Company's present and future fixtures, equipment, supplies, inventory, work in progress, accounts receivable and contract rights, and a first lien deed of trust on the Company's real property and improvements. These borrowings are personally guaranteed by the president of the Company in an amount up to $1,000,000 pursuant to the guarantee on the lines of credit described in Note 4. According to the terms of the loan agreements, the Company must satisfy various covenants, including a debt to equity ratio of less than 2 to 1, a current ratio of greater than 1 to 1, a net worth of at least $7,500,000, and debt service coverage of greater than 1 to 1 among other restrictions. The Company was not in compliance with the tangible net worth and debt service coverage ratios, consignments, sale and transfer of assets, and capital expenditure and lease obligation covenants as of March 31, 1999. The Company received a waiver from the bank for these covenant violations in April 1999.

Future minimum principal payments under long-term obligations are as follows:

<TABLE>
<CAPTION>

	YEAR ENDING MARCH 31,
<S>	<C>
2000	$ 551,540
2001	553,422
2002	537,386
2003	440,170
2004	363,503
Thereafter	173,349
	$ 2,619,370

</TABLE>

5. LONG-TERM OBLIGATIONS: (CONTINUED)

As further described in Note 13, all amounts due under these bank loans were paid in full subsequent to March 31, 1999.

6. STOCK AND STOCK OPTIONS:

During fiscal year 1985, the Company's stockholders approved a stock option plan (the "Stock Option Plan") for key employees, officers, and directors of the Company for 100,000 shares of stock, of which 76,150 shares were granted as of March 31, 1999. The Company's stock option plan expired in fiscal year 1994. The options outstanding under the Stock Option Plan are fully vested two years after the grant date and are exercisable for three years.

Options issued after fiscal year 1994 but prior to March 1999 were issued after the expiration of the Stock Option Plan and are classified as nonqualified for tax purposes. The terms and conditions of these options are identical to those options issued under the Stock Option Plan described above.

The options issued in March 1999 were also issued after the expiration of the Stock Option Plan and are also classified as nonqualified for tax purposes. These options vest immediately and are exercisable for five years.

The following table summarizes the Company's stock option activity for each of the three years in the period ended March 31, 1999:

<TABLE>
<CAPTION>

	NUMBER OF SHARES	WEIGHTED-AVERAGE EXERCISE PRICE	PRICE PER SHARE
<S>	<C>	<C>	<C>
OPTIONS OUTSTANDING AT MARCH 31, 1996	54,250	$ 12.13	$10.00--$15.00
Granted	--	--	--
Canceled/expired/forfeited	(8,000)	10.85	10.85
Exercised	(4,000)	11.93	11.93
OPTIONS OUTSTANDING AT MARCH 31, 1997	42,250	12.40	10.00-- 15.00
Granted	--	--	--
Canceled/expired/forfeited	(9,700)	10.77	10.00-- 15.00
Exercised	(10,300)	10.00	10.00
OPTIONS OUTSTANDING AT MARCH 31, 1998	22,250	14.21	10.00-- 15.00
Granted	59,254	27.28	26.00-- 28.00
Canceled/expired/forfeited	(7,050)	25.79	15.00-- 28.00
Exercised	(3,500)	10.00	10.00
OPTIONS OUTSTANDING AT MARCH 31, 1999	70,954	$ 24.18	$10.00--$28.00

</TABLE>

As of March 31, 1998 and 1999, 22,250 and 42,354 options, respectively, are exercisable. The weighted-average remaining life for options outstanding at March 31, 1999, was approximately four years.

The Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," defines a fair value based method of accounting for an employee stock option or similar equity instrument. Under the fair value based method, compensation cost is measured at the grant date based on the value of the award and is recognized over the service period.

6. STOCK AND STOCK OPTIONS: (CONTINUED)

SFAS No. 123 allows an entity to continue to use the intrinsic value method as defined by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees," and management has elected to do so. Under the intrinsic value method, compensation cost is the excess, if any, of the quoted market price of the stock at grant date or other measurement date over the amount an employee must pay to acquire the stock. The Company has elected to continue to apply APB Opinion No. 25 to its stock-based compensation awards to employees. Entities electing to remain with the accounting in APB Opinion No. 25 must make pro forma disclosures of net income and earnings per share as if the fair value based method of accounting had been applied. Accordingly, net (loss) income would be as follows for each of the three years in the period ended March 31, 1999:

<TABLE>
<CAPTION>

YEAR ENDED	AS REPORTED NET (LOSS) INCOME	PRO FORMA NET (LOSS) INCOME
<S>	<C>	<C>
1997	$ 1,818,286	1,811,114
1998	343,357	340,489
1999	(2,194,299)	$ (2,439,258)

</TABLE>

The fair value of each option is estimated using the Black Scholes option pricing model with the following assumption used for grants: no dividend yield, no volatility, risk-free interest rate of 5.5 percent, and expected life of 5 years.

7. INCOME TAXES:

The Company accounts for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes." SFAS 109 requires the determination of deferred tax liabilities and assets based on the differences between the financial statement and income tax basis of assets and liabilities using enacted tax rates in effect for the year in which the differences are expected to reverse. The measurement of a deferred tax asset is adjusted by a valuation allowance, if necessary, to recognize tax benefits only to the extent that based on available evidence it is more likely than not that they will be realized.

The (benefit) provision for income taxes consists of the following:

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C>
CURRENT:			
Federal	$ 933,000	$ 190,000	$ (500,000)
State	148,000	30,000	(57,000)
	1,081,000	220,000	(557,000)
LESS--GENERAL BUSINESS INCOME TAX CREDITS	(116,000)	(58,000)	--
	965,000	162,000	(557,000)
DEFERRED:			
Federal	(46,000)	(9,000)	(26,000)
State	(8,000)	(2,000)	(3,000)
	(54,000)	(11,000)	(29,000)
(BENEFIT) PROVISION FOR INCOME TAXES	$ 911,000	$ 151,000	$ (586,000)

</TABLE>

7. INCOME TAXES: (CONTINUED)

The components of the net deferred tax assets are as follows:

<TABLE>
<CAPTION>

	1998	1999
<S>	<C>	<C>
DEFERRED TAX ASSETS:		
Warranty reserves	$ 104,000	$ 305,000
Obsolescence reserves	186,000	344,000
Bad-debt reserves	86,000	111,000
Commission accrual	--	162,000
Vacation accrual	125,000	104,000
Other	55,000	31,000
Valuation allowance	(100,000)	(518,000)
GROSS DEFERRED TAX ASSETS	456,000	539,000
DEFERRED TAX LIABILITIES:		
Depreciation and amortization	202,000	221,000
NET DEFERRED TAX ASSETS	$ 254,000	$ 318,000

</TABLE>

</TABLE>

A reconciliation of the statutory income tax rate to the effective tax rate included in the statement of operations is as follows:

<TABLE>
<CAPTION>

<S>	YEAR ENDED DECEMBER 31, 1997	1998	1999
Income (Loss) before income tax	$ 2,729,286	$ 494,357	$ (2,780,299)
Tax rate	34%	34%	34%
Income tax expense (benefit) at statutory rate	927,957	168,081	(945,302)
Increases (decreases) in tax resulting from:			
State income taxes, net of Federal income tax benefit	97,514	19,920	(37,620)
Other	(114,471)	(37,001)	(21,078)
Change in valuation allowance	--	--	418,000
Actual tax expense (benefit)	$ 911,000	$ 151,000	$ (586,000)
Effective tax rate	33.4%	30.5%	21.1%

</TABLE>

8. COMMITMENTS AND CONTINGENCIES:

LEASES

In addition to the equipment under capital leases discussed in Note 5, the Company has rental agreements for certain other real property and equipment expiring at various dates through January 2002. The Company has the option to purchase the equipment at termination of the lease for

8. COMMITMENTS AND CONTINGENCIES: (CONTINUED)
$1. The Company incurred approximately $398,000 and $624,697 in rent expense in fiscal years 1998 and 1999, respectively. Future minimum lease and rental commitments are as follows:

<TABLE>

<S>	<C>
2000	$ 537,310
2001	242,154
2002	153,762
	$ 933,226

</TABLE>

PURCHASE COMMITMENTS

At March 31, 1999, the Company had contractual commitments to purchase approximately $780,000 of inventory to be delivered within six months of fiscal year end.

9. GEOGRAPHIC INFORMATION:

The information below summarizes the Company's product sales, service, and other income for each of the fiscal years in the period ended March 31, 1999:

<TABLE>
<CAPTION>

	1997	1998	1999
<S>	<C>	<C>	<C>
Domestic	$ 13,913,015	$ 15,624,769	$ 27,058,936
International	21,453,308	18,357,785	16,538,916
	$ 35,366,323	$ 33,982,554	$ 43,597,852

</TABLE>

10. RELATED PARTY:

During 1998 and 1999, a company owned by a former officer of the Company performed research and development activities on the Company's behalf. In addition, the officer received royalties on sales of certain of the Company's products. During fiscal years 1998 and 1999, the Company paid approximately $656,000 and $894,000, respectively, under that arrangement.

11. EMPLOYEE BENEFIT PLAN:

The Company established an employee contribution plan (the "Benefit Plan"), effective January 1, 1987, under Section 401(k) of the Internal Revenue Code. Any employee who has attained age 21 and has completed one year of service with the Company is eligible to participate. Each participant may contribute amounts to the Benefit Plan, subject to limits by the Internal Revenue Service, in pretax contributions ranging from 1 to 15 percent of base salary. The Company will match 50 percent of each participant's contribution up to $500 per year. At the end of each fiscal year, the Company may contribute a percentage of its profits to the Benefit Plan. The Company made discretionary contributions of $50,000 and $0 to the Benefit Plan for the years ended March 31, 1998 and 1999, respectively.

12. THE YEAR 2000 ISSUE:

The Year 2000 Issue arises because many computerized systems use two digits rather than four to identify a year. The effects of the Year 2000 Issue may be experienced before, on, or after January 1,

12. THE YEAR 2000 ISSUE: (CONTINUED)
2000, and if not addressed, the impact on operations and financial reporting may range from minor errors to significant systems failure, which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 Issue affecting an entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.

13. SUBSEQUENT EVENTS:

On May 10, 1999, CVC, Inc., acquired all the outstanding common stock of the Company. As consideration, CVC, Inc., gave to each holder of Company stock 6.03601 shares of its common stock for each share of Company common stock held, subject to certain adjustments described below. The merger agreement between CVC, Inc., CVC Acquisition Corp., Commonwealth Scientific Corporation, and Certain Stockholders Thereof, dated April 1, 1999, provides for 975,000 shares to be held in escrow pending determination of the final purchase price. As of May 10, the Company adopted CVC, Inc.'s year-end of September 30, 1999. The final purchase price is dependent upon a number of representations and warranties, including minimum net worth requirements and tax and environmental liability considerations.

In May 1999, CVC, Inc., repaid the entire balance (approximately $5,700,000 of principal and accrued interest) due under the Company's lines of credit, as well as the long-term equipment and automobile loans payable to the Company's bank. No further obligations exist under these debt instruments.

On April 1, 1999, the Company converted approximately $1.2 million in accounts payable due to a creditor to an unsecured note payable, bearing interest at 8 percent per annum. Beginning May 15, 1999, principal and interest payments of $71,790 are payable monthly. Interest will accrue at a rate of 10 percent per annum in the event of the Company's failure to pay the amounts due within ten days of the due date. Monthly installments shall continue until the entire indebtedness is repaid; however, any remaining indebtedness, if not sooner paid, shall be due and payable on October 15, 2000.

3,500,000 SHARES

[LOGO]

COMMON STOCK

PROSPECTUS

, 1999

LEHMAN BROTHERS

PRUDENTIAL SECURITIES

PART II
INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION

The following is an itemized statement of the estimated amounts of all expenses payable by the Registrant in connection with the registration of the common stock offered hereby, other than underwriting discounts and commissions:

<TABLE>

<S>	<C>
Registration Fee-Securities and Exchange Commission.....	$ 19,027
NASD Filing Fee.....	50,000
Blue Sky fees and expenses.....	10,000
Accountants' fees and expenses.....	250,000
Legal fees and expenses.....	200,000
Printing and engraving expenses.....	120,000
Transfer agent and registrar fees.....	10,000
Miscellaneous.....	200,973
Total.....	$ 860,000

</TABLE>

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS

Section 145(a) of the General Corporation Law of the State of Delaware (the "DGCL") provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation) by reason of the fact that he is or was a director, officer, employee or agent of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or enterprise, against expenses, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no cause to believe his conduct was unlawful.

Section 145(b) of the DGCL provides that a Delaware corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that such person acted in any of the capacities set forth above, against expenses actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted under similar standards, except that no indemnification may be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine that despite the adjudication of liability, such person is fairly and reasonably entitled to be indemnified for such expenses which the court shall deem proper.

Section 145 of the DGCL further provides that to the extent a director or officer of a corporation has been successful in the defense of any action, suit or proceeding referred to in subsections (a) and (b) or in the defense of any claim, issue, or matter therein, he shall be indemnified against any expenses actually and reasonably incurred by him in connection therewith; that indemnification provided for by Section 145 shall not be deemed exclusive of any rights to which the indemnified party may be entitled; and that the corporation may purchase and maintain insurance on behalf of a director or officer of the corporation against any liability asserted against him or incurred by him in any such capacity or arising out of his status as such whether or not the corporation would have the power to indemnify him against such liabilities under Section 145.

Section 102(b)(7) of the DGCL provides that a corporation in its original certificate of incorporation or an amendment thereto validly approved by stockholders may eliminate or limit personal liability of members of its board of directors or governing body for breach of a director's fiduciary duty. However, no such provision may eliminate or limit the liability of a director for breaching his duty of loyalty, failing to action good faith, engaging in intentional misconduct or knowingly violating a law, paying a dividend or approving a stock repurchase which was illegal, or obtaining an improper personal benefit. A provision of this type has no effect on the availability of equitable remedies, such as injunction or rescission, for breach of fiduciary

duty. The Company's Restated Certificate of Incorporation contains such a provision.

The Company's Certificate of Incorporation and By-Laws provide that the Company shall indemnify officers and directors and, to the extent permitted by the Board of Directors, employees and agents of the Company, to the full extent permitted by and in the manner permissible under the laws of the State of Delaware. In addition, the By-Laws permit the Board of Directors to authorize the Company to purchase and maintain insurance against any liability asserted against any director, officer, employee or agent of the Company arising out of his capacity as such.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES

During the past three years, the Registrant has issued securities to a limited number of persons, as described below. No underwriter or underwriting discounts or commissions were involved. There was no public offering in such transaction and the Company believes that such transaction was exempt from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act"), by reason of Section 4(2) thereof based on the private nature of the transactions and the sophistication of the purchasers, all of whom had access to information concerning the Registrant and acquired the securities for investment and not with a view to the distribution thereof.

The following figures give effect to a 20-1 stock split in December 1995, a 3-1 stock split in October 1997 and a 2-3 reverse stock split in September 1999.

During the fiscal year ended September 30, 1996, the Company granted options to acquire an aggregate of 194,200 shares of common stock at an exercise price of $4.04 to various directors, officers, employees and/or consultants.

On March 18, 1997, Mehrdad Moslehi, Senior Vice President and Chief Technical Officer, purchased 20,000 shares of common stock for $12,500.

On March 18, 1997, Patrick Borrelli purchased 200 shares of common stock for $808.

On April 1, 1997, the Company issued 9,900 shares of common stock to various non-employee directors as payment of their annual retainer.

On June 9, 1997, Mehrdad Moslehi, Senior Vice President and Chief Technical Officer, purchased 60,000 shares of common stock for $37,500.

On August 11, 1997, Yong Jin Lee purchased 20,000 shares of common stock for $12,500.

On September 15, 1997, Cecil Davis purchased 20,000 shares of common stock for $25,000.

During the fiscal year ended September 30, 1997, the Company granted options to acquire an aggregate of 406,600 shares of common stock at exercise prices ranging from $3.00 to $5.73 to various directors, officers, employees and/or consultants.

On October 21, 1997, Rhen Zhou purchased 1,334 shares of common stock for $5,389.

On October 31, 1997, Carla Reif purchased 667 shares of common stock for $2,695.

On November 5, 1997, Cecil Davis purchased 33,333 shares of common stock for $41,666.

On November 18, 1997, Mehrdad Moslehi purchased 48,000 shares of common stock for $30,240.

On December 2, 1997, Mehrdad Moslehi purchased 112,000 shares of common stock for $70,360.

On December 8, 1997, Jeff Dobbs purchased 1,333 shares of common stock for $5,385.

On December 8, 1997, George Heltz purchased 668 shares of common stock for $2,699.

On March 24, 1998, Peter Schwartz purchased 667 shares of common stock for $2,695.

During the fiscal year ended September 30, 1998, the Company granted options to acquire an aggregate of 427,667 shares of common stock at exercise prices ranging from $5.73 to $12.00 to various directors, officers, employees and/or consultants.

On April 1, 1998, the Company issued 9,333 shares of common stock to various non-employee directors as payment of their annual retainer.

In December 1998, the Company issued and sold 100,000 shares of Series C Convertible Preferred Stock to Advent International Corporation for a price of $10.00 per share. Upon completion of the offering, these shares are convertible into 1,016,260 shares of such common stock. The Company also sold to Advent International Corporation warrants to purchase an aggregate of 133,333 shares of common stock at an exercise price of $15.00 during the four-year period commencing on December 1, 2001, which warrant terminates upon consummation of this offering. See "Certain Transactions" and "Description of Capital Stock."

In May 1999, the Company issued 1,268,796 shares of common stock, to former shareholders of Commonwealth Scientific Corporation as part of its acquisition of Commonwealth.

On May 14, 1999 the Company issued 10,667 shares of common stock to various non-employee directors as payment of their annual retainer.

On July 2, 1999 Robert Matthews purchased 8,000 shares of common stock for $10,000.

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Exhibits

<TABLE>
<C> <S>

1.1	Underwriting Agreement*
3.1	Amended and Restated Certificate of Incorporation of the Registrant**
3.2	Restated By-Laws of the Registrant**
4.1	Specimen Certificate for Common Stock of the Registrant*
5.1	Opinion of Dewey Ballantine LLP*
10.1	1997 Stock Option Plan**
10.3	Nonemployee Directors' Stock Option Plan**
10.4	Form of Employment Agreement**
10.5	Union Agreement, dated August 25, 1995, between the Registrant and Local 342, International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers**
10.6	Securities Purchase Agreement, dated May 22, 1995, between the Registrant and Seagate Technology, Inc.**
10.7	Amended and Restated Registration Rights Agreement, dated May 10, 1999, among the Registrant, Seagate Technology, Inc. and certain stockholders of the Registrant**
10.8	Series B Preferred Stock Purchase Warrant, dated May 22, 1995, between the Registrant and Seagate Technology, Inc.**

</TABLE>

<TABLE>
<C> <S>

10.9	U.S. $1,000,000 Subordinated Promissory Note, dated November 14, 1990, between the Registrant and Nikko Techno Co., Inc.**
10.10	U.S. $500,00 Subordinated Promissory Note, dated November 14, 1990, between the Registrant and Nikko Tecno Co., Inc.**
10.11	Letter extending repayment of U.S. $1,000,000 and U.S. $500,000 Subordinated Promissory Notes, dated August 18, 1997, by Nikko Tecno Co., Inc.**
10.12	Mortgage Note, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**
10.13	Mortgage, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**
10.14	Continuing Guaranty, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**
10.15	General Assignment of Rights, dated September 29, 1997, between Registrant and M&T Real Estate, inc.**
10.16	Amendment No. 1 to General Security Agreement, dated September 29, 1997, by and among the Registrant, M&T Trust Company and M&T Real Estate, Inc.**

10.17 Amended and Restated Lease Agreement, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**

10.18 Bill of Sale, dated September 29, 1997, executed by Registrant**

10.19 Lease Agreement, dated October 19, 1995, between Registrant and SCI Limited Partnership-- I**

10.20 $3,000,000 Term Loan Agreement, dated September 30, 1996, by Registrant and M&T Company**

10.21 Letter of Credit Reimbursement Agreement**

10.22 Continuing Guaranty of CVC Holdings, dated September 30, 1996, by Registrant**

10.23 Continuing Guaranty of CVC Products, dated February 2, 1996, by Registrant**

10.24 General Security Agreement of CVC Products, dated September 30, 1996, by Registrant**

10.25 General Security Agreement of CVC Holdings, dated September 30, 1996, by Registrant**

10.26 U.S. $1,000,000 subordinated Promissory Note, dated December 20, 1991, between the Registrant and Nikko Tecno Co., Inc.**

10.27 Employment Agreement, dated as of December 15, 1997, between the Registrant and Giovanni Nocerino**

10.29 Employment Agreement, dated as of December 15, 1997, between the Registrant and Emilio O. Dicataldo**

10.30 Employment Agreement, dated as of December 15, 1997, between the Registrant and Mehrdad M. Moslehi**

10.31 Employment Agreement, dated as of December 15, 1997, between the Registrant and Christopher J. Mann**

10.32 Employment Agreement, dated as of December 15, 1997, between the Registrant and Richard J. Chicotka**

10.33 Securities Purchase Agreement, dated December 10, 1998, among the Registrant and entities affiliated with Advent International Corporation.+

10.34 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Global Private Equity III Limited Partnership.+
</TABLE>

<TABLE>
<C> <S>
10.35 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent PGGM Global Limited Partnership.+

10.36 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent GPE III Limited Partnership.+

10.37 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent Partners (NA) GPE III.+

10.38 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent Partners Limited Partnership.+

10.39 Merger Agreement, dated as of April 1, 1999, among the Registrant, CVC Acquisition Corp., Commonwealth Scientific Corporation and the 5% Stockholders.+

10.40 Escrow Agreement, dated as of May 10, 1999, among the Registrant, Commonwealth Scientific Corporation and M&T Company.+

10.41 Consulting Agreement, dated as of May 10, 1999, between the Registrant and George R. Thompson, Jr.+

10.42 Union Agreement, dated October 31, 1998, between the Registrant and Local 342, International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers.

10.43 Amended and Restated Stockholders Agreement, dated as of May 10, 1999, among the Registrant and certain of its stockholders.

11.0 Computation of Earnings Per Share**

21.1 List of Subsidiary**

23.1 Consent of PricewaterhouseCoopers LLP +

23.2 Consent of Arthur Andersen LLP+

23.3 Consent of Dewey Ballantine LLP (contained in Exhibit 5.1)

24.1 Power of Attorney (included on page II-5)**

27.1 Financial Data Schedule**
</TABLE>

---

* To be filed by amendment.

** Previously filed

\+ Filed herewith

(b) Consolidated Financial Statement Schedules

All schedules have been omitted because they are not required or because the required information is given in the Consolidated Financial Statements or Notes thereto.

ITEM 17. UNDERTAKINGS

The undersigned Registrant hereby undertakes to provide to the underwriters, at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of

the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned Registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at the time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rochester, State of New York, on September 10, 1999.

<TABLE>
<S> <C> <C>
CVC, INC.

BY: /S/ CHRISTINE B. WHITMAN

Christine B. Whitman
CHAIRMAN OF THE BOARD,
PRESIDENT AND CHIEF EXECUTIVE OFFICER
</TABLE>

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each of the persons whose names appear below appoint and constitute Christine B. Whitman and Emilio O. DiCataldo, and each of them, his true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to execute any and all amendments to the within Registration Statement, and to sign any and all registration statements relating to the same offering of the securities as this Registration Statement that are filed pursuant to Rule 462(b) of the Securities Act of 1933, as amended, and to file the same, together with all exhibits thereto, with the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., and such other agencies, offices and persons as may be required by applicable law, granting unto each said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that each said attorney-in-fact and agent may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, as amended, this Amendment to the Registration Statement has been signed by the following persons on September 10, 1999 in the capacities indicated:

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<C>	<S>	<C>
/s/ CHRISTINE B. WHITMAN Christine B. Whitman	Chairman of the Board, Chief Executive Officer and President (principal executive officer)	September 10, 1999
/s/ EMILIO O. DICATALDO Emilio O. Dicataldo	Senior Vice President and Chief Financial Officer (principal accounting and financial officer)	September 10, 1999
/s/ G. PATRICK BONNIE G. Patrick Bonnie	Director	September 10, 1999
/s/ ROBERT C. FINK Robert C. Fink	Director	September 10, 1999

</TABLE>

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<C>	<S>	<C>
/s/ JAMES GEATER James Geater	Director	September 10, 1999
Douglas A. Kingsley	Director	, 1999
/s/ VICTOR E. MANN Victor E. Mann	Director	September 10, 1999
/s/ SEIYA MIYANISHI Seiya Miyanishi	Director	September 10, 1999
/s/ ANDREW C. PESKOE Andrew C. Peskoe	Director	September 10, 1999
/s/ GEORGE R. THOMPSON, JR. George R. Thompson, Jr.	Director	September 10, 1999
/s/ DONALD L. WAITE Donald L. Waite	Director	September 10, 1999

</TABLE>

<TABLE>
<S> <C>
*By: /s/ EMILIO O. DICATALDO

Emilio O. DiCataldo
(ATTORNEY IN FACT)
</TABLE>

EXHIBIT INDEX

<TABLE>
<C> <S>

1.1 Underwriting Agreement*

3.1 Amended and Restated Certificate of Incorporation of the Registrant**

3.2 Restated By-Laws of the Registrant**

4.1 Specimen Certificate for Common Stock of the Registrant*

5.1 Opinion of Dewey Ballantine LLP*

10.1 1997 Stock Option Plan**

10.3 Nonemployee Directors' Stock Option Plan**

10.4 Form of Employment Agreement**

10.5 Union Agreement, dated August 25, 1995, between the Registrant and Local 342, International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers**

10.6 Securities Purchase Agreement, dated May 22, 1995, between the Registrant and Seagate Technology, Inc.**

10.7 Amended and Restated Registration Rights Agreement, dated May 10, 1999, among the Registrant, Seagate Technology, Inc. and certain stockholders of the Registrant**

10.8 Series B Preferred Stock Purchase Warrant, dated May 22, 1995, between the Registrant and Seagate Technology, Inc.**

10.9 U.S. $1,000,000 Subordinated Promissory Note, dated November 14, 1990, between the Registrant and Nikko Techno Co., Inc.**

10.10 U.S. $500,00 Subordinated Promissory Note, dated November 14, 1990, between the Registrant and Nikko Tecno Co., Inc.**

10.11 Letter extending repayment of U.S. $1,000,000 and U.S. $500,000 Subordinated Promissory Notes, dated August 18, 1997, by Nikko Tecno Co., Inc.**

10.12 Mortgage Note, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**

10.13 Mortgage, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**

10.14 Continuing Guaranty, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**

10.15 General Assignment of Rights, dated September 29, 1997, between Registrant and M&T Real Estate, inc.**

10.16 Amendment No. 1 to General Security Agreement, dated September 29, 1997, by and among the Registrant, M&T Trust Company and M&T Real Estate, Inc.**

10.17 Amended and Restated Lease Agreement, dated September 29, 1997, between Registrant and M&T Real Estate, Inc.**

10.18 Bill of Sale, dated September 29, 1997, executed by Registrant**

10.19 Lease Agreement, dated October 19, 1995, between Registrant and SCI Limited Partnership--I**

10.20 $3,000,000 Term Loan Agreement, dated September 30, 1996, by Registrant and M&T Company**

10.21 Letter of Credit Reimbursement Agreement**

10.22 Continuing Guaranty of CVC Holdings, dated September 30, 1996, by Registrant**

10.23 Continuing Guaranty of CVC Products, dated February 2, 1996, by Registrant**

10.24 General Security Agreement of CVC Products, dated September 30, 1996, by Registrant**

10.25 General Security Agreement of CVC Holdings, dated September 30, 1996, by Registrant**

10.26 U.S. $1,000,000 subordinated Promissory Note, dated December 20, 1991, between the Registrant and Nikko Tecno Co., Inc.**
</TABLE>

<TABLE>
<C> <S>
10.27 Employment Agreement, dated as of December 15, 1997, between the Registrant and Giovanni Nocerino**

10.29 Employment Agreement, dated as of December 15, 1997, between the Registrant and Emilio O. Dicataldo**

10.30 Employment Agreement, dated as of December 15, 1997, between the Registrant and Mehrdad M. Moslehi**

10.31 Employment Agreement, dated as of December 15, 1997, between the Registrant and Christopher J. Mann**

10.32 Employment Agreement, dated as of December 15, 1997, between the Registrant and Richard J. Chicotka**

10.33 Securities Purchase Agreement, dated December 10, 1998, among the Registrant and entities affiliated with Advent International Corporation.+

10.34 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Global Private Equity III Limited Partnership.+

10.35 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent PGGM Global Limited Partnership.+

10.36 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent GPE III Limited Partnership.+

10.37 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent Partners (NA) GPE III.+

10.38 Common Stock Purchase Warrant, dated December 10, 1998, between the Registrant and Advent Partners Limited Partnership.+

10.39 Merger Agreement, dated as of April 1, 1999, among the Registrant, CVC Acquisition Corp., Commonwealth Scientific Corporation and the 5% Stockholders.+

10.40 Escrow Agreement, dated as of May 10, 1999, among the Registrant, Commonwealth Scientific Corporation and M&T Company.+

10.41 Consulting Agreement, dated as of May 10, 1999, between the Registrant and George R. Thompson, Jr.+

10.42 Union Agreement, dated October 31, 1998, between the Registrant and Local 342, International Union of Electronic, Electrical, Salaried, Machine & Furniture Workers.

10.43 Amended and Restated Stockholders Agreement, dated as of May 10, 1999, among the Registrant and certain of its stockholders.

11.0 Computation of Earnings Per Share**

21.1 List of Subsidiary**

23.1 Consent of PricewaterhouseCoopers LLP+

23.2 Consent of Arthur Andersen LLP+

23.3 Consent of Dewey Ballantine LLP (contained in Exhibit 5.1)

24.1 Power of Attorney (included on page II-5)**

27.1 Financial Data Schedule**
</TABLE>

---

* To be filed by amendment.

** Previously filed

\+ Filed herewith

Exhibit 10.7

CVC, INC.
AMENDED AND RESTATED REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (the "Agreement") is made as of May 10, 1999 by and among CVC, Inc., a Delaware corporation (the "Company"), Seagate Technology, Inc., a Delaware corporation (the "Series B Purchaser"), the stockholders of the Company listed on EXHIBIT A attached hereto (the "Existing Purchasers") those persons listed on EXHIBIT B attached hereto (collectively, the "Series C Purchasers") and George R. Thompson, Jr. (the "Commonwealth Purchaser"); the Series B Purchaser, the Existing Purchasers, the Series C Purchasers and the Commonwealth Purchaser being collectively referred to herein as the "Purchasers" and individually as a "Purchaser."

RECITALS

WHEREAS, the Company, CVC Acquisition Corporation, a Virginia corporation and wholly owned subsidiary of the Company ("Sub") and Commonwealth Scientific Corporation, a Virginia corporation ("CSC") are entering into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of April 1, 1999, providing for the merger of Sub with and into CSC;

WHEREAS, pursuant to the Merger Agreement, the Commonwealth Purchaser is receiving from the Company shares of its common stock, $.01 par value per share (the "Common Stock") in exchange for all the shares of common stock of CSC and rights to acquire such shares held by the Commonwealth Purchaser;

WHEREAS, the Company, the Existing Purchasers, the Series B Purchaser and the Series C Purchasers entered into that certain Amended and Restated Registration Rights Agreement, dated as of December 10, 1998 (the " Amended and Restated Registration Rights Agreement"); and

WHEREAS, the obligations of the Company and the Commonwealth Purchaser under the Merger Agreement are conditioned, among other things, upon the execution and delivery of this Agreement, which amends and restates the Amended and Restated Registration Rights Agreement, by the Company, the Series B Purchaser, the Series C Purchasers, the Existing Purchasers and the Commonwealth Purchaser;

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth below, the Company and the Purchasers agree as follows:

1. CERTAIN DEFINITIONS.

As used in this Agreement, the following terms shall have the following respective meanings:

"COMMISSION" shall mean the Securities and Exchange Commission or any other federal agency at the time administering the Securities Act.

"COMMON STOCK" shall mean the Common Stock of the Company, par value $.01 per share.

"CONVERSION STOCK" means the Common Stock issued or issuable pursuant to conversion of the Preferred Stock and the Warrant Shares.

"HOLDERS" shall mean (i) the Purchasers for so long as Purchasers hold Registrable Securities, and (ii) any person holding Registrable Securities under this Agreement to whom the rights of the Purchased Securities have been transferred in accordance with Section 5.10.

"INITIATING HOLDERS" shall mean any Series B Holders who own in the aggregate not less than 40% of the Registrable Securities held by all Series B Holders.

"LARGE HOLDERS" shall mean the Series C Purchasers, the Series B Purchaser, Nikko Tecno Co., Inc., Anne G. Whitman and Christine B. Whitman, and their permitted assignees under Section 7.7.

"NON SERIES B PURCHASERS" shall mean Holders who are not Series B Holders.

"NON SERIES C PURCHASERS" shall mean Holders who are not Series C Holders.

"PREFERRED STOCK" shall mean the Series A Preferred Stock, the Series B Preferred Stock, the Series C Preferred Stock and Series D Preferred Stock.

"REGISTRABLE SECURITIES" means outstanding Common Stock, the Conversion Stock and any shares of Common Stock, (i) acquired by any Holder by any means, (ii) issued or issuable in respect of shares of Common Stock acquired by any Holder upon any stock split, stock dividend, recapitalization, or similar event or (iii) upon exercise of the Warrant; provided, however, that Registrable Securities shall not include shares of Common Stock that have previously been sold to or through a broker or dealer or underwriter in a public distribution or a public securities transaction.

The terms "REGISTER," "REGISTERED" and "REGISTRATION" refer to a registration effected by preparing and filing a registration statement in compliance with the Securities Act, and the declaration or ordering of the

effectiveness of such registration statement.

"REGISTRATION EXPENSES" shall mean all expenses, except as otherwise stated below, incurred by the Company in complying with Sections 5.1, 5.2 and 5.3 hereof, including, without limitation, all registration, qualification and filing fees, printing expenses, escrow fees, fees and disbursements of counsel for the Company, blue sky fees and expenses, the expense of any special audits incident to or required by any such registration (but excluding the compensation of regular employees of the Company which shall be paid in any event by the Company) and, in the case of the Series B Holders and the Series C Holders, the fees and disbursements of counsel for the Series B Holders and the Series C Holders, respectively.

"RESTRICTED SECURITIES" shall mean the securities of the Company required to bear the legend set forth in Section 3 hereof.

"SECURITIES ACT" shall mean the Securities Act of 1933, as amended, or any similar federal statute and the rules and regulations of the Commission thereunder, all as the same shall be in effect at the time.

"SELLING EXPENSES" shall mean all underwriting discounts, selling commissions and stock transfer taxes applicable to the securities registered by the Holders and, except as set forth under "Registration Expenses," all fees and disbursements of counsel for any Holder.

"SERIES A PREFERRED STOCK" shall mean the 8% Non-Cumulative Convertible Preferred Stock, $.0l par value per share, of the Company.

"SERIES B HOLDERS" shall mean (i) the Series B Purchaser for so long as the Series B Purchaser holds Registrable Securities, and (ii) any person holding Registrable Securities to whom the rights under this Agreement have been transferred from the Series B Purchaser or a transferee of the Series B Purchaser in accordance with Section 5.10.

"SERIES B PREFERRED STOCK" shall mean the Series B Non-Cumulative Convertible Preferred Stock, $.01 par value per share of the Company issued pursuant to the Securities Purchase Agreement.

"SERIES C HOLDERS" shall mean (i) the Series C Purchasers for so long as the Series C Purchasers hold (i) Registrable Securities or (ii) Series D Preferred Stock and (ii) any person holding Registrable Securities to whom the rights under this Agreement have been transferred from a Series C Purchaser or a transferee of a Series C Purchaser in accordance with Section 5.10.

"SERIES C PREFERRED STOCK" shall mean the Series C Senior Convertible Redeemable Preferred Stock, $.01 par value per share, of the Company.

"SERIES D PREFERRED STOCK" shall mean the Series D Redeemable Preferred Stock, $.0l par value per share of the Company.

"STOCKHOLDERS AGREEMENT" shall mean the Amended and Restated Stockholders Agreement, dated as of the date hereof, by and among the Company, the Series C Purchasers, the Series B Purchaser, the Existing Purchasers and the Commonwealth Purchaser, as it may be amended from time to time.

"WARRANT" shall mean the warrant to purchase 200,000 shares of Common Stock issued by the Company to the Series C Purchasers pursuant to the Stock Purchase Agreement (the "Purchase Agreement"), dated as of December 10, 1998, between CVC, Inc. and entities affiliated with Advent International Corporation.

"WARRANT SHARES" shall mean the number of shares of Common Stock issuable upon exercise of the Warrant purchased pursuant to Section 1.2 of the Purchase Agreement.

RESTRICTIONS ON TRANSFERABILITY. The shares of Preferred Stock and Common Stock (i) acquired by any Holder and (ii) issued or issuable in respect of shares of Preferred Stock or Common Stock acquired by any Holder upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall not be sold, assigned, transferred or pledged except upon the conditions specified in this Agreement, which conditions are intended to ensure compliance with the provisions of the Securities Act. Each Holder will cause any proposed purchaser, assignee, transferee, or pledgee of any such shares held by such Holder to agree to take and hold such securities subject to the provisions and upon the conditions specified in this Agreement.

2. RESTRICTIVE LEGEND. Each certificate representing shares of Preferred Stock and Common Stock (i) acquired by any Holder and (ii) issued or issuable in respect of shares of Preferred Stock or Common Stock acquired by any Holder upon any stock split, stock dividend, recapitalization, merger, consolidation or similar event, shall (unless otherwise permitted by the provisions of Section 4 below) be stamped or otherwise imprinted with a legend in substantially the following form (in addition to any legend required under applicable state securities laws):

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended (the "Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Corporation receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the Act, (b) it is established to the satisfaction of the Corporation that such sale

or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Corporation receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Corporation at the principal executive offices of the Corporation.

The Corporation is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Corporation.

Each Holder consents to the Company making a notation on its records and giving instructions to any transfer agent of the Preferred Stock, the Warrant Shares or the Common Stock in order to implement the restrictions on transfer established in this Agreement.

3. NOTICE OF PROPOSED TRANSFERS. The Holder of each certificate representing Restricted Securities by acceptance thereof agrees to comply in all material respects with the provisions of this Section 4. Prior to any proposed sale, assignment, transfer or pledge of any Restricted Securities (other than a transfer not involving a change in beneficial ownership), unless there is in effect a registration statement under the Securities Act covering the proposed transfer, the holder thereof shall give written notice to the Company of such holder's intention to effect such transfer, sale, assignment or pledge. Each such notice shall describe the manner and circumstances of the proposed transfer, sale, assignment or pledge in sufficient detail, and shall be accompanied, at such holder's expense, by either (i) a written opinion of legal counsel reasonably satisfactory to the Company addressed to the Company, to the effect that the proposed sale or transfer of the Restricted Securities may be effected without registration under the Securities Act, (ii) documentation which establishes to the satisfaction of the Company that the proposed sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws, or (iii) a "no action" letter or similar declaration from the Commission to the effect that the transfer of such securities without registration will not result in a recommendation by the staff of the Commission that action be taken with respect thereto, whereupon the holder of such Restricted Securities shall, subject to compliance with the Stockholders Agreement, be entitled to transfer such Restricted Securities in accordance with the terms of the notice delivered by the holder to the Company. Each certificate

evidencing the Restricted Securities transferred as above provided shall bear the appropriate restrictive legend set forth in Section 3 above, except that such certificate shall not bear such restrictive legend if, in the opinion of counsel for such holder and the Company, such legend is not required in order to establish compliance with any provision of the Securities Act.

4. REGISTRATION.

4.1 REQUESTED REGISTRATION.

(a) REQUEST FOR REGISTRATION. In case the Company shall receive from the Initiating Holders or the Series C Holders a written request that the Company effect any registration, qualification or compliance with respect to shares of Registrable Securities with an anticipated aggregate offering price, net of underwriting discounts and commissions, of at least twenty million dollars ($20,000,000), the Company will:

(i) promptly give written notice of the proposed registration, qualification or compliance to all other Holders; and

(ii) as soon as practicable, use its best efforts to effect such registration, qualification or compliance (including, without limitation, appropriate

qualification under applicable blue sky or other state securities laws and appropriate compliance with applicable regulations issued under the Securities Act and any other governmental requirements or regulations) as may be so requested and as would permit or facilitate the sale and distribution of all or such portion of such Registrable Securities as are specified in such request, together with all or such portion of the Registrable Securities of any Series B Holder or Series C Holder joining in such request as are specified in a written request received by the Company within twenty (20) days after receipt of such written notice from the Company.

(b) Notwithstanding the foregoing, the Company shall not be obligated to take any action pursuant to this Section 5.1:

(i) In any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required under the Securities Act;

(ii) At any time prior to the earlier of (A) December 10, 2001 with respect to the Initiating Holders and December 10, 2000 with respect to the Series C Holders and (B) six (6) months after the date of the

closing of an initial firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of the Company's Common Stock;

(iii) After the Company has effected two (2) such registrations at the request of the Initiating Holders and one (1) such registration at the request of the Series C Holders, pursuant to this Section 5.1 (a), and any such registration has been declared or ordered effective, provided, however, that in the event that a registration statement has been filed with the Commission pursuant to this Section 5.1 (a) and is subsequently withdrawn solely at the request of the Initiating Holders or the Series C Holders (as the case may be) and the request to withdraw the registration statement is not in any way the result of any action or inaction by the Company adversely affecting such registration or the result of an adverse change in the condition, financial or otherwise, or in the earnings, business operations or prospects of the Company since the date of the written request for registration by the Initiating Holders or the Series C Holders (as the case may be), then such registration shall count as one (1) of the two (2) registrations with respect to the Initiating Holders and one (1) with respect to the Series C Holders provided for under this clause (iii) unless the Holders participating in such registration pay all Registration Expenses incurred by the Company in connection with such withdrawn registration; or

(iv) If the Company shall furnish to the Initiating Holders and the Series C Holders requesting registration pursuant to Section 5.1 hereof (as the case may be) a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors it would be seriously detrimental to the Company or its stockholders for a registration statement to be filed in the near future, then the Company's obligation to use its best efforts to register, qualify or comply under this Section 5.1 shall be deferred for a period not to exceed 120 days from the date of receipt

of written request from the Initiating Holders or the Series C Holders (as the case may be), provided that the Company may not exercise this deferral right more than once per twelve (12) month period.

Subject to the foregoing clauses (i) through (iv), the Company shall file a registration statement covering the Registrable Securities so requested to be registered as soon as practicable after receipt of the request or requests of the Initiating Holders or the Series C Holders (as the case may be).

(c) PIGGYBACK REGISTRATION RIGHTS. In the event the Company shall receive from the Initiating Holders or the Series C Holders (as the case may be) a written request to effect any registration, qualification or compliance with respect to shares pursuant to Section 5.1, the Company will (i) promptly give written notice thereof to all other Holders; and (ii) subject to

Section 5.1 (d) below, include in such registration (and any related qualification under blue sky laws or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within twenty (20) days after receipt of such written notice from the Company, by any other Holder. The Company shall not be required to register pursuant to this Section 5.1 the shares of another Holder then eligible for sale pursuant to Rule 144 under the Securities Act (or similar successor provision) ("Rule 144") without limitation as to volume.

(d) UNDERWRITING. In the event of a registration pursuant to Section 5.1, the Company shall advise the Holders as part of the notice given pursuant to Sections 5.1(a)(i) and 5. l(c)(i) that the right of any Holder to registration pursuant to Section 5.1 shall be conditioned upon such Holder's participation in the underwriting arrangements required by this Section 5.1, and the inclusion of such Holder's Registrable Securities in the underwriting to the extent requested shall be limited to the extent provided herein.

The Company shall (together with all Holders proposing to distribute their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by either the Initiating Holders or the Series C Holders (as the case may be), but subject to the Company's reasonable approval. Notwithstanding any other provision of this Section 5.1, if the managing underwriter advises the Holders that marketing factors require a limitation of the number of shares to be underwritten, then the Company shall so advise all Holders of Registrable Securities and, in such case, the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated first among all Series B Holders and the Series C Holders. To the extent the managing underwriter has advised the Initiating Holders and the Series C Holders that marketing factors require a limitation of the number of shares to be underwritten to less than all of the shares that the Series B Holders and the Series C Holders (as the case may

be) have requested registration under Section 5.1 (a), (i) none of the shares of Registrable Securities held by the Non Series B Purchasers or Non Series C Holders (as the case may be) will be included in such Registration pursuant to Section 5.1 (c) and (ii) the shares of Registrable Securities of the Series B Holders or the Series C Holders (as the case may be) that may be included in the registration and underwriting shall be allocated among the Series B Holders or the Series C Holders (as the case may be) as nearly as practicable, to the respective amounts of Registrable Securities held by such Series B Holders or the Series C Holders (as the case may be) at the time of filing the Registration Statement. To the extent that the managing underwriter advises the Initiating Holders or the Series C Holders (as the case may be) that marketing factors allow the Non Series B Purchasers or Non Series C Purchasers (as the case may be) to participate in the registration and the underwriting and that marketing

factors require a limitation of the number of shares to be underwritten, then the Company shall so advise all Non Series B Purchasers or Non Series C Purchasers (as the case may be), and, in such case, the number of shares of Registrable Securities of the Non Series B Purchasers or Non Series C Purchasers (as the case may be) that may be included in the registration and underwriting shall (x) be limited to that number of shares which can be included in the registration and underwriting after all the shares of Series B Holders or Non Series C Purchasers (as the case may be) are included and (y) to the extent permitted by clause (x) of this sentence, be allocated among all Non Series B Purchasers or Non Series C Purchasers (as the case may be) as nearly as practicable, to the respective amounts of Registrable Securities held by such Non Series B Purchasers or Non Series C Purchasers (as the case may be) at the time of filing the registration statement. Neither the Company, the Non Series B Purchasers or Non Series C Purchasers (as the case may be) nor any other holders of registration rights may participate in the proposed offering if any Series B Holders or the Series C Holders (as the case may be) have been cut back pursuant to this Section 5.1(d). No Registrable Securities excluded from the underwriting by reason of the underwriter's marketing limitation shall be included in such registration. To facilitate the allocation of shares in accordance with the above provisions, the Company or the underwriters may round the number of shares allocated to any Holder to the nearest 100 shares.

If any Holder of Registrable Securities disapproves of the terms of the underwriting, such person may elect to withdraw therefrom by written notice to the Company, the managing underwriter and the Initiating Holder or the Series C Purchasers (as the case may be). The Registrable Securities and/or other securities so withdrawn shall also be withdrawn from registration, and such Registrable Securities shall continue to be subject to the terms of this Agreement, including the restrictions set forth in Section 6, after the effective date of such registration, or such other shorter period of time as the underwriters may require.

4.2 COMPANY REGISTRATION.

(a) NOTICE OF REGISTRATION. If at any time or from time to time the Company shall determine to register any of its equity securities, either for its own account or the account of a security holder or holders, other than (i) a registration relating solely to employee benefit plans, (ii) a registration relating solely to a Rule 145 transaction, (iii) a registration in which the only equity security being registered is capital stock issuable upon conversion of convertible (or exchange of exchangeable) debt securities which are also being registered or (iv) a registration pursuant to Section 5.1 or Section 5.3 hereof, the Company will:

(i) promptly give to each Holder written notice thereof,

and

(ii) subject to Section 5.2(b) below, include in such registration (and any related qualification under blue sky laws, or other compliance), and in any underwriting involved therein, all the Registrable Securities specified in a written request or requests, made within 10 days after receipt of such written notice from the Company, by any Holder.

(b) UNDERWRITING. If the registration of which the Company gives notice is for a registered public offering involving an underwriting, the Company shall so advise the Holders as a part of the written notice given pursuant to Section 5.2(a)(i). In such event, the right of any Holder to registration pursuant to Section 5.2 shall be conditioned upon such Holder's participation in such underwriting and the inclusion of Registrable Securities in the underwriting shall be limited to the extent provided herein.

All Holders proposing to distribute their securities through such underwriting shall (together with the Company and the other holders distributing their securities through such underwriting) enter into an underwriting agreement in customary form with the managing underwriter selected for such underwriting by the Company. Notwithstanding any other provision of this Section 5.2, if the managing underwriter determines that marketing factors require a limitation of the number of shares to be underwritten, the managing underwriter may exclude some or all of the Registrable Securities. The Company shall so advise all Holders and other holders distributing their securities through such underwriting and the number of shares of Registrable Securities that may be included in the registration and underwriting shall be allocated among all the Holders in proportion, as nearly as practicable, to the respective amounts of Registrable Securities that each such Holder specified in the written requests made to the Company pursuant to Section 5.2(a)(ii). To facilitate the allocation of shares in accordance with the above provisions, the Company may round the number of shares allocated to any Holder or holder to the nearest 100 shares. The Company shall not be required to register pursuant to this Section 5.2 the shares of a Holder then eligible for sale pursuant to Rule 144 without limitation as to volume.

If any of the Holders disapproves of the terms of any such underwriting, such Holder may elect to withdraw therefrom by written notice to the Company and the managing underwriter. Any securities excluded or withdrawn from such underwriting shall be withdrawn from such registration and shall continue to be subject to the terms of this Agreement including the restrictions set forth in Section 6.

(c) RIGHT TO TERMINATE REGISTRATION. The Company shall have the right, without liability therefore, to terminate or withdraw any registration initiated by it under this Section 5.2 prior to the effectiveness of such registration whether or not any Holder has elected to include securities in such registration.

4.3 REGISTRATION ON FORM S-3.

(a) If any of the Series B Holders or the Series C Holders request that the Company file a registration statement on Form S-3 (or any successor form to Form S-3) for a public offering of shares of the Registrable Securities the reasonably anticipated aggregate price to the public of which, net of underwriting discounts and commissions would exceed $500,000, and the Company is a registrant entitled to use Form S-3 to register the Registrable Securities for such an offering, the Company shall use its best efforts to cause such Registrable Securities to be registered for the offering on such form and to cause such Registrable Securities to be qualified in such jurisdictions as such Holder or Holders may reasonably request; provided, however, that the Company shall not be required to effect more than one registration pursuant to this Section 5.3 in any six (6) month period. The Series C Holders are entitled to one (1) registration on Form S-3 annually one (1) year after the effective date of the Company's initial public offering. The Company shall inform other Holders of the proposed registration and offer them the opportunity to participate. In the event the registration is proposed to be part of a firm commitment underwritten public offering, the substantive provisions of Section 5.1 (d) shall be applicable to each such registration initiated under this Section 5.3. The Non Series B Purchasers or Non Series C Purchasers (as the case may be) may not include any of their Registrable Securities in a registration effected pursuant to this Section 5.3. The Series B Holders are entitled to an aggregate of two (2) registrations on Form S-3. The Company may include for its own account other shares of Common Stock in any of the registrations provided for in this Section 5.3, provided that such inclusion will not interfere with the marketing of the Registrable Securities to be registered by the Series B Holders or the Series C Holders (as the case may be).

(b) Notwithstanding the foregoing, the Company shall not be obligated to take any action pursuant to this Section 5.3:

(i) in any particular jurisdiction in which the Company would be required to execute a general consent to service of process in effecting such registration, qualification or compliance, unless the Company is already subject to service in such jurisdiction and except as may be required under the Securities Act;

(ii) at any, time prior to the first anniversary of the closing of an initial firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of the Company's Common Stock;

(iii) during the period starting with the date sixty (60) days prior to the Company's estimated date of filing of, and ending on the date six (6) months immediately following, the effective date of any registration statement pertaining to securities of the Company (other than a registration of securities in a Rule 145 transaction or with respect to an employee benefit plan), provided that the Company is actively employing in good faith all reasonable efforts to cause such registration statement to become

effective; or

(iv) if the Company shall furnish to the Series C Holders or Series B Holders requesting registration pursuant to Section 5.3 a certificate signed by the President of the Company stating that in the good faith judgment of the Board of Directors it would be seriously detrimental to the Company or its stockholders for registration statements to be filed in the near future, then the Company's obligation to use its best efforts to file a registration statement shall be deferred for a period not to exceed 120 days from the receipt of the request to file such registration by such Series B Holder or Series C Holders, provided that the Company may not exercise this deferral right more than once per twelve month period.

4.4 LIMITATIONS ON SUBSEQUENT REGISTRATION RIGHTS. From and after the Closing Date, the Company shall not enter into any agreement granting any holder or prospective holder of any securities of the Company registration rights with respect to such securities that are PARI PASSU or superior to the rights granted to the Series B Holders or the Series C Holders hereunder without the written consent of the Series B Holders or the Series C Purchasers representing a majority in interest of all the shares of Registrable Securities held by Series B Holders or the Series C Holders, respectively.

4.5 EXPENSES OF REGISTRATION. Except as provided in Section 5.1 (b)(iii), all Registration Expenses incurred in connection with the registrations pursuant to Sections 5.1, 5.2 and 5.3 shall be borne by the Company. All Selling Expenses relating to securities registered on behalf of the Holders shall be borne by the Holders of such securities pro rata on the basis of the number of shares so registered by such Holders.

4.6 REGISTRATION PROCEDURES. In the case of each registration, qualification or compliance effected by the Company pursuant to this Agreement, the Company will keep each of the Holders advised in writing as to the initiation of each registration, qualification and compliance and as to the completion thereof. At its expense the Company will:

(a) prepare and file with the Commission a registration statement with respect to such securities and use its best efforts to cause such registration statement to become and remain effective for at least one hundred twenty (120) days or until the distribution described in the registration statement has been completed, whichever first occurs;

(b) furnish to the Holders participating in such registration and to the underwriters of the securities being registered such reasonable number of copies of the registration statement, preliminary prospectus, final prospectus and such other documents as such underwriters may reasonably request in order to facilitate the public offering of such securities.

4.7 INDEMNIFICATION.

(a) The Company will indemnify each Holder, each of its officers and directors and partners, and each person controlling such Holder within the meaning of Section 15 of the Securities Act, with respect to which registration,

qualification or compliance has been effected pursuant to this Agreement, and each underwriter, if any, and each person who controls any underwriter within the meaning of Section 15 of the Securities Act, against all expenses, claims, losses, damages or liabilities (or actions in respect thereof), including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto, incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by the Company of the Securities Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), state securities law or any rule or regulation promulgated under such laws applicable to the Company in connection with any such registration, qualification or compliance, and the Company will reimburse each such Holder, each of its officers and directors, and each person controlling such Holder, each such underwriter and each person who controls any such underwriter, for any legal and any other expenses reasonably incurred, as such expenses are incurred, in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, provided that the Company will not be liable in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by an instrument duly executed by such Holder, controlling person or underwriter and stated to be specifically for use therein.

(b) Each Holder will, if Registrable Securities held by such Holder are included in the securities as to which such registration, qualification or compliance is being effected, indemnify severally and not jointly, the Company, each of its directors and officers, each underwriter, if any, of the Company's securities covered by such a registration statement, each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, and each other such Holder, each of its officers, directors and partners and each person controlling such Holder within the meaning of Section 15 of the Securities Act, against all claims, losses, expenses, damages and liabilities (or actions in respect thereof) including any of the foregoing incurred in settlement of any litigation, commenced or threatened, arising out of or based on any untrue statement (or alleged untrue

statement) of a material fact contained in any such registration statement, prospectus, offering circular or other document, or any amendment or supplement thereto incident to any such registration, qualification or compliance, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, or any violation by such Holder of the Securities Act, the Exchange Act, state securities law or any rule or regulation promulgated under such laws applicable to such Holder and will reimburse the Company, such Holders, such directors, officers, persons, underwriters or control persons for any legal or any other expenses reasonably incurred, as such expenses are incurred, in connection with investigating, preparing or defending any such claim, loss, damage, liability or action, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such registration statement, prospectus, offering circular or other document in reliance upon

and in conformity with written information furnished to the Company by an instrument duly executed by such Holder and stated to be specifically for use therein. Notwithstanding the foregoing, the liability of each Holder under this subsection 5.7(b) shall be limited to an amount equal to the initial public offering price (net of any underwriting discounts or commissions) of the shares of Registrable Securities sold by such Holder in such registered offering.

(c) Each party entitled to indemnification under this Section 5.7 (the "Indemnified Party") shall give notice to the party required to provide indemnification (the "Indemnifying Party") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought, and shall permit the Indemnifying Party to assume the defense of any such claim or any litigation resulting therefrom, provided that counsel for the Indemnifying Party, who shall conduct the defense of such claim or litigation, shall be approved by the Indemnified Party (whose approval shall not unreasonably be withheld), and the Indemnified Party may participate in such defense at such party's expense, and provided further that the failure of any Indemnified Party to give notice as provided herein shall not relieve the Indemnifying Party of its obligations under this Agreement, unless the failure to give such notice is materially prejudicial to an Indemnifying Party's ability to defend such action, and provided further that the Indemnifying Party shall not assume the defense for matters as to which there is a conflict of interest or separate and different defenses. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to such Indemnified Party of a release from all liability in respect to such claim or litigation.

4.8 INFORMATION BY HOLDERS. The Holder or Holders of

Registrable Securities included in any registration shall furnish to the Company such information regarding such Holder or Holders, the Registrable Securities held by them and the distribution proposed by such Holder or Holders as the Company may request in writing and as shall be required in connection with any registration, qualification or compliance referred to in this Agreement.

4.9 RULE 144 REPORTING. With a view to making available the benefits of certain rules and regulations of the Commission which may at any time permit the sale of the Restricted Securities to the public without registration, after such time as a public market exists for the Common Stock of the Company, the Company agrees to use all reasonable efforts to:

(a) Make and keep public information available, as those terms are understood and defined in Rule 144, at all times after the effective date that the Company becomes subject to the reporting requirements of the Securities Act or the Exchange Act;

(b) File with the Commission in a timely manner all reports and other documents required of the Company under the Securities Act and the Securities

Exchange Act of 1934 (at any time after it has become subject to such reporting requirements); and

(c) So long as any of the Holders owns any Restricted Securities, to furnish to the Holders forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of Rule 144 (at any time after 90 days after the effective date of the first registration statement filed by the Company for an offering of its securities to the general public), and of the Securities Act and the Exchange Act (at any time after it has become subject to such reporting requirements), a copy of the most recent annual or quarterly report of the Company, and such other reports and documents of the Company and other information in the possession of or reasonably obtainable by the Company as the Holders may reasonably request in availing itself of any rule or regulation of the Commission allowing the Holders to sell any such securities without registration.

4.10 TRANSFER OF REGISTRATION RIGHTS.

(a) The rights to cause the Company to register securities granted to the Series B Purchaser and the Series C Purchasers under Sections 5.1, 5.2 and 5.3 may be assigned to a transferee or assignee in connection with any transfer or assignment of Registrable Securities by the Series B Purchaser or the Series C Purchasers provided that (i) such transfer may otherwise be effected in accordance with applicable securities laws, (ii) such transfer is of at least 840,000 shares of Common Stock, whether in the form

of Common Stock or Preferred Stock convertible into Common Stock or a warrant exercisable for Preferred Stock and convertible into Common Stock (subject to adjustment for any stock split, stock dividend, recapitalization, substitution or similar event with respect to such shares), (iii) written notice is promptly given to the Company, (iv) such transferee agrees to be bound by the provisions of this Agreement and (v) the Series B Holder or the Series C Holder (as the case may be) complies with the terms of the Stockholders' Agreement. Notwithstanding the foregoing, the rights granted to the Series B Purchaser or the Series C Purchasers (as the case may be) under Sections 5.1, 5.2 and 5.3 of this Agreement to cause the Company to register securities may be assigned to any majority-owned subsidiary or controlled affiliate of the Series B Purchaser or the Series C Purchasers (as the case may be) (but only if and for so long as such subsidiary or affiliate remains a majority owned subsidiary or controlled affiliate of the Series B Purchaser or the Series C Purchaser (as the case may be)) provided written notice thereof is promptly given to the Company and the transferee agrees to be bound by the provisions of this Agreement.

(b) The rights granted to Holders other than the Series C Holders or the Series B Holders under Sections 5.1 and 5.2 of this Agreement to cause the Company to register securities may be assigned or transferred to a transferee or assignee in connection with any permitted transfer or assignment of Registrable Securities by such Holders, provided that (i) such transfer may otherwise be effected in accordance with applicable securities laws, (ii) such transfer is the lesser of (x) at least 300,000 shares of Common Stock, whether in the form of Common Stock or Preferred Stock convertible into Common Stock, (subject to adjustment for any stock split, stock

dividend, recapitalization, substitution or similar event with respect to such shares) or (y) all the shares of Common Stock and Preferred Stock then held by such Holder, (iii) written notice of the transfer is promptly given to the Company, (iv) such transferee agrees to be bound by the provisions of this Agreement and (v) such Holder complies with the requirements of the Stockholders Agreement.

5. STANDOFF AGREEMENT. In connection with any public offering of the Company's securities in connection with an effective registration statement under the Securities Act, each Holder agrees, upon the request of the Company or the underwriters managing any underwritten offering of the Company's securities, not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any securities of the Company (other than those included in the registration) without the prior written consent of the, Company or such underwriters, as the case may be, for such period of time (not to exceed one hundred eighty (180) days after the effective date of such registration), beginning ten (10) days prior to the effective date of such registration, as may be requested by the underwriters, provided that the officers and directors of the Company who own stock of the Company also agree to such restrictions. Each Holder further agrees that the Company may instruct its transfer agent to place

stop-transfer notations in its records to enforce the provisions of this Section 6.

6. RIGHT OF FIRST OFFER.

6.1 GRANT. The Company hereby grants to each of the Large Holders the right of first offer with respect to its Pro Rata Share (as defined below) of any proposed sale by the Company of New Securities (as defined below); provided, however, that the Large Holders will not have a right of first offer with respect to options granted, whether or not exercised, after the date of this Agreement, to officers, directors, employees and consultants of the Company if such sale (or grant) is approved by the Company's Board of Directors.

For purposes of this Section, "New Securities" shall mean any equity securities, including Common Stock and Preferred Stock of the Company, whether now authorized or not, and rights, options, or warrants to purchase such equity securities, and securities of any type whatsoever that are, or may become convertible into, exchangeable or exercisable for equity securities of the Company; provided, however, that "New Securities" does not include shares of the Company's Common Stock (A) issued pursuant to conversion or redemption of Preferred Stock or upon exercise of options or warrants, (B) issued to all holders of Common Stock as a stock split or stock dividend or (C) issued in connection with a merger or consolidation of the Company.

6.2 OVER-ALLOTMENT OPTION. In the event that the Large Holders together do not purchase all of the New Securities pursuant to the rights of first offer granted in Section 7.1 hereof, then the Large Holders shall also have the right to purchase up to all of the remaining New Securities (the "Over-Allotment Option"), in addition to such New Securities as they shall already have elected to purchase, if they shall have so elected as provided for in Section 7.4 below. If more than one Holder elects to exercise its Over-Allotment Option, and the aggregate number of shares of New Securities such

Large Holders elect to purchase exceeds the aggregate number of shares of New Securities then remaining, then the shares of New Securities to be purchased pursuant to the Over-Allotment Option shall be divided among such Large Holders according to their respective Pro Rata Share, or on such other basis as such Large Holders electing their Over-Allotment Options may agree upon amongst themselves in writing. Notwithstanding the foregoing, no Holder shall be permitted to exercise its rights under this Section 7.2 to the extent the purchase of such New Securities will subject the Company or any of its subsidiaries to any substantial business risk under contracts or programs restricting foreign ownership or control of the Company or any of its subsidiaries as determined in good faith by the Board of Directors.

6.3 PRO RATA SHARE. Each Large Holder's "Pro Rata Share," for purposes of this Article 7, is equal to the fraction obtained by dividing (a) the sum of the total number of shares of any (i) Common Stock, (ii) Common Stock

issuable upon conversion of any Preferred Stock, and (iii) Common Stock issuable upon exercise of any options or warrants (including warrants to purchase Preferred Stock) then held by such Large Holder by (b) the sum of the total number of shares of (i) Common Stock, (ii) Common Stock issuable upon the conversion of Preferred Stock and (iii) Common Stock issuable upon any exercise of any options or warrants (including warrants to purchase Preferred Stock) then outstanding and held by all of the Large Holders; provided, however, for the purposes of the second sentence of Section 7.2, clause (b) of this Section 7.3 shall include only those shares held by the Large Holders electing their Over-Allotment Option.

6.4 NOTICES.

(a) In the event the Company proposes to undertake an issuance of New Securities, it shall give each Large Holder written notice (the "Notice") of its intention, describing the type of New Securities, the price and the principal terms upon which the Company proposes to issue the same, and such Large Holder's Pro Rata Share of New Securities that such Large Holder is eligible to purchase pursuant to this Section 7. Each Large Holder shall have fifteen (15) days from the delivery date of any Notice to agree to purchase any amount of the New Securities up to such Large Holder's Pro Rata Share of such New Securities for the price and upon the terms specified in the Notice by giving written notice (a "Right of First Offer Election Notice") to the Company and stating therein the amount of New Securities to be purchased; provided, however, that in the event the Notice provides for payment for such New Securities other than in cash, each Large Holder shall have the option of paying for the New Securities by the cash equivalent (discounted on a present value basis) of the consideration described in the Notice as set forth in the Notice and as determined in good faith by the Board of Directors.

(b) If the Company shall have received one or more Right of First Offer Election Notices within fifteen (15) days from the date all the Large Holders are deemed to have received the Notice, in which any of the Large Holders have elected not to purchase their Pro Rata Share of the New Securities, the Company shall immediately give each Large Holder notice (the "Over-Allotment Notice") indicating the

aggregate amount of New Securities as to which the Large Holders shall not have exercised their respective Rights of First Offer. Each Large Holder shall have three (3) days from any delivery date of the OverAllotment Notice, to give notice (the "Over-Allotment Election Notice") to the Company whether it elects to exercise its Over-Allotment Option granted in Section 7.2 hereof (and, if so, the maximum number of additional shares of New Securities it elects to purchase pursuant thereto).

6.5 FAILURE TO EXERCISE RIGHT. In the event the Large Holders

do not exercise the right of first offer as to all of the New Securities that the Large Holders are eligible to purchase pursuant to this Section 7 within the later of fifteen (15) days from the delivery date of the Notice or three (3) days from the delivery date of the Over-Allotment Notice, the Company shall have ninety (90) days thereafter to enter into an agreement (pursuant to which the sale of New Securities covered thereby shall be closed, if at all, within 60 days from the date of said agreement) to sell that number of New Securities respecting which the Large Holder's right of first offer was not exercised, (i) at or above the price and (ii) upon terms no more favorable taken as a whole to the terms specified in the Notice given to the Large Holders. In the event the Company has not sold the New Securities or entered into an agreement to sell the New Securities within such 90-day period (or sold and issued such New Securities in accordance with the foregoing within 60 days from the date of said agreement), the Company shall not thereafter issue or sell any New Securities without first offering such securities to the Large Holders in the manner provided above.

6.6 TERMINATION. The right of first offer granted to the Large Holders under this Section 7 shall expire upon the closing of the initial firm commitment underwritten public offering pursuant to an effective registration statement under the Securities Act covering the offer and sale of the Company's Common Stock, provided that, with respect to a particular Large Holder, the right of first offer shall expire on the date such Large Holder owns less than 534,000 shares of the Company's Common Stock, including shares of the Company's capital stock convertible into Common Stock (adjusted for stock splits, stock dividends and the like).

6.7 ASSIGNMENT. The right of first refusal granted to the Large Holders under this Section 7 may only be assigned by a Large Holder if the Large Holder transfers (i) to a transferee more than five percent (5%) of the Company's Common Stock on a fully diluted as converted basis on the date of determination or (ii) all of capital stock of Company it owns to any majority owned subsidiary or controlled affiliate of such Holder (but only for so long as such subsidiary or affiliate remains a majority owned subsidiary or controlled affiliate of such Holder).

7. MISCELLANEOUS.

7.1 AMENDMENT. Section 5 (other than Section 5.2) of this Agreement may be amended or the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company and the holders of not less than one-half of the Registrable Securities held by the Series B Holders and the Series C Holders (voting separately) then

outstanding. Any other provision of this Agreement may be amended or the

observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with the written consent of the Company, the holders of not less than a majority of the then outstanding Registrable Securities held by the Series B Holders and the Series C Holders (voting separately), and the holders of not less than a majority of all other then outstanding Registrable Securities held by all Holders. Any amendment or waiver effected in accordance with this Section 8 shall be binding upon each Holder of Registrable Securities at the time outstanding (including securities into which such securities are convertible), each future holder of all such securities, and the Company.

7.2 GOVERNING LAW. This Agreement and the legal relations between the parties arising hereunder shall be governed by and construed with the laws of the State of Delaware, without giving effect to the conflicts of laws provisions thereof.

7.3 ENTIRE AGREEMENT. This Agreement constitutes the full and entire understanding and agreement between the parties regarding the matters set forth herein. Except as otherwise expressly provided herein, the provisions hereof shall inure to the benefit of, and be binding upon the successors, assigns, heirs, executors and administrators of the parties hereto.

7.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, or delivered by hand or by messenger addressed as follows: (a) if to the Series B Purchaser, at 920 Disc Drive, Scotts Valley, California 95066-4544, Attention: Stephen J. Luczo, (b) if to the Existing Purchasers, at the address of such Existing Purchaser set forth on EXHIBIT A hereto or such other address as the Existing Purchasers shall have furnished to the Company in writing in accordance with this Section 8.4 with a copy addressed to Golenbock, Eiseman, Assor & Bell, 437 Madison Avenue, New York, New York 10022 Attention: Andrew C. Peskoe, Esq., (c) if to the Company, at its principal office, to the attention of: the President with a copy addressed to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York, 10019, Attention: Frederick W. Kanner, Esq., (d) to the Series C Purchasers at the address set forth on EXHIBIT B attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110, Attention: Anthony J. Medaglia, Jr., P.C., or (e) to the Commonwealth Purchaser, at 509 Tobacco Quay, Alexandria, Virginia 22314, Attention: George R. Thompson, Jr..

Each such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when received.

7.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto as of the date first above written.

THE COMPANY

CVC, INC.
a Delaware Corporation

By:

Name: Christine B. Whitman
Title: President

"THE SERIES B PURCHASER"

SEAGATE TECHNOLOGY, INC.
a Delaware Corporation

By:

Name:
Title:

"THE SERIES C PURCHASERS"

GLOBAL PRIVATE EQUITY III LIMITED PARTNERSHIP

By:Advent International Partnership, G.P.
By:Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PGGM GLOBAL LIMITED PARTNERSHIP

By:Advent International Partnership, G.P.

By:Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS GPE III LIMITED PARTNERSHIP

By: Advent International Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS (NA) GPE III LIMITED PARTNERSHIP

By: Advent International Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS LIMITED PARTNERSHIP

By: Advent International Limited Partnership, General Partner
By: Advent International Corporation, General Partner

By:

Douglas A. Kingsley, Senior V.P.

THE EXISTING PURCHASERS:

Anne Whitman

Catherine Whitman

Bradley Whitman

Sara Whitman

LIVA & CO.

By:

Name:
Title:

NIKKO TECNO CO., INC.

By:

Name:
Title:

David Pefley

Diana Pefley

Christopher Mann

Andrew Peskoe

Patrick Borelli

Phillip Chapados, Jr.

Cecil Davis

Jeff Dobbs

Robert Fink

James Geater

George Heltz

Jalil Kamali

Yong Jin Lee

Victor Mann

Mehrdad Moslehi

Thomas Omstead

Julie Peskoe

Carla Reif

Peter Schwartz

Lino Velo

Christine B. Whitman

Ren Zhou

THE COMMONWEALTH PURCHASER

George R. Thompson, Jr.

Exhibit 10.33

CVC, INC.

STOCK PURCHASE AGREEMENT

Dated as of December 10, 1998

CVC, INC.

STOCK PURCHASE AGREEMENT

Dated as of December 10, 1998

INDEX

ARTICLE V

December 10, 1998

To: The Persons Listed on
Schedule 1.1 attached hereto

Re: Series C Senior Convertible Redeemable Preferred Stock

Gentlemen:

CVC, Inc., a Delaware corporation (the "Company"), hereby agrees with you as follows:

ARTICLE I

PURCHASE AND SALE OF SHARES

1.1 Purchase and Sale. Subject to the terms and conditions hereinafter set forth, at the Closing (as defined below) the Company shall issue and sell to each of the persons listed on Schedule 1.1 hereto (collectively, the "Purchasers" and individually, a "Purchaser"), and each Purchaser shall purchase from the Company, the number of shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value per share (the "Series C Preferred Stock"), set forth opposite the name of such Purchaser on Schedule 1.1, for the aggregate purchase price set forth opposite the name of such Purchaser on such Schedule. The aggregate number of shares to be sold and purchased pursuant to this Section 1.1 shall be One Hundred Thousand (100,000) for an aggregate purchase price of Ten Million Dollars ($10,000,000) payable as provided in Section 1.4. The Series C Preferred Stock shall have the rights, terms and privileges set forth on Exhibit A attached hereto. The shares of

Series C Preferred Stock purchased pursuant to this Section 1.1, together with the shares of Series C Preferred Stock purchased pursuant to Section 1.5, are referred to herein as the "Purchased Shares." Terms used herein as defined terms that are not defined in the context hereof shall have the meaning set forth in Article IX.

1.2 Purchase and Sale of Warrant. At the Closing, the Company will sell to the Purchasers a warrant (the "Warrant") at a price of $10.00 per warrant to purchase 200,000 shares of the Company's Common Stock. The Warrant will be issued pursuant to a Warrant Agreement in the form of Exhibit B attached hereto (the "Warrant Agreement"). The warrants to be issued to each Purchaser is set forth in Schedule 1.1. The number of shares of Common Stock issuable upon exercise of the Warrant purchased pursuant to this Section 1.2 are referred to herein as the "Warrant Shares." The Company has authorized and reserved and hereby covenants that it will continue to reserve, free of any preemptive rights or encumbrances, a sufficient number of authorized but unissued shares of Common Stock for issuance upon exercise of the Warrant.

1.3 The Conversion Shares. The Company has authorized and reserved and hereby covenants that it will continue to reserve, free of any preemptive rights or encumbrances, a sufficient number of its authorized but previously unissued shares of common stock, $.01 par value per share (the "Common Stock") and shares of Series D Redeemable Preferred Stock, $.01 par value per share ("Series D Preferred Stock"), to satisfy the rights of conversion or redemption (as the case may be) of the holders of the Purchased Shares and the Warrant Shares. The shares of Common Stock and Series D Preferred Stock issued or issuable upon conversion or exchange (as the case may be) of the Purchased Shares and Warrant Shares are referred to herein as the "Conversion Shares."

1.4 Initial Closing. Subject to the satisfaction or waiver of the conditions set forth in Articles VI and VII hereof, a closing (the "Initial Closing") of the sale and purchase of the Purchased Shares specified in Section 1.1 above shall take place at the offices of Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts, at 10:00 A.M., on December 10, 1998, or such other date, time and place as shall be mutually agreed upon by the Company and the Purchasers (the "Initial Closing Date"). At the Initial Closing, the Company will deliver the Purchased Shares being acquired by each Purchaser in the form of a certificate issued in such Purchaser's name, upon receipt by the Company of payment of the full purchase price therefor by or on behalf of each Purchaser to the Company by check or by wire transfer of immediately available funds.

1.5 Second Closing. Upon the election of the Company, a second closing (the "Second Closing") of the sale and purchase of up to 100,000 shares of Series C Preferred Stock by Purchasers on the same terms and conditions set forth herein for aggregate consideration to be determined by the Company, of between five million dollars ($5,000,000) and ten million dollars ($10,000,000), shall take place at the offices of Hutchins, Wheeler & Dittmar, located at 101 Federal Street, Boston, Massachusetts, at 10:00 A.M., on such date as determined by the parties hereto (the "Second Closing Date"), which date shall be no later

than ninety (90) days after the Initial Closing Date. At the Second Closing, the Company will deliver the Purchased Shares and the Warrant being acquired by the Purchaser in the form of a certificate issued in such Purchaser's name upon receipt by the Company of payment of the purchase price therefor by or on behalf of each Purchaser to the Company by check or wire transfer of immediately available funds. For the purposes of this Agreement, unless otherwise indicated, the term "Closing" refers to the closing of the purchase and sale of the Purchased Shares and the Warrant at the Initial Closing or the Second Closing, as the case may be and the term "Closing Date" refers to the date of such closing. Notwithstanding the foregoing, the Purchasers shall retain the right to decline to participate in the Second Closing if, in Purchasers' sole discretion, the Purchasers determine that there has occurred a material adverse change in the business, operations and/or conditions (financial or otherwise) of the Company subsequent to the Initial Closing.

1.6 Use of Proceeds. As an integral part of the purpose and structure of the financing contemplated herein, the Company shall use the proceeds received upon the sale of the Purchased Shares at the Closing to fund general working capital, including, but not limited to, working

capital for product development, possible acquisitions of businesses, repayment of debt, enhancement of the Company's sales and marketing capabilities, and research and development, all as determined by the Company's Board of Directors, subject to the compliance with the covenants and agreements contained herein and in the Company's Certificate of Incorporation, as amended. Notwithstanding the foregoing, the Company may utilize up to all of the proceeds received from the sale of Purchased Shares at the Second Closing to either (i) redeem any shares of capital stock owned by any of the stockholders of the Company (but not to pay a dividend with respect to such shares) or (ii) to acquire substantially all of the assets, or a majority of the outstanding shares or other equity interests of any corporation, partnership, limited liability company or other entity, provided that if the proceeds from the Second Closing are to be used for the purpose set forth this paragraph (ii), the Company must notify the Purchasers of this intent in writing and must receive the written consent of the Purchasers to consummate any such transaction prior to the Second Closing, and provided further that if the Purchasers do not consent to any such transaction then the Purchasers in their sole discretion may decline to participate in the Second Closing.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

In order to induce the Purchasers to purchase the Purchased Shares and the Warrant, the Company makes the following representations and warranties which shall be true, correct and complete in all respects on the date hereof and shall

be true, correct and complete in all respects as of the Initial Closing.

2.1 Organization and Corporate Power. The Company and each of its Subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own its properties and to carry on its business as presently conducted. The Company and each of its Subsidiaries is duly licensed or qualified to do business as a foreign corporation in each jurisdiction wherein the character of its property, or the nature of the activities presently conducted by it, makes such qualification necessary and where the failure to so qualify would have a material adverse impact on the business, condition (financial or otherwise) or operations of the Company.

2.2 Authorization. The Company has all necessary corporate power and has taken all necessary corporate action required for the due authorization, execution, delivery and performance by the Company of this Agreement, the Warrant Agreement, the Amended and Restated Stockholders Agreement referred to in Section 6.7 (the "Stockholders Agreement"), the Amended and Restated Registration Rights Agreement referred to in Section 6.8 (the "Registration Rights Agreement"), the Employee Confidentiality and Invention Assignment Agreement referred to in Section 6.9 (the "Confidentiality and Invention Assignment

Agreement") and any other agreements or instruments executed by the Company in connection herewith or therewith (collectively, the "Related Agreements"), and the consummation of the transactions contemplated herein or therein, and for the due authorization, issuance and delivery of the Purchased Shares, the Warrant, the Warrant Shares issuable upon exercise of the Warrant and the Conversion Shares issuable upon conversion of the Purchased Shares. Sufficient shares of authorized but unissued Common Stock and sufficient shares of authorized but unissued shares of Series D Preferred Stock have been reserved for issuance upon conversion of the Purchased Shares and the Warrant Shares. The issuance of the Purchased Shares and the Warrant does not, the Warrant Shares issuable upon exercise of the Warrant and the Conversion Shares upon conversion of the Purchased Shares will not, require any further corporate action and is not and will not be subject to any preemptive right, right of first refusal or the like. This Agreement, the Related Agreements and the other agreements and instruments executed by the Company in connection herewith or therewith will each be a valid and binding obligation of the Company enforceable in accordance with its terms.

2.3 Government Approvals. No consent, approval, license or authorization of, or designation, declaration or filing with, any court or governmental authority is or will be required on the part of the Company in connection with the execution, delivery and performance by the Company of this Agreement, any of the Related Agreements and any other agreements or instruments executed by the Company in connection herewith or therewith, or in connection with the issuance of the Purchased Shares and Warrant or the issuance of the Warrant Shares upon

exercise of the Warrant or the Conversion Shares upon conversion of the Purchased Shares and Warrant Shares, except for (i) those which have already been made or granted and (ii) the filing of registration statements with the Securities and Exchange Commission (the "Commission") and any applicable state securities commission.

2.4 Authorized and Outstanding Stock.

(a) The authorized capital stock of the Company (immediately prior to the Closing and the transactions contemplated by Section 1.3 hereof) will consist of (i) 50,000,000 shares of Common Stock, (ii) 2,500 shares of Series A Preferred Stock, and (iii) 100,000 shares of Series B Preferred Stock, (iv) 200,000 shares of Series C Preferred Stock and (v) 200,000 shares of Series D Preferred Stock.

(b) The issued and outstanding capital stock of the Company (immediately prior to the Initial Closing and the transactions contemplated by Section 1.3 hereof) will consist of (i) 1,586,897 shares of Common Stock, (ii) 1,685 shares of Series A Preferred Stock, (iii) 60,492 shares of Series B Preferred Stock, (iv) no shares of Series C Preferred Stock, and (v) no shares of Series D Preferred Stock. In addition, (i) 4,044,000 shares of Common Stock have been reserved for issuance upon the conversion of the Series A Preferred Stock, (ii) 3,629,520 shares of Common Stock have been reserved for issuance upon the conversion of the Series B Preferred Stock, (iii) 3,048,780 shares have been reserved for issuance upon the conversion of the Series C Preferred Stock, (iv) options to purchase 2,650,460 shares of

Common Stock have been granted and are unexercised under the Company's Stock Option Plan and options for 1,350,993 shares of Common Stock are available for future grants under the Company's Stock Option Plan and (v) 1,186,140 shares of Common Stock has been reserved for issuance upon the exercise of a warrant, dated May 22, 1995 (the "Seagate Warrant"), held by Seagate Technology, Inc., a Delaware corporation ("Seagate"). Two Hundred Thousand (200,000) shares of Series D Preferred Stock have been reserved for issuance upon conversion of the Series C Preferred Stock. All of the issued and outstanding shares of Common Stock are, and when issued in accordance with the terms hereof, the Purchased Shares, the Warrant Shares and the Conversion Shares will be duly authorized and validly issued and fully paid and non-assessable, with no personal liability attaching to the ownership thereof and will be free and clear of all Liens, claims, charges, Encumbrances, or transfer restrictions imposed by or through the Company, except for restrictions imposed by Federal or state securities or "blue sky" laws and except for those imposed pursuant to this Agreement, the Stockholders Agreement or the Registration Rights Agreement. The designations, powers, preferences, rights, qualifications, limitations and restrictions in respect of each class or series of capital stock of the Company are as set forth in the certified corporate charter of the Company delivered under Section 6.7 hereof and all such designations, powers, preferences, rights, qualifications,

limitations and restrictions are valid, binding and enforceable in accordance with their terms and in accordance with applicable law.

(c) Except as set forth in Schedule 2.4(c) hereto or as provided in this Agreement, (i) no subscription, warrant, option, convertible security or other right (contingent or otherwise) to purchase or acquire any shares of capital stock of the Company is authorized or outstanding, (ii) there is not any commitment of the Company to issue any subscription, warrant, option, convertible security or other such right or to issue or distribute to holders of any shares of its capital stock any evidences of indebtedness or assets of the Company, (iii) the Company has no obligation (contingent or otherwise) to purchase, redeem or otherwise acquire any shares of its capital stock or any interest therein or to pay any dividend or make any other distribution in respect thereof and (iv) there are no agreements, written or oral, between the Company and any holder of its capital stock or among any holders of its capital stock, relating to the acquisition, disposition or voting of the capital stock of the Company. Except as provided in this Agreement, no person or entity is entitled to (i) any preemptive right, right of first refusal or similar rights granted by the Company with respect to the issuance of any capital stock of the Company, or (ii) any rights granted by the Company with respect to the registration of any capital stock of the Company under the Securities Act of 1933, as amended (the "Act"). All of the issued and outstanding shares of the Company's capital stock have been offered, issued and sold by the Company in compliance with applicable Federal and state securities laws.

(d) Set forth on Schedule 2.4(d) is (i) a complete and accurate table of the Company's capitalization, and (ii) a true and complete list of the shareholders of the Company, showing the number of shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock or other securities of the Company (including indebtedness convertible into capital stock)

held by each shareholder immediately prior to the Closing (but without giving effect to the consummation of the transactions contemplated hereby).

2.5 Subsidiaries. Except as set forth in Schedule 2.5, the Company has no Subsidiaries nor any investment or other interest in, or any outstanding loan or advance to or from, any Person, including, without limitation, any officer, director or shareholder. Except as set forth on Schedule 2.5, the Company owns of record and beneficially, free and clear of all Liens, charges, restrictions, claims and Encumbrances of any nature, all of the issued and outstanding capital stock of each of its Subsidiaries.

2.6 Financial Information. The Company has previously delivered to the Purchasers the financial statements of the Company and each Subsidiary for each of the fiscal years ended September 30, 1996, September 30, 1997 and September 30, 1998 audited by PriceWaterhouseCoopers, LLP, the Company's certified public accountants (collectively, the "Financial Statements"). The Financial Statements

are complete and correct in all material respects, are in accordance with the books and records of the Company, were prepared in accordance with GAAP and present fairly, on a basis consistent with prior periods, the financial condition and results of operations of the Company and each Subsidiary as of the dates and for the periods shown. Neither the Company nor any Subsidiary has any liability, contingent or otherwise, which is required to be reflected or reserved against under GAAP, but is not so reflected in or reserved against in the Financial Statements that could materially and adversely affect the business, affairs, prospects, assets or financial condition of the Company or such Subsidiary. Since September 30, 1998 there has been no change in the business, assets, liabilities, condition (financial or otherwise) or operations of the Company or any Subsidiary except for changes in the ordinary course of business which, in the aggregate, have not been materially adverse.

2.7 Events Subsequent to the Date of the Financial Statements. Except as set forth on Schedule 2.7, since September 30, 1998, neither the Company nor any Subsidiary has (i) issued any stock, bond or other corporate security, (ii) borrowed any amount or incurred or become subject to any liability (absolute, accrued or contingent), except liabilities under contracts and borrowings entered into in the ordinary course of business, (iii) discharged or satisfied any Lien or Encumbrance or incurred or paid any obligation or liability (absolute, accrued or contingent) other than current liabilities shown on the Financial Statements and current liabilities incurred since September 30, 1998, in the ordinary course of business, (iv) declared or made any payment or distribution to stockholders or purchased or redeemed any shares of its capital stock or other securities, (v) mortgaged, pledged or subjected to Lien any of its assets, tangible or intangible, other than Liens of current real property Taxes not yet due and payable, (vi) sold, assigned or transferred any of its tangible assets except in the ordinary course of business, or canceled any debt or claim, except in the ordinary course of business, (vii) sold, assigned, transferred or granted any license with respect to any patent, trademark, trade name, service mark, copyright, trade secret or other intangible asset, except pursuant to license or other agreements entered into in the ordinary course of business, (viii) suffered any loss of property or waived any right of

substantial value whether or not in the ordinary course of business, (ix) made any change in officer compensation, except in the ordinary course of business, (x) made any material change in the manner of its business or operations, (xi) entered into any transaction except in the ordinary course of business or as otherwise contemplated hereby or (xii) entered into any commitment (contingent or otherwise) to do any of the foregoing.

2.8 Litigation. Except as otherwise set forth on Schedule 2.8, there is no litigation or governmental proceeding or investigation pending or, to the knowledge of the Company, threatened, against the Company or any Subsidiary or affecting any of the Company's or such Subsidiary's properties or assets, or to the knowledge of the Company against any officer, key employee or shareholder of

the Company or any Subsidiary in his or her capacity as such, nor has there occurred any event or does there exist any condition on the basis of which any litigation, proceeding or investigation might properly be instituted with any substantial chance of recovery. Neither the Company, any Subsidiary, nor any officer, key employee or shareholder of the Company, any Subsidiary in his or her capacity as such is, to the knowledge of the Company, in default with respect to any order, writ, injunction, decree, ruling or decision of any court, commission, board or other government agency.

2.9 Compliance with Laws and Other Instruments. The Company and its Subsidiaries are in compliance with all of the provisions of this Agreement and of its charter and by-laws, and in all material respects with the provisions of each mortgage, indenture, lease, license, other agreement or instrument, judgment, decree, judicial order, statute, and regulation by which any of them is bound or to which any of them or any of their respective properties are subject. Neither the execution, delivery or performance of this Agreement and the Related Agreements, nor the offer, issuance, sale or delivery of the Purchased Shares and Warrant, or the Warrant Shares upon exercise of the Warrant or the Conversion Shares upon conversion of the Purchased Shares and Warrant Shares, with or without the giving of notice or passage of time, or both, will violate, or result in any breach of, or constitute a default under, or result in the imposition of any encumbrance upon any asset of the Company or any Subsidiary pursuant to any provision of the Company's or such Subsidiary's charter or by-laws, or any statute, rule or regulation, contract, lease, judgment, decree or other document or instrument by which the Company or any Subsidiary is bound or to which the Company or any Subsidiary or any of their respective properties are subject, or, to the knowledge of the Company, will cause the Company or any Subsidiary to lose the benefit of any right or privilege it presently enjoys or, to the knowledge of the Company, cause any Person who is expected to normally do business with the Company or any Subsidiary to discontinue to do so on the same basis.

2.10 Taxes. The Company and each Subsidiary has filed all Tax returns (including statements of estimated Taxes owed) required to be filed within the applicable periods for such filings and has paid all Taxes required to be paid, and has established adequate reserves (net of estimated Tax payments already made) for the payment of all Taxes payable in respect to the period subsequent to the last periods covered by such returns. Except as set forth on

Schedule 2.10, no deficiencies for any Tax are currently assessed against the Company or any Subsidiary, and no Tax returns of the Company or any Subsidiary have been audited during the last three (3) years, and, there is no such audit pending or, to the knowledge of the Company, contemplated. There is no Tax Lien, whether imposed by any federal, state or local Taxing authority, outstanding against the assets, properties or business of the Company or any Subsidiary. For the purposes of this Agreement, the terms "Tax" and "Taxes" shall include all federal, state, local and foreign Taxes, including income, franchise, property,

sales, withholding, payroll and employment Taxes.

2.11 Real Property.

(a) Schedule 2.11 sets forth the addresses and uses of all real property that the Company or any Subsidiary owns, leases or subleases, and any Lien or Encumbrance of record on any such owned real property or the Company's or Subsidiary's leasehold interest therein, specifying in the case of each such lease or sublease, the name of the lessor or sublessor, as the case may be, the lease term and the financial obligations of the lessee thereunder.

(b) Except as set forth on Schedule 2.11, the Company or its Subsidiary, as the case may be, has good and marketable title to, and owns free and clear of all Liens and Encumbrances, all property listed as owned by the Company or any Subsidiary on Schedule 2.11, and, there is no material violation of any law, regulation or ordinance (including without limitation laws, regulations or ordinances relating to zoning, environmental, city planning or similar matters) relating to any real property owned, leased or subleased by the Company or any Subsidiary.

(c) There are no material defaults by the Company or any Subsidiary or, to the knowledge of the Company, by any other party to a lease listed thereon, which might curtail the present use of the Company's and such Subsidiary's property listed on Schedule 2.11. The performance by the Company of this Agreement and the Related Agreements will not result in the termination of, or in any increase of any amounts payable under, any lease listed on Schedule 2.11.

2.12 Personal Property. Except as set forth on Schedule 2.12 and except for property sold or otherwise disposed of in the ordinary course of business since September 30, 1998, the Company and its Subsidiaries own free and clear of any Liens or Encumbrances, all of the material personal property reflected as owned by the Company and its Subsidiaries in the balance sheet contained in the Financial Statements, and all other material items of personal property acquired by the Company and its Subsidiaries through the date hereof. All items of such material personal property necessary to the operation of the business of the Company are in good operating condition, normal wear and tear excepted.

2.13 Patents, Trademarks, etc. Set forth on Schedule 2.13 is a list of all patents, patent rights, patent applications, trademarks, trademark applications, service marks, service mark

applications trade names and registered copyrights, and all applications for such that are in the process of being prepared, or that are owned by or registered in the name of the Company or any Subsidiary, or of which the Company or any Subsidiary is a licensor or licensee or in which the Company or any Subsidiary has any right. The Company and its Subsidiaries own or possess

adequate licenses or other rights to use all patents, patent applications, trademarks, trademark applications, service marks, service mark applications, trade names, copyrights, manufacturing processes, formulae, trade secrets and know how (collectively, "Intellectual Property") necessary to the conduct of their business as conducted and as proposed to be conducted, and no claim is pending or, to the knowledge of the Company, threatened to the effect that the operations of the Company infringe upon or conflict with the asserted rights of any other person under any Intellectual Property, and there is no known basis for any such claim (whether or not pending or threatened). Except as set forth in Schedule 2.13, no claim is pending or, to the knowledge of the Company, threatened to the effect that any such Intellectual Property owned or licensed by the Company, or which the Company or any Subsidiary otherwise has the right to use, is invalid or unenforceable by the Company or such Subsidiary, and there is no known basis for any such claim (whether, or not pending or threatened). To the knowledge of the Company, all technical information developed by and belonging to the Company and its Subsidiaries which has not been patented or copywritten has been kept confidential. Neither the Company nor any Subsidiary has granted or assigned to any other person or entity any right to manufacture, have manufactured, assemble or sell the products or proposed products or to provide the services or proposed services of the Company or such Subsidiary. Except as set forth in Schedule 2.13, no current or former stockholder, employee, officer or director of the Company or any of its Subsidiaries has (directly or indirectly) any right, title or interest in any of the rights described on Schedule 2.13 other than such right which such Person may enjoy as a stockholder of the Company.

2.14 Agreements of Directors, Officers and Employees. To the knowledge of the Company, no director, officer or employee of or consultant to the Company or any Subsidiary is in violation of any terms of any employment contract, non-competition agreement, non-disclosure agreement, patent disclosure or assignment agreement or other contract or agreement containing restrictive covenants relating to the right of any such director, officer, employee or consultant to be employed or engaged by the Company or such Subsidiary because of the nature of the business conducted or proposed to be conducted by the Company or such Subsidiary, or relating to the use of trade secrets or proprietary information of others. Schedule 2.14 hereto sets forth the name and address of each person currently serving as a director and/or officer of the Company, and each person listed on Schedule 2.14 was duly elected and is presently serving as a director and/or officer, as the case may be. Set forth on Schedule 2.14 is a list of all employees of the Company who have executed an employee confidentiality agreement, invention assignment agreement or non-competitive or non-solicitation agreement with the Company.

2.15 Governmental and Industrial Approvals. The Company and each of its Subsidiaries has all the permits, licenses, orders, franchises and other rights and privileges of all federal, state, local or foreign governmental or regulatory bodies necessary for the Company and

such Subsidiaries to conduct their respective businesses as presently conducted. All such permits, licenses, orders, franchises and other rights and privileges are in full force and effect and no suspension or cancellation of any of them is threatened, and none of such permits, licenses, orders, franchises or other rights and privileges will be affected by the consummation of the transactions contemplated in this Agreement and the Related Agreements.

2.16 Federal Reserve Regulations. Neither the Company nor any of its Subsidiaries has engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation G of the Board of Governors of the Federal Reserve System), and no part of the proceeds of the sale of the Purchased Shares will be used to purchase or carry any margin security or to extend credit to others for the purpose of purchasing or carrying any margin security or in any other manner which would involve a violation of any of the regulations of the Board of Governors of the Federal Reserve System.

2.17 Contracts and Commitments. Except as set forth on Schedule 2.17 attached hereto, neither the Company nor any Subsidiary has any contract, obligation or commitment which is material or which involves a potential material commitment or any stock redemption or stock purchase agreement, financing agreement, license or lease. For purposes of this Section 2.17, a contract, obligation or commitment shall be deemed material if it requires future expenditures by the Company or any Subsidiary in excess of $100,000 or might result in payments to the Company or any Subsidiary in excess of $100,000.

2.18 Securities Act. The Company has complied and will comply with all applicable federal or state securities laws in connection with the issuance and sale of the Purchased Shares and Warrant and the issuance of the Warrant Shares upon exercise of the Warrant and the issuance of the Conversion Shares upon conversion of the Purchased Shares and Warrant Shares. Neither the Company nor anyone acting on its behalf has offered any of the Purchased Shares or Warrant, or similar securities, or solicited any offers to purchase any of such securities, so as to bring the issuance and sale of the Purchased Shares and Warrant under the registration provisions of the Act.

2.19 Registration Rights. The Company has not granted any rights relating to registration of its capital stock under the Act or state securities laws other than those contained in this Agreement and the Related Agreements and those described on Schedule 2.19 hereto.

2.20 Insurance Coverage. Schedule 2.20 hereto contains an accurate summary of the insurance policies currently maintained by the Company and its Subsidiaries. Except as described on Schedule 2.20, there are currently no claims pending against the Company or any Subsidiary under any insurance policies currently in effect and covering the property, business or employees of the Company and its Subsidiaries, and all premiums due and payable with respect to the policies maintained by the Company and its Subsidiaries have been paid.

2.21 Employee Matters. Except as set forth on Schedule 2.21, neither the Company nor any Subsidiary has in effect any employment agreements, consulting agreements, deferred compensation, pension or retirement agreements or arrangements, bonus, incentive or profit-sharing plans or arrangements, or labor or collective bargaining agreements, written or oral. The Company has no knowledge that any of the officers or other key employees of the Company or any Subsidiary presently intends to terminate his employment. The Company and its Subsidiaries are in compliance in all material respects with all applicable laws and regulations relating to labor, employment, fair employment practices, terms and conditions of employment, and wages and hours. The Company and each Subsidiary is in compliance in all material respects with the terms of all plans, programs and agreements listed on Schedule 2.21, and each such plan, program or agreement is in compliance in all material respects with all of the requirements and provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). No such plan or program has engaged in any "prohibited transaction" as defined in Section 4975 of the Internal Revenue Code of 1986, as amended (the "Code"), or has incurred any "accumulated funding deficiency" as defined in Section 302 of ERISA, nor has any reportable event as defined in Section 4043(b) of ERISA occurred with respect to any such plan or program. With respect to each plan listed on Schedule 2.21, all required filings, including all filings required to be made with the United States Department of Labor and Internal Revenue Service, have been timely filed.

2.22 No Brokers or Finders. Except as set forth on Schedule 2.22, no person has or will have, as a result of the transactions contemplated by this Agreement, any right, interest or claim against or upon the Company or any of its Subsidiaries for any commission, fee or other compensation as a finder or broker because of any act or omission by the Company or any of its Subsidiaries.

2.23 Transactions with Affiliates. Except as set forth on Schedule 2.23, there are no loans, leases or other agreements, understandings or continuing transactions between the Company or any Subsidiary on the one hand, and any officer or director of the Company or any Subsidiary or any person owning one percent (1%) or more of the Common Stock of the Company or any respective family member or affiliate of such officer, director or shareholder on the other hand.

2.24 Assumptions, Guarantees, etc. of Indebtedness of Other Persons. Except as set forth on Schedule 2.24, neither the Company nor any Subsidiary has assumed, guaranteed, endorsed or otherwise become directly or contingently liable on or for any indebtedness of any other Person, except guarantees by endorsement of negotiable instruments for deposit or collection.

2.25 Restrictions on Subsidiaries. Except as set forth on Schedule 2.25, there are no restrictions on the Company or any of its Subsidiaries which prohibit or otherwise restrict the transfer of cash or other assets between the Company and any of its Subsidiaries or between any Subsidiaries of the Company.

2.26 Environmental Matters. Except as disclosed on Schedule 2.26:

(a) (i) Neither the Company nor any Subsidiary has ever generated, transported, used, stored, treated, disposed of, or managed any hazardous waste except in compliance with applicable law; (ii) no Hazardous Waste or Hazardous Material, has ever been or, to the knowledge of the Company, is threatened to be spilled, released, or disposed of by the Company or any Subsidiary at any site presently or formerly owned, operated, leased, or used by the Company or any Subsidiary or to the knowledge of the Company, has ever come to be located in the soil or groundwater at any such site; (iii) except in compliance in all material respects with applicable law, no Hazardous Waste or Hazardous Material has ever been transported by the Company or any Subsidiary from any site presently or formerly operated, leased, or used by the Company for treatment, storage, or disposal at any other place; (iv) neither the Company or any Subsidiary does presently own, operate, lease, or use, nor, to the knowledge of the Company, has the Company or any Subsidiary previously owned, operated, leased, or used any site on which underground storage tanks are or were located; and (v) no Lien has been imposed and not subsequently released by any governmental agency on any property, facility, machinery, or equipment owned, operated, leased, or used by the Company or any Subsidiary in connection with the presence of any Hazardous Waste or Hazardous Material.

(b) (i) Neither the Company or any Subsidiary has liability under, nor has the Company or any Subsidiary ever violated in any material respect, without remediation, any Environmental Laws; (ii) every property owned, operated, leased, or used by the Company or any Subsidiary, and every facility and operation thereon, are presently in compliance with all applicable Environmental Laws in all material respects; and (iii) neither the Company or any Subsidiary has ever entered into or been subject to any judgment, consent decree, compliance order, or administrative order with respect to any environmental or health and safety matter or received any request for information, notice, demand letter, administrative inquiry, or formal complaint or claim with respect to any environmental or health and safety matter or the enforcement of any Environmental Law.

(c) No site owned, operated, leased, or used by the Company or any Subsidiary contains any asbestos or asbestos-containing material, any polychlorinated biphenyls ("PCBs") or equipment containing PCBs, or any urea formaldehyde foam insulation.

(d) The Company has provided to the Purchasers or their representatives copies of all documents, records, and information received or generated by the Company after January 1, 1993 to the Company or any Subsidiary concerning any environmental or health and safety matter relevant to the Company or any Subsidiary whether generated by the Company, or others, in the nature of environmental audits, environmental risk assessments, site assessments, documentation regarding off-site disposal of Hazardous Waste or Hazardous Material, spill control plans, and reports, permits, licenses, approvals, consents, and other authorizations related to environmental or health and safety matters issued by any governmental agency.

2.27 U.S. Real Property Holding Corporation. Neither the Company nor any Subsidiary is now and has ever been a "United States real property holding corporation," as defined in Section 897(c)(2) of the Code and Section 1.897-2(b) of the Regulations promulgated by the Internal Revenue Service, and the Company or any Subsidiary has filed with the Internal Revenue Service all statements, if any, with its United States income Tax returns which are required under Section 1.897-2(h) of such Regulations.

2.28 Foreign Corrupt Practices Act. Neither the Company nor any Subsidiary has taken any action which would cause it to be in violation of the Foreign Corrupt Practices Act of 1977, as amended, or any rules and regulations thereunder. To the knowledge of the Company, there is not now, and there has never been, any employment by the Company of, or beneficial ownership in the Company or any Subsidiary by, any governmental or political official in any country in the world.

2.29 Corporate Records. The minute books of the Company and each of its Subsidiaries contain accurate, complete and current copies of all charter documents and of all minutes of meetings, resolutions and other proceedings of its board of directors and shareholders, duly signed by the Secretary, an Assistant Secretary or another appropriate officer, all directors or all shareholders, as appropriate. The stock record book of the Company and each of its Subsidiaries are also complete, correct and current. The Company has made available true, correct and complete copies of such minute books and stock record books to the Purchasers.

2.30 Management Presentation. The Company has previously delivered to each Purchaser a copy of the Company's Management Presentation attached hereto as Exhibit 2.30. (the "Management Presentation"). The description in the Management Presentation of the Company's business is true and correct in all material respects as of the date of the specific document of the Management Presentation in which such description is found. The pro forma financial information and financial projections included in the Management Presentation were prepared with due care based on assumptions believed by the Company to be reasonable, and presents the Company's good faith estimate of future results based on information available as of the date of the specific document of the Management Presentation in which such financial information and/or projection is found (as the case may be). The material entitled "Meeting" and dated August 25, 1998 and the list entitled "Thin Film Head Fab Locations/World Wide" and dated August 25, 1998, describes the Company's reasonable assessment of the total market for its products at the respective dates of such material and list. The list entitled "CVC Data Storage and Semiconductor Equipment PNOR" (the "PNOR List") and dated August 19, 1998 is the list of customers that the Company was soliciting at the date of such list. A copy of the PNOR List has been previously delivered to the Purchasers.

2.31 Intentionally Omitted.

2.32 Disclosures. Neither this Agreement, any Schedule or Exhibit to this Agreement, the Related Agreements or the Financial Statements contains any untrue statement of a material

fact or omits a material fact necessary to make the statements made herein or therein, in light of the circumstances in which made, not misleading. There is no fact known to the Company which, in the Company's reasonable business judgment on the date hereof, materially and adversely affects the business, or financial condition of the Company or its properties or assets, which has not been set forth herein or in any other document delivered in connection herewith.

ARTICLE III

AFFIRMATIVE COVENANTS OF THE COMPANY

Without limiting any other covenants and provisions hereof, the Company covenants and agrees that it will observe the following covenants on and after the date hereof and until the consummation of the first Qualified Public Offering unless the Advent Representative otherwise consents:

3.1 Accounts and Reports. The Company will, and will cause each of its Subsidiaries to, maintain a standard system of accounts in accordance with GAAP consistently applied and the Company will, and will cause each of its Subsidiaries to, keep full and complete financial records. The Company will furnish to each Purchaser the information set forth in this Section 3.1.

(a) Within one hundred twenty (120) days after the end of each fiscal year, a copy of the audited annual consolidated financial statement (including income statements balance sheets) and cash flow statements of the Company and its Subsidiaries as of the end of such year, prepared in accordance with GAAP, duly certified by an independent public accountant of national recognition selected by the Board of Directors of the Company.

(b) Within thirty (30) days after the end of each calendar month in each fiscal year (other than the last month in each fiscal year) an unaudited consolidated monthly financial statement (including income statements, balance sheets, cash flow statements, and comparisons to budget) of the Company and its Subsidiaries as of the end of such month, setting forth in each case in comparative form (i) the corresponding figures for the corresponding period of the preceding fiscal year for the Company and each of its Subsidiaries, as the case may be, and (ii) the corresponding figures for the corresponding period set forth in the Management Presentation, all in reasonable detail and prepared in accordance with GAAP (except for normal year end adjustments and the absence of footnotes).

(c) No later than thirty (30) days prior to the commencement of each fiscal year consolidated capital and operating expense budgets, cash flow projections and income and loss projections for the Company and its Subsidiaries in respect of such fiscal year; provided, however, that all such budgets, projections and revisions shall be subject to the prior approval of a majority of the Board of Directors of the Company;

(d) At the time of delivery of each annual statement, a certificate, executed by either the president or chief financial officer of the Company stating (i) that such officer has caused this Agreement to be reviewed and has no knowledge of any default by the Company or any Subsidiary in the performance or observance of any of the provisions of this Agreement or, if such officer has such knowledge, specifying such default, and (ii) with respect to the delivery of annual statements, a statement as to the then conversion value of the Purchased Shares and the number of Conversion Shares into which each share of Series C Preferred Stock may then be converted.

(e) Promptly upon receipt thereof and review by the Company's Board of Directors, any written report, so called "management letter," and any other communication submitted to the Company or any Subsidiary by its independent public accountants relating to the business, prospects or financial condition of the Company and its Subsidiaries;

(f) Promptly after the commencement thereof, notice of (i) all actions, suits and proceedings before any court or governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, affecting the Company or any Subsidiary which, if successful, could have a material adverse effect on the Company and its Subsidiaries, taken as a whole; and (ii) all material defaults by the Company or any Subsidiary (whether or not declared) under any agreement for money borrowed (unless waived or cured within applicable grace periods);

(g) Promptly upon sending, making available, or filing the same, all reports and financial statements which the Company (or any Subsidiary) shall send or make available generally to the shareholders of the Company as such or to the Commission; and

(h) Such other information with regard to the business, properties or the condition or operations, financial or otherwise, of the Company or its Subsidiaries as the Purchasers may from time to time reasonably request.

3.2 Payment of Taxes. The Company will pay and discharge (and cause any Subsidiary to pay and discharge) all Taxes, assessments and governmental charges or levies imposed upon it, the Company and the Subsidiaries or upon their respective income or profits, or upon any properties belonging to each of them, prior to the date on which penalties attach thereto, and all lawful claims which, if unpaid, might become a Lien or charge upon any properties of the

Company (or any Subsidiary), provided that neither the Company nor any Subsidiary shall be required to pay any such Tax, assessment, charge, levy or claim which is being contested in good faith and by proper proceedings if the Company or such Subsidiary shall have set aside on its books adequate reserves with respect thereto.

3.3 Maintenance of Key Man Insurance. The Company will, at its expense, obtain within sixty (60) days of the date hereof, and continue to maintain a life insurance policy with a responsible and reputable insurance company payable to the Company on the life of Christine B.

Whitman in the face amount of at least One Million Dollars ($1,000,000). The Company will maintain such policy and will not cause or permit any assignment of the proceeds of such policy and will not borrow against such policy.

3.4 Compliance with Laws, etc. The Company will comply (and cause each of its Subsidiaries to comply) with all applicable laws, rules, regulations and orders of any governmental authority, the noncompliance with which could materially adversely affect the business, assets, or condition, financial or otherwise, of the Company and its Subsidiaries, taken as a whole.

3.5 Inspection. Upon prior notice, at any reasonable time during normal business hours and from time to time, the Company (and each of its Subsidiaries) will permit any one or more of the Purchasers, or any of their authorized agents or representatives, to examine and make copies of and extracts from the records and books of account of and visit the properties of the Company (and any of its Subsidiaries) and to discuss the Company's affairs, finances and accounts with any of its officers or directors; provided that any Person or Persons exercising rights under this Section 3.5 shall (i) use all reasonable efforts to ensure that any such examination or visit results in a minimum of disruption to the operations of the Company and (ii) prior to the Company disclosing or providing access to information with respect to the Company, shall agree in writing to keep all proprietary information of the Company disclosed to him in the course of such inspection confidential in a manner consistent with prudent business practices and treatment of such Person's or Persons' own confidential information. The rights granted under this Section 3.5 shall be in addition to any rights which any Purchaser may have under applicable law in its capacity as a shareholder of the Company.

3.6 Corporate Existence; Ownership of Subsidiaries. The Company will, and will cause its Subsidiaries to, at all times preserve and keep in full force and effect their corporate existence, and rights and franchises material to the business of the Company and its Subsidiaries, taken as a whole, and will qualify, and will cause each of its Subsidiaries to qualify, to do business as a foreign corporation in any jurisdiction where the failure to do so would have a material adverse effect on the business, condition (financial or other), assets, properties or operations of the Company and its Subsidiaries, taken as a whole;

provided, however, that the Company may merge or liquidate one or more of its Subsidiaries into the Company or into another Subsidiary. Except for entities in which the value of the Company's equity interests are less than $1,000,000, the Company or a Subsidiary shall at all times own of record and beneficially, free and clear of all Liens, charges, restrictions, claims and Encumbrances of any nature, all of the issued and outstanding capital stock of each of its Subsidiaries.

3.7 Compliance with ERISA. The Company will comply, (and cause each of its Subsidiaries to comply) in all material respects with all minimum funding requirements applicable to any pension or other employee benefit plans which are subject to ERISA or to the Code, and comply in all other material respects with the provisions of ERISA and the Code, and the rules and regulations thereunder, which are applicable to any such plan. Neither the

Company nor any of its Subsidiaries will permit any event or condition to exist which could permit any such plan to be terminated under circumstances which cause the Lien provided for in Section 3068 of ERISA to attach to the assets of the Company or any of its Subsidiaries.

3.8 Board Approval. No later than thirty (30) days after the commencement of each fiscal year, the Company will prepare and submit to its Board of Directors for its approval prior to such year end a business plan, which shall include an operating plan and budget, cash flow projections and profit and loss projections, all itemized in reasonable detail for the immediately following year.

3.9 Financings. The Company will promptly provide to the Board of Directors the details and terms of, and any brochures or investment memoranda prepared by the Company related to, any possible financing of any nature for the Company (or any of its Subsidiaries), whether initiated by the Company or any other Person.

3.10 Board of Directors Meetings. The Company shall use its best efforts to fix the number of members of its Board of Directors at nine (9) and to cause the election of the Advent Representative (as such term is defined in the Stockholders Agreement) as a member of its Board of Directors. The Advent Representative will be nominated by Global Private Equity III Limited Partnership. The Certificate of Incorporation of or By-laws of the Company shall at all times provide for indemnification of the directors and limitations on the liability of the directors to the fullest extent permitted under applicable state law. The Company agrees to the fullest extent permitted by law to indemnify the Advent Representative on the Board of Directors pursuant to its Certificate of Incorporation and By-Laws. The Company shall ensure that meetings of its Board of Directors are held at least four (4) times each year, and will reimburse the Advent Representative for his reasonable travel expenses, including the cost of airfare and any necessary meals and lodging, incurred in

connection with attending meetings of the Board of Directors. In addition, the Company shall maintain at all times a Compensation Committee and an Audit Committee of the Board of Directors. The Advent Representative shall be a member of the Audit Committee and shall have those responsibilities set forth in the Stockholders Agreement or as may be determined from time to time by a majority of the entire Board of Directors. In addition to the four (4) meetings of the Board of Directors to be held annually as described herein, the Company covenants and agrees that it shall cause each of the Chief Executive Officer and the Chief Financial Officer of the Company to be available to meet with the Advent Representative either in person or by telephone upon the reasonable request of the Advent Representative while the Advent Representative is a member of the Board of Directors.

3.11 Rule 144A Information. The Company shall, upon the written request of any Purchaser, provide to such Purchaser and to any prospective institutional transferee of the Purchased Shares or Conversion Shares designated by such Purchaser, such financial and other information as is available to the Company or can be reasonably obtained by the Company without material expense and as such Purchaser may reasonably determine is required to permit such transfer to comply with the requirements of Rule 144A promulgated under the Act.

3.12 Regular Course of Business. The Company agrees that on and after the date hereof and prior to the Closing that it and each of its Subsidiaries will carry on its business diligently and in the ordinary course and substantially in the same manner as heretofore carried on and will use its best efforts to preserve its present business organization intact, keep available the services of its present officers, agents and employees and preserve its present relationships with suppliers, customers and other persons having business dealings with it.

3.13 Intentionally Omitted.

3.14 Insurance. The Company and each Subsidiary will keep its insurable properties insured, upon reasonable business terms, by financially sound and reputable insurers against liability, and the perils of casualty, fire and extended coverage in amounts of coverage sufficient in the reasonable business judgment of the Company to protect the Company. The Company will also maintain, upon reasonable business terms, with such insurers insurance against other hazards and risks and liability to persons and property sufficient in the reasonable business judgment of the Company to protect the Company and each Subsidiary. Notwithstanding the foregoing, within six (6) months from the date of the Closing and prior to a Qualified Public Offering, the Company shall, at its sole expense, obtain and continue to maintain director and officer liability insurance coverage for each of its officers and directors with a responsible and reputable insurance company at reasonable commercial rates.

3.15 Maintenance of Properties. The Company will and will cause each of

its Subsidiaries to maintain all properties used or useful in the conduct of its business in good repair, working order and continue as necessary to permit such business to be properly conducted.

ARTICLE IV

NEGATIVE COVENANTS OF THE COMPANY

Without limiting any other covenants and provisions hereof, the Company covenants and agrees that it will comply (and will cause each Subsidiary to comply) with each of the provisions of this Article IV on and after the date hereof until the earlier of the conversion of all the Series C Preferred Stock or the closing of a Qualified Public Offering.

4.1 Intentionally Omitted.

4.2 Dealings with Affiliates. Except as set forth on Schedule 4.2 and except for transactions made on an arms-length basis, or through the Company's normal and customary dealings, the Company will not enter into any transaction including, without limitation, any loans or extensions of credit or royalty agreements with any officer or director of the Company or any Subsidiary or holder of any class of capital stock of the Company, or any member of their respective immediate families or any corporation or other entity directly or indirectly controlled by one or more of such officers, directors or shareholders or members of their immediate

families, except for (i) advances in reasonable amounts made to employees of the Company or any Subsidiary for valid business purposes, provided that such advances are repaid to the Company within 90 days, and (ii) advances made to employees of the Company, upon approval of the Board of Directors, related to such employees' exercise of stock options.

4.3 Limitation on Restrictions on Subsidiary Dividends and Other Distributions. Except as set forth on Schedule 4.3, the Company shall not permit any of its Subsidiaries, directly or indirectly, to create or suffer to exist or become effective any Encumbrances or restrictions on the ability of any of its Subsidiaries to (i) pay dividends or make any other distributions on its capital stock or any other interest or participation in its profit owned by any of the Company or any of its Subsidiaries, or pay any indebtedness owed by any of the Subsidiaries, (ii) make loans or advances to the Company, or (iii) transfer any of its properties or assets to the Company.

4.4 No Conflicting Agreements. The Company agrees that neither it nor any Subsidiary will, without the consent of a majority in interest of the Purchasers, enter into or amend any agreement, contract, commitment or understanding which would restrict or prohibit the exercise by the Purchasers of any of their rights under this Agreement.

4.5 Compensation; Consulting and Other Agreements. The Company's Compensation Committee, established pursuant to the Stockholders Agreement, shall determine the base salary and other compensation and benefit arrangements of the Company's Chief Executive Officer and each member of the Company's senior management who report directly to the Chief Executive Officer.

4.6 Limitations on Indebtedness. Without the consent of the Board of Directors, the Company will not create, incur, assume or permit to exist any debt for borrowed money in excess of One Million Dollars ($1,000,000), except for (i) all deferred Taxes, and (ii) all unfunded pension fund and other employee benefit plan obligations and liabilities, but only to the extent they are permitted to remain unfunded under applicable law.

4.7 Other Negative Covenants. The Company hereby further covenants and agrees that it will not:

(a) Create or authorize the creation of any additional class or series of shares of stock or equity unless the same ranks junior to the Series C Preferred Stock as to conversion, redemption, the distribution of assets on the liquidation, dissolution or winding up of the Company, or increase the authorized amount of the Series C Preferred Stock or any series thereof or increase the authorized amount of any additional class or series of shares of stock unless the same ranks junior to the Series C Preferred Stock as to conversion, redemption, or the distribution of assets on the liquidation, dissolution or winding up of the Company, or create or authorize any obligation or security convertible into shares of Series C Preferred Stock or into shares of any other class or series of stock unless the same ranks junior to the Series C Preferred

Stock as to conversion, redemption or the distribution of assets on the liquidation, dissolution or winding up of the Company, whether any such creation, authorization or increase shall be by means of amendment to the Certificate of Incorporation or by merger, consolidation or otherwise, provided, however, that unless the Second Closing has occurred, then the foregoing is not applicable unless the creation of any additional class or series of shares is done in contemplation of an investment in the Company by a third party for an aggregate amount equal to or greater than $10,000,000;

(b) Amend, alter or repeal its Certificate of Incorporation, By-laws or other organizational documents in any manner, or take any other corporate action, that would alter, change or adversely affect the terms, conditions, rights or privileges of the Series C Preferred Stock, except any amendment to its Certificate of Incorporation in connection with the creation of an additional class or series of shares permitted pursuant to Section 4.7(a);

(c) Prior to the closing of a Qualified Public Offering, declare or

pay (or set aside any amounts for the payment of) dividends on any of the Common Stock or of any class or classes of stock of the Company other than dividends paid solely in shares of Common Stock;

(d) Increase or decrease (other than by conversion as permitted hereby) the total number of authorized shares of Series C Preferred Stock;

(e) Redeem, purchase or otherwise acquire for value (or pay into or set aside for a sinking fund for such purpose) any of the Common Stock of any class, any other capital stock of the Company, or any of the Company's options, warrants or convertible or exchangeable securities except that these provisions will not prohibit the Company from completing any redemption contemplated by Section 1.6 or the redemption required by the Certificate of Incorporation or Amended and Restated Stockholders Agreement and except for acquisitions of securities of employees of the Company or its affiliates;

(f) acquire a controlling or significant equity position in, or purchase all or substantially all of the assets of (in each case whether by merger, consolidation, private sale or otherwise) any business, person or entity ("Target") where the Target has a valuation of more than $10,000,000 for cash acquisitions or more than $10,000,000 for acquisitions by the corporation using its equity securities (provided in all cases under this Clause (f), the holders of Series C Preferred Stock will not apply their own judgment unreasonably in making their determination); or

(g) make any investment, through the direct or indirect holding of securities or otherwise, other than (i) investments in obligations issued or guaranteed by the United States of America or any department or agency thereof or marketable municipal obligations of any state or local government, in each case having a maturity not in excess of one year or money market funds consisting (in substantial portion) of the foregoing; (ii) deposits, bankers acceptances and repurchase agreements maturing not more than one year from the date of such purchase or

acquisition and evidencing direct obligations of any bank or trust company having capital surplus and undivided profits in excess of $50,000,000, (iii) commercial paper of issuers which are United States domestic corporations bearing a rating by a national credit agency of not less than A-1 or P-1, (iv) any investments not to exceed $50,000, either individually or in the aggregate, at any time outstanding (v) investments permitted by Section 3.6, and (vi) investments permitted by Section 4.7(f); or

(h) within one (1) year following the Initial Closing, the Company may not merge or consolidate with or into any other corporation or sell, lease or convey all or substantially all of its property or business without obtaining the prior written consent of the Purchasers, provided that such consent shall not be required in the event that the consideration to be received by the

Purchasers as a result of such transaction is equal to or greater than the product of $200 and the number of Purchased Shares owned by Purchaser immediately prior to such transaction.

ARTICLE V

INVESTMENT REPRESENTATIONS

5.1 Representations and Warranties. Each Purchaser hereby represents and warrants to the Company, understanding and agreeing that the Company is entering into this Agreement in part in reliance on such representations and warranties, as follows:

(a) Such Purchaser is an "Accredited Investor" as that term is defined in Rule 501(a) of Regulation D promulgated under the Act.

(b) Such Purchaser is duly authorized to execute this Agreement and the Related Agreements, and assuming due execution and delivery by the Company of the Agreement and the Related Agreements, this Agreement and the Related Agreements to which such Purchaser is a party constitute legal, valid and binding obligations of such Purchaser, enforceable against such Purchaser in accordance with their respective terms;

(c) Such Purchaser has been advised by the Company that none of the Purchased Shares or Warrant Shares have been registered under the Act, that the Purchased Shares and Warrant Shares will be issued on the basis of the statutory exemption provided by Section 4(2) of the Act or Regulation D promulgated thereunder, or both, relating to transactions by an issuer not involving any public offering and under similar exemptions under certain state securities laws, that this transaction has not been reviewed by, passed on or submitted to any federal or state agency or self-regulatory organization where an exemption is being relied upon, and that the Company's reliance thereon is based in part upon the representations made by such Purchaser in this Agreement and the Related Agreements. Such Purchaser acknowledges that he, she or it has been informed by the Company of, or is

otherwise familiar with, the nature of the limitations imposed by the Act and the rules and regulations thereunder on the transfer of securities;

(d) Such Purchaser has been further advised and understands that no public market now exists for any of the securities issued by the Company and that a public market may never exist for the Purchased Shares, Warrant, Warrant Shares or Conversion Shares;

(e) Such Purchaser is purchasing the Purchased Shares and Warrant for investment purposes, for its own account and not with a view to, or for sale in connection with, any distribution thereof in violation of federal or state

securities laws;

(f) By reason of its business or financial experience, such Purchaser has the capacity to protect its own interest in connection with the transactions contemplated hereunder;

(g) Such Purchaser is aware of the Company's business affairs and financial condition and has acquired sufficient information about the Company to reach an informed and knowledgeable decision to acquire the Purchased Shares and Warrant; provided, however, that nothing in this Section 6.1 shall be deemed to vitiate or limit the representations, warranties and covenants of the Company contained in this Agreement; and

(h) No person has or will have, as a result of the transaction contemplated by this Agreement, any right, interest or claim against or upon any Purchaser, the Company, or any of its Subsidiaries for any commission, fee or other compensation as a finder or broker because of any act or omission by such Purchaser.

5.2 Permitted Sales; Legends. Notwithstanding the foregoing representations, the Company agrees that it will permit (i) a distribution of Purchased Shares or Conversion Shares by a partnership to one or more of its partners or investors or a limited liability company and its members, where no consideration is exchanged therefor by such members, partners, or to a retired or withdrawn partner who retires or withdraws after the date hereof in full or partial distribution of his interest in such partnership, or to the estate of any such partner or the transfer by gift, will or intestate succession of any partner to his spouse or to the siblings, lineal descendants or ancestors of such partner or his spouse, or to a trust created for the benefit of one or more of the foregoing, if the transferee agrees in writing to be subject to the terms hereof to the same extent as if it were an original Purchaser hereunder and (ii) a sale or other transfer of any of the Purchased Shares, the Warrant Shares or Conversion Shares upon obtaining assurance satisfactory to the Company that such transaction is exempt from the registration requirements of, or is covered by an effective registration statement under, the Act and applicable state securities or "blue-sky" laws, including, without limitation, receipt of an unqualified opinion to such effect of counsel reasonably satisfactory to the Company. The certificates representing the Purchased Shares and any Conversion Shares issuable upon conversion thereof shall bear a legend evidencing such restriction on transfer substantially in the following form:

The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Corporation receives an opinion of counsel reasonably satisfactory to it

stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is established to the satisfaction of the Corporation that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Corporation receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Corporation at the principal executive offices of the Corporation.

The Corporation is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Corporation.

ARTICLE VI

CONDITIONS OF PURCHASERS' OBLIGATION

6.1 Effect of Conditions. The obligation of the Purchasers to purchase and pay for the Purchased Shares at the Initial Closing, if any, shall be subject at their election to the satisfaction of each of the conditions stated in the following Sections of this Article VI.

6.2 Representations and Warranties. The representations and warranties of the Company contained in this Agreement shall be true and correct on the date of the Closing with the same effect as though made on and as of that date, and the Purchasers shall have received a certificate dated as of such Closing and signed on behalf of the Company to that effect.

6.3 Performance. The Company shall have performed and complied with all of the agreements, covenants and conditions contained in this Agreement required to be performed or complied with by it at or prior to the Closing, and the Purchasers shall have received a certificate dated as of such Closing and signed on behalf of the Company to that effect.

6.4 Amendment to Certificate of Incorporation. The Certificate of Incorporation of the Company shall have been amended to provide for the authorization of the Purchased Stock with the terms set forth in Exhibit A hereto.

6.5 Warrant Agreement. A Warrant Agreement in the form attached hereto as Exhibit B shall have been executed by the Company and each of the Purchasers.

6.6 Opinion of Counsel. The Purchasers shall have received an opinion, dated the date of the Closing, from Dewey Ballantine LLP, counsel to the Company, in the form attached hereto as Exhibit C.

6.7 Certified Documents, etc. Counsel for the Purchasers shall have received a copy of the Company's Certificate of Incorporation, as amended, certified by the Secretary of State of the State of Delaware and copies of the Company's By-Laws certified by its Secretary, as well as any and all other documents, including certificates as to votes adopted and incumbency of officers and certificates from appropriate authorities as to the legal existence and good standing of the Company and its Subsidiaries, which the Purchasers or their counsel may reasonably request.

6.8 No Material Adverse Change. The business, properties, assets or condition (financial or otherwise) of the Company and its Subsidiaries shall not have been materially adversely affected since the date of this Agreement, whether by fire, casualty, act of God or otherwise, and there shall have been no other changes in the business, properties, assets, condition (financial or otherwise), management or prospects of the Company or any of its Subsidiaries that would have a material adverse effect on their respective businesses or assets.

6.9 Stockholders Agreement. The Company, each Purchaser, and certain shareholders of the Company shall have executed the Stockholders Agreement in the form of Exhibit D attached hereto.

6.10 Registration Rights Agreement. The Company, each Purchaser and certain shareholders of the Company shall have executed the Registration Rights Agreement in the form of Exhibit E attached hereto.

6.11 Employee Confidentiality and Invention Assignment Agreement. Each key technical and management personnel of the Company, designated by the Purchasers, shall have executed an Confidentiality and Invention Assignment Agreement in the form of Exhibit F attached hereto.

6.12 Board Election. Concurrently with the Closing, the Board of Directors of the Company shall have been fixed at nine (9) members to be designated as provided for in the Stockholders Agreement.

6.13 Consents and Waivers. The Company shall have obtained all consents or waivers necessary to execute this Agreement and the other agreements and documents contemplated herein, to issue the Purchased Shares, and to carry out the transactions contemplated hereby and thereby. All corporate and other action and governmental filings necessary to effectuate the terms of this Agreement,

the Related Agreements, the Purchased Shares, and the Conversion Shares and other agreements and instruments executed and delivered by the Company in connection herewith shall have been made or taken.

6.14 Series C Preferred Stock Certificates. The Company shall have delivered a stock certificate to each Purchaser representing that number of shares of Series C Preferred Stock and set Purchaser's name on Schedule 1.1 attached hereto.

ARTICLE VII

CONDITIONS OF THE COMPANY'S OBLIGATION

7.1 Effect of Conditions. The Company's obligation to sell the Purchased Shares shall be subject at its election to the satisfaction of each of the conditions stated in the following Sections of this Article VII.

7.2 Representations and Warranties; Performance. The representations and warranties of the Purchasers contained in this Agreement shall be true and correct on the date of the Closing with the same effect as though made on and as of that date and, with respect to the Company's obligation to issue and deliver Purchased Shares of any Purchaser, such Purchaser shall have tendered payment for the Purchased Shares at the Closing in accordance with Section 1.4 hereof.

7.3 Stockholders' Agreement. The Company, each Purchaser, and certain shareholders of the Company shall have executed the Stockholders' Agreement in the form of Exhibit C attached hereto.

7.4 Registration Rights Agreement. The Company, each Purchaser, and certain shareholders of the Company shall have executed the Registration Rights Agreement in the form of Exhibit D attached hereto.

7.5 Consideration for the Shares. Each of the Purchasers shall pay the purchase price of the Purchased Shares each is purchasing, as set forth on Schedule 1.1 attached hereto, in full at the Closing either by check or by wire transfer to an account designated in writing by the Company.

ARTICLE VIII

[INTENTIONALLY OMITTED]

ARTICLE IX

CERTAIN DEFINITIONS

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural

forms of the terms defined):

"Act" shall have the meaning set forth in Section 2.4(c).

"Advent Representative" shall have the meaning set forth in the Stockholders Agreement.

"Agreement" means this Stock Purchase Agreement as from time to time amended and in effect between the parties.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Commission" shall have the meaning set forth in Section 2.3.

"Common Stock" will include (a) the Company's Common Stock as authorized on the date of this Agreement, (b) any other capital stock of any class or classes of the Company authorized on or after the date hereof, the holders of which shall have the right, without limitation as to amount, either to all or to a share of the balance of current dividends and liquidating dividends after the payment of dividends and distributions on any shares entitled to preference, and (c) any other securities of the Company into which or for which any of the securities described in (a) or (b) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Company" means and shall include CVC, Inc., a Delaware corporation, its predecessors, successors and assigns.

"Confidential Information" shall have the meaning set forth in Section 11.11.

"Confidentiality and Invention Assignment Agreement" shall have the meaning set forth in Section 2.2.

"Conversion Shares" shall have the meaning set forth in Section 1.3.

"Encumbrances" means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest.

"Environmental Laws" shall mean all foreign, federal, state and local laws, regulations, rules and ordinances relating to pollution or protection of the environment and worker health and safety, including, without limitation, laws relating to releases or threatened releases of hazardous waste or materials (and permits, licenses and approvals which may be required under such laws, regulations, rules and ordinances) into the indoor or outdoor environment (including, without limitation, ambient air, surface water, groundwater, land, surface and subsurface strata) or otherwise relating to the manufacture,

processing, distribution, use, treatment, storage, release, transport or handling of Hazardous Waste or Hazardous Material and all laws and regulations with regard to record keeping, notification, disclosure and reporting requirements respecting hazardous waste or materials.

"ERISA" shall have the meaning set forth in Section 2.21.

"Financial Statements" shall have the meaning set forth in Section 2.6.

"GAAP" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"Hazardous Waste or Hazardous Material" shall include any hazardous, toxic, infectious, or radioactive substances, including petroleum products including without limitation, those substances regulated pursuant to the Federal Comprehensive Environmental Response, Compensation and Liability Act, 42 USC ss.9601 et seq., the Federal Resource Conservation and Recovery Act, 42 USC ss.6901 et seq., the Federal Water Pollution Contract Act, 33 USC ss.1251 USC ss.2601, et seq., and any applicable state environmental statutes and regulation, all present and future amendments to such statutes, and all regulations promulgated thereunder.

"Initial Closing" and "Initial Closing Date" shall have the meaning set forth in Section 1.4.

"Intellectual Property" shall have the meaning set forth in Section 2.13.

"Knowledge" of the Company and similar terms shall mean the actual knowledge of the Company's Chief Executive Officer and those members of the Company's senior management who report directly to the Company's Chief Executive Officer.

"Lien" means, with respect to any asset, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third party, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction and any agreement to give or make any of the foregoing.

"Management Presentation" shall have the meaning set forth in Section 2.30.

"Permitted Recipients" shall have the meaning set forth in Section 11.11.

"Person" means an individual, corporation, partnership, limited liability company, joint venture, trust or unincorporated organization or a government or agency or political subdivision thereof.

"Purchased Shares" shall have the meaning set forth in Section 1.1.

"Purchaser" shall have the meaning set forth in Section 1.1.

"Qualified Public Offering" means the closing of an underwritten public offering by the Company pursuant to a registration statement filed and declared effective under the Act covering the offer and sale of Common Stock for the account of the Company in which the aggregate net proceeds to the Company equal at least $20,000,000.

"Registration Rights Agreement" shall have the meaning set forth in Section 2.2.

"Related Agreements" shall have the meaning set forth in Section 2.2.

"Seagate Warrant" shall have the meaning set forth in Section 2.4.

"Second Closing" and "Second Closing Date" shall have the meaning set forth in Section 1.5.

"Series C Preferred Stock" shall have the meaning set forth in Section 1.1.

"Stockholders Agreement" shall have the meaning set forth in Section 2.2.

"Stock Option Plan" means the Company's 1996 Stock Option Plan and 1997 Stock Option Plan in effect as of the date hereof.

"Subsidiary" or "Subsidiaries" means any corporation, association or other business entity of which the Company and/or any of its other Subsidiaries (as herein defined), directly or

indirectly owns at the time more than fifty percent (50%) of the outstanding voting shares of every class of such corporation or trust other than directors' qualifying shares.

"Target" shall have the meaning set forth in Section 4.7.

"Tax" and "Taxes" shall have the meaning set forth in Section 2.10.

"Warrant Agreement" shall have the meaning set forth in Section 1.2.

"Warrant" shall have the meaning set forth in Section 1.2.

"Warrant Shares" shall have the meaning set forth in Section 1.2.

ARTICLE X

TERMINATION

10.1 Termination by Mutual Written Consent. This Agreement may be terminated, and the transactions contemplated hereby abandoned, at any time prior to the Initial Closing by the written agreement of the Company and the Purchasers.

10.2 Termination for Breach. This Agreement may be terminated and the transactions contemplated hereby may be abandoned at any time before the Initial Closing (or any date to which such Initial Closing may have been extended by the written agreement of the parties obligated to perform on such Initial Closing) by any party obligated to perform on such Initial Closing if the conditions for its benefit set forth in Article VI or VII, as the case may be, have not been satisfied on or prior to such Initial Closing and if the conditions for the benefit of the other parties have been satisfied or waived, and if such performing party shall have given written notice of termination to the non-performing party.

10.3 Termination for Delay. Unless earlier terminated in accordance with Section 10.1 or 10.2, this Agreement may be terminated and the transactions contemplated hereby may be abandoned by the Company or the Purchasers if the Initial Closing does not occur by December 15, 1998, provided, however, that the right to terminate this Agreement under this Section 10.3 shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of the Initial Closing to occur on or before such date.

10.4 Rights After Termination. Upon termination of this Agreement under this Article X, the parties shall be released from all obligations arising hereunder, except as to any liability for misrepresentations, breach or default in connection with any warranty, representation, covenant, duty or obligation given, occurring or arising prior to the date of termination and except as to the Company's obligations under Section 11.6 hereof.

ARTICLE XI

MISCELLANEOUS

11.1 Survival of Representations. The representations, warranties, covenants and agreements made herein or in any certificates or documents executed in connection herewith shall survive the execution and delivery hereof and the Closing of the transaction contemplated hereby.

11.2 Parties in Interest. Except as otherwise set forth herein, all covenants, agreements, representations, warranties and undertakings contained in this Agreement shall be binding on and shall inure to the benefit of the respective successors and assigns of the parties hereto (including permitted transferees of any of the Purchased Shares). Except as may be required to be disclosed by order of a court or otherwise required by law, the parties agree to maintain in confidence the terms of the purchase of the Purchased Shares hereunder, except that the Purchasers may disclose such terms to their investors in the ordinary course and except that the Company may disclose such terms to its shareholders, accountants, bankers and advisors in the ordinary course.

11.3 Shares Owned by Affiliates. For the purposes of applying all provisions of this Agreement which condition the receipt of information or access to information or exercise of any rights upon ownership of a specified number or percentage of shares, the shares owned of record by any affiliate of a Purchaser shall be deemed to be owned by such Purchaser. For the purpose of this Agreement, the term "affiliate" shall mean any Person controlling, controlled by or under common control with, a Purchaser and any general or limited partner of a Purchaser. Without limiting the foregoing, each Purchaser shall be considered an affiliate of each other Purchaser.

11.4 Amendments and Waivers. Amendments or additions to this Agreement may be made and compliance with any term, covenant, agreement, condition or provision set forth herein may be omitted or waived (either generally or in a particular instance and either retroactively or prospectively) upon the written consent of the Company (or the consent of the Advent Representative as herein provided) and the holders of a majority of the Conversion Shares, assuming for such purposes the conversion of all shares. Prompt notice of any such amendment or waiver shall be given to any Person who did not consent thereto. This Agreement (including the Schedules and Exhibits annexed hereto, which are an integral part of this Agreement) constitutes the full and complete agreement of the parties with respect to the subject matter hereof.

11.5 Notices. All notices, requests, consents, reports and demands shall be in writing and shall be hand delivered, sent by facsimile or other electronic medium, or mailed, postage prepaid, to the Company or to the Purchasers at the address set forth below or to such other address as may be furnished in writing to the other parties hereto:

The Company: CVC, Inc.
525 Lee Road

Rochester, New York 14606
Attention: President
Tel: (716) 458-2550
Fax: (716) 458-0426

with copy to: Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York
Attention: Frederick W. Kanner, Esq.
Tel: (212) 259-7300
Fax: (212) 259-7302

The Purchasers: The address set forth opposite the Purchaser's name on Schedule 1.1 attached hereto.

with copy to: Hutchins, Wheeler & Dittmar
A Professional Corporation
101 Federal Street
Boston, Massachusetts 02110
Attention: Anthony J. Medaglia, Jr., P.C.
Tel: (617) 951-6600
Fax: (617) 951-1295

11.6 Expenses. Each party hereto will pay its own expenses in connection with the transactions contemplated hereby, provided, however, that the Company shall pay (i) the Purchasers' reasonable costs and expenses, for legal counsel and accounting review (not including audit procedures performed by such accountants), in connection with the investigation, preparation, execution and delivery of this Agreement (and due diligence related thereto) and the other instruments and documents to be delivered hereunder and the transactions contemplated hereby and thereby; provided, however, that Advent shall use its best efforts to keep such costs and expenses to a minimum, and in no case shall such costs and expenses exceed $40,000.

11.7 Counterparts. This Agreement and any exhibit hereto may be executed in multiple counterparts, each of which shall constitute an original but all of which shall constitute but one and the same instrument. One or more counterparts of this Agreement or any exhibit hereto may be delivered via telecopier, with the intention that they shall have the same effect as an original counterpart hereof.

11.8 Effect of Headings. The article and section headings herein are for convenience only and shall not affect the construction or interpretation hereof.

11.9 Adjustments. All provisions of this Agreement shall be automatically adjusted to reflect any stock dividend, stock split or other such form of recapitalization.

11.10 Governing Law. This Agreement shall be deemed a contract made under the laws of the State of Delaware and together with the rights and obligations of the parties hereunder, shall be construed under and governed by the laws of such state. Each of the parties hereto agrees that any action or proceeding brought to enforce the rights or obligations of any party hereto under this Agreement may be commenced and maintained in any court of competent jurisdiction located in the State of Delaware, and that the United States District Court for Delaware County, Delaware shall have non-exclusive jurisdiction over any such action, suit or proceeding brought by any of the parties hereto. Each of the parties hereto further agrees that process may be served upon it by certified mail, return receipt requested, addressed as more generally provided in Section 11.5 hereof, and consents to the exercise of jurisdiction over it and its properties with respect to any action, suit or proceeding arising out of or in connection with this agreement or the transactions contemplated hereby or the enforcement of any rights under this Agreement.

11.11 Confidentiality. Each Purchaser covenants and agrees that such Purchaser shall maintain the confidentiality of all financial, confidential and proprietary information of the Company ("Confidential Information") that is provided to such Purchaser under this Agreement or that is otherwise provided to such Purchaser by the Company and identified by the Company in writing to such Purchaser as being of a confidential nature. For purposes hereof, "Confidential Information" shall not include any information which (i) was available to or in possession of such Purchaser or any employees thereof or any beneficial owner of a partnership interest in such Purchaser (collectively referred to herein as "Permitted Recipients") prior to the time of disclosure to such Purchaser by the Company or its representatives, (ii) is or becomes generally available to the public other than as a result of a disclosure by any of such Permitted Recipients, or (iii) is or becomes available to such Permitted Recipients on a nonconfidential basis by a third party which is not bound by a confidentiality agreement with the Company. Notwithstanding the preceding sentence, a Purchaser may (a) disclose such confidential information when required by law or governmental order or regulation or when required by a subpoena or other process, provided that such Purchaser shall use reasonable efforts to give the Company prior notice thereof; (b) disclose such confidential information to the extent necessary to enforce this Agreement; (c) disclose such confidential information to its attorneys, accountants, consultants and other professionals to the extent necessary to obtain their services in connection with its investment in the Company, provided that the requirements of this Section 11.11 shall in turn be binding on any such attorney, accountant consultant or other professional; (d) disclose such confidential information as may be required by any prospective purchaser of any Shares or Conversion Shares from such Purchaser, provided that such proposed sale is in compliance with the restrictions imposed by this Agreement and the Related Agreements and such prospective purchaser agrees in writing to be bound by the provisions of this Section 11.11; and (e) disclose such confidential information to any of its affiliates, provided that the requirements of this Section 11.11 shall in turn be binding on such affiliates.

11.12 Assignment. Each Purchaser has the right to assign or transfer any of its rights pursuant to this Agreement in connection with (and in proportion to) its transfer of securities purchased hereunder, in all cases subject to the terms of the Stockholders Agreement. The Company may not assign or transfer any of its rights pursuant to this Agreement unless the Company first obtains the express written consent of a majority of the Purchasers.

11.13 Waiver of Jury Trial. Each of the Company and the purchasers hereby expressly waives its respective rights to a jury trial of any claim or cause of action based upon or arising out of this agreement, any other related agreements or any dealings between them relating to the subject matter of this agreement. The Company and Purchasers also waive any bond or surety or security upon such bond which might, but for this waiver, be required of any party. The scope of this waiver is intended to be all encompassing of any and all disputes that may be filed in any court and that relate to the subject matter of this transaction, including without limitation, contract claims, tort claims, breach of duty claims, and all other common law and statutory claims. The Company and the Purchasers further warrant and represent that each has reviewed this waiver with its legal counsel, and that each voluntarily waives its jury trial rights following consultation with legal counsel. This waiver is irrevocable and may only be modified either orally or in amendments, renewals, supplements or modifications to this agreement, any other related agreement or the purchased shares. In the event of litigation, this agreement may be filed as a written consent to a trial (without a jury) by the court.

****

CVC, INC.
COUNTERPART SIGNATURE PAGE

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon, this letter shall become a binding agreement among us.

CVC. INC.

By: /s/ Christine B. Whitman

Name: CHRISTINE B. WHITMAN
Title: President & Chief Executive Officer

Global Private Equity III Limited

Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By:

Douglas A. Kingsley,
Senior Vice President

Advent PGGM Global Limited Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By:

Douglas A. Kingsley,
Senior Vice President

Advent Partners GPE III Limited
Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By:

Douglas A. Kingsley,
Senior Vice President

Advent Partners (NA) GPE III Limited
Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By:

Douglas A. Kingsley,

Senior Vice President

Advent Partners Limited Partnership

By: Advent International Limited Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley,
Senior V.P.

CVC, INC.
COUNTERPART SIGNATURE PAGE

If you are in agreement with the foregoing, please sign the form of acceptance on the enclosed counterpart of this letter and return the same to the Company, whereupon, this letter shall become a binding agreement among us.

CVC. INC.

By:

Name:
Title:

Global Private Equity III Limited Partnership

By: Advent International Limited Partnership, General Partner
By: Advent International Corporation, General Partner

By: /s/ Douglas A. Kingsley

Douglas A. Kingsley,
Senior Vice President

Advent PGGM Global Limited Partnership

By: Advent International Limited

Partnership, General Partner
By: Advent International Corporation,
General Partner

By: /s/ Douglas A. Kingsley

Douglas A. Kingsley,
Senior Vice President

Advent Partners GPE III Limited Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By: /s/ Douglas A. Kingsley

Douglas A. Kingsley,
Senior Vice President

Advent Partners (NA) GPE III Limited Partnership

By: Advent International Limited
Partnership, General Partner
By: Advent International Corporation,
General Partner

By: /s/ Douglas A. Kingsley

Douglas A. Kingsley,
Senior Vice President

Advent Partners Limited Partnership

By: Advent International Limited
Partnership, G.P.
By: Advent International Corporation,
G.P.

By: /s/ Douglas A. Kingsley

Douglas A. Kingsley, Senior V.P.

Schedule 1.1

Purchaser	Purchased Shares	Consideration
Global Private Equity III Limited Partnership	84,000	$8,400,000
Advent PGGM Global Limited Partnership	12,870	$1,287,000
Advent Partners GPE III Limited Partnership	1,270	$127,000
Advent Partners (NA) GPE III Limited Partnership	380	$38,000
Advent Partners Limited Partnership	1,480	$148,000

c/o Advent International Corporation
75 State Street
Boston, MA 02109
Attention: Douglas A. Kingsley

Exhibit 10.34

COMMON STOCK PURCHASE WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS (A) THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT, (B) IT IS ESTABLISHED TO THE SATISFACTION OF THE COMPANY THAT SUCH SALE OR TRANSFER IS IN A TRANSACTION WHICH IS EXEMPT UNDER, OR OTHERWISE IN COMPLIANCE WITH, SUCH LAWS OR (C) THE COMPANY RECEIVES A "NO ACTION" LETTER OR SIMILAR DECLARATION FROM THE SECURITIES AND EXCHANGE COMMISSION TO THE EFFECT THAT SUCH SALE OR TRANSFER WITHOUT REGISTRATION WILL NOT RESULT IN A RECOMMENDATION BY SAID COMMISSION THAT ACTION BE TAKEN WITH RESPECT THERETO. COPIES OF THE AGREEMENTS COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

NO. W-01 VOID AFTER DECEMBER 10, 2005

FORM OF
WARRANT

TO PURCHASE 168,000 SHARES OF COMMON STOCK OF

CVC, INC.

Dated as of December 10, 1998

THIS CERTIFIES THAT, for value received, Global Private Equity III Limited Partnership or its permitted transferees or assigns (the "Holder") is entitled to purchase from CVC, Inc., a Delaware corporation (the "Company"), 168,000 fully paid and nonassessable shares (the "Shares") (as adjusted pursuant to Section 3 below) of common stock, $.01 par value ("Common Stock"), of the Company, at the price of $10.00 per

share (the "Exercise Price") (as adjusted pursuant to Section 3 below), subject to the provisions and upon the terms and conditions set forth below.

Capitalized terms used and not otherwise defined in this warrant shall have the meanings assigned in the Stock Purchase Agreement, dated as of December 10, 1998 between the Company and the Purchasers named therein (the "Stock Purchase Agreement").

1. EXERCISE AND PAYMENT.

1.1 EXERCISE. On or after December 10, 2001, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (together with a duly executed exercise notice (the "Notice of Exercise") in the form attached hereto as EXHIBIT A) at the principal office of the Company, and by the payment to the Company, by wire transfer, of an amount equal to the aggregate Exercise Price of the Shares being purchased.

1.2 STOCK CERTIFICATES. In the event of the exercise of all or any portion of this Warrant, certificates for the shares of Common Stock so purchased shall be delivered to the Holder by the Company at its own expense (including the payment by it of any applicable issue taxes) within a reasonable time, which shall in no event be later than ten (10) days thereafter and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

If this Warrant shall be surrendered for exercise within any period during which the transfer books for shares of the Common Stock or other securities purchasable upon the exercise of this Warrant are closed for any purpose, the Company shall not be required to make delivery of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

2. STOCK FULLY PAID; RESERVATION OF SHARES. All of the Shares issuable upon the exercise of this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all taxes, liens, encumbrances and charges with respect to the issue thereof. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Common Stock to provide for the exercise of this Warrant.

3. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon

the occurrence of certain events, as follows:

3.1 RECLASSIFICATION. In case of any reclassification of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company, shall execute a new warrant, providing that the Holder shall have the right to exercise such new warrant, and procure upon such exercise and payment of the same

aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification by a holder of an equivalent number of shares of Common Stock had the holder exercised the Warrant immediately prior thereto. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.

3.2 DIVIDENDS, STOCK SPLITS AND COMBINATIONS. If the number of shares of Common Stock outstanding at any time is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split up of stock, then the Exercise Price shall, concurrently with the effectiveness of such dividend, subdivision or split up, be proportionately decreased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase of outstanding shares of Common Stock. If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then the Exercise Price shall, concurrently with the effectiveness of such combination, be proportionately increased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease of outstanding shares of Common Stock.

3.3 ADJUSTMENT FOR LIQUIDATION, REDEMPTION OR CONVERSION OF SERIES C PREFERRED STOCK. Upon a liquidation, redemption or conversion on or after December 10, 2001 and prior to December 10, 2003 of all of the then outstanding shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value (the "Series C Preferred Stock") and Series D Redeemable Preferred Stock, $.01 par value (the "Series D Preferred Stock") in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Restated Certificate of Incorporation, as amended, if a Holder has not previously exercised in accordance with Section 1 hereto, the Exercise Price shall be adjusted to $12.00 per share and if a Holder has previously exercised in accordance with Section 1 hereto, such Holder shall pay to the Company an amount equal to the product of $2.00 per share multiplied by the number of Shares of Common Stock purchased by such Holder upon such exercise (including Shares applied to pay the Exercise Price in accordance with Section 4 hereof).

3.4 ANTIDILUTION ADJUSTMENT. The Exercise Price shall be subject to

adjustment from time to time as follows:

(a) SPECIAL DEFINITIONS. For purposes of this Section 3.4, the following definitions shall apply:

(1) "ADDITIONAL SHARES OF COMMON STOCK" shall mean all shares of Common Stock issued (or, pursuant to Section 3.4(c) below, deemed to be issued) by the Company after the Original Issue Date other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of the Preferred Stock or the exercise or conversion of any Options outstanding on the Original Issue Date;

(B) to officers, directors, employees and consultants of the Company or any subsidiary thereof, pursuant to a stock option plan, stock purchase plan or other employee stock incentive plan approved by the Board of Directors of the Company or other stock arrangements which have been approved by the Board of Directors of the Company;

(C) pursuant to any event for which adjustment has already been made pursuant to this Section 3.4;

(D) as a dividend or distribution on the Preferred Stock;

(E) as a dividend or distribution on the Common Stock;

(F) upon any subdivision or split up of Common Stock;
or

(G) upon any capital reorganization of the Company.

(2) "CONVERTIBLE SECURITIES" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(3) "OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(4) "ORIGINAL ISSUE DATE" shall mean the date on which this Warrant was issued.

(5) "PREFERRED STOCK" shall mean collectively, the

Company's 8% Non-Cumulative Convertible Preferred Stock, $.01 par value, Series B Non-Cumulative Convertible Preferred Stock, $.01 par value, Series C Preferred Stock and Series D Preferred Stock.

(b) NO ADJUSTMENT OF EXERCISE PRICE. No adjustment in the Exercise Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date or and immediately prior to such issue.

(c) DEEMED ISSUE OF ADDITIONAL SHARES OF COMMON STOCK. Except as provided in Section 3.4(a)(1) above, if the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein

for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.4(e) below) of such Additional Shares of Common Stock would be less than the Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Exercise Price computed upon the initial Exercise Price thereof set forth in the first paragraph of this Warrant (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective , be

recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(3) on the expiration or cancellation of any Options or the termination of the right to convert or exchange any Convertible Securities which shall have not been exercised, if the Exercise Price shall have been adjusted upon the original issuance thereof or shall have been subsequently adjusted pursuant to clause (2) above, the Exercise Price shall be recomputed as if the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefore was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged plus the consideration actually received by the Company upon such conversion or exchange, if any; and

(4) no readjustment pursuant to clause (2) or clause (3) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the initial Exercise Price on the original adjustment date (unless the Exercise Price is increased above the initial Exercise Price pursuant to Section 3.1 or 3.2, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of

Common Stock (other than those the subject of such adjustments) between the original adjustment date and such readjustment date; and

(d) ADJUSTMENT OF EXERCISE PRICE UPON ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK. In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.4(c), but excluding stock dividends, subdivisions or split-ups that are the subject of adjustment pursuant to Section 3.1 or 3.2 without consideration or for a consideration per share less than the Exercise Price applicable on and immediately prior to such issue, then and in such event, the Exercise Price shall be reduced concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect on the date of and immediately prior to such issue by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of shares of Common Stock which the aggregate

consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Exercise Price in effect on the date of and immediately prior to such issue; and the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of such Additional Shares of Common Stock so issued.

(e) DETERMINATION OF CONSIDERATION. For purposes of this Section 3.4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) CASH AND PROPERTY. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors of the Company.

(2) OPTIONS AND CONVERTIBLE SECURITIES. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4(b) and 3.4(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the (ii) aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such

Convertible Securities.

4. NET ISSUE ELECTION. The holder hereof may elect to receive, without the payment by such holder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, at the office of the Company. Thereupon, the Company shall issue to such holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

where X = the number of shares to be issued to such holder pursuant to this Section 4.

Y = the number of shares covered by this Warrant in respect of which the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, as determined in accordance with the following provisions, as at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

For purposes of this Section 4, "fair market value" of one share of Common Stock shall be determined as follows:

(1) Where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per share shall be the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ System or on any exchange on which the Common Stock is listed, whichever is applicable, as published in THE WALL STREET JOURNAL for the five (5) trading days prior to the date to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrants are exercised in connection with the Company's initial public offering of Common Stock, the fair market value per share shall be the per share offering price to the public of the Company's initial public offering.

(2) If no public market for the Common Stock exists at the time of such exercise, the Company and the holder hereof shall negotiate in good faith in an effort to reach agreement upon the fair market value of one share of Common Stock for a period of ten (10) days after delivery of the executed subscription.

(3) If the Company and the holder hereof are unable to reach agreement under the foregoing subparagraph (2), the fair market value of one share of Common Stock shall be determined by appraisal. The Company and the holder hereof shall each select an appraiser (the "Selected Appraisers") within thirty (30) days after the expiration of the ten-day period in subparagraph (2) above. Each Selected Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. In the event that either Selected Appraiser fails to render an appraisal within such thirty-day period, the first appraisal rendered shall be conclusive. In the event that the values determined by the Selected Appraisers differ by less than ten percent (10%) of the lower value, the fair market value shall be the average of the appraisals made by each of the Selected Appraisers. In the event that the values differ by ten percent (10%) or more of the lower value, the Selected Appraisers shall within ten (10) days select a third appraiser (the "Neutral Appraiser") to conduct an appraisal. The Neutral Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. The fair market value of one share of Common Stock shall be equal to the appraisal made by the Neutral Appraiser if such appraisal is between the two appraisals made by the Selected Appraisers or, if such appraisal by the Neutral Appraiser is not between the two appraisals made by the Selected Appraisers, then the fair market value of one share of Common Stock shall be that one of the two appraisals made by the Selected Appraisers that is closer to the appraisal made by the Neutral Appraiser. All appraisals delivered pursuant to this subparagraph (3) shall be in writing and signed by the appraiser. The fees, costs and expenses of each of the Selected Appraisers will be borne by the party who selected such appraiser, and the fees, costs and expenses of the Neutral Appraiser will be borne equally by the Company and the holder hereof.

(4) In appraising the fair market value of one share of Common Stock, there shall be no discount for minority interests.

(5) The fair market value as determined in accordance with this Section 4 shall be conclusive, final and binding upon the Company and the holder hereof, and shall be enforceable in any court having jurisdiction over a proceeding to enforce the terms of this Warrant.

5. NOTICE. In the event of the occurrence of any one or more of the following (each, a "Liquidity Event"): (i) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary; (ii) a sale, merger, recapitalization, reorganization or consolidation involving the Company, as the result of which those persons who hold at least 50% of the voting stock of the Company immediately prior to such transaction do not hold more than 50% of the voting stock of the Company (or the surviving or resulting entity) after giving effect to such transaction; or (iii) the sale of all or substantially all of the

assets of the Company; then in connection with each such Liquidity Event, the Company shall send to the Holder:

(a) At least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the Holder shall be entitled thereto) or for determining rights to vote in respect of such Liquidity Event; and

(b) In the case of any such Liquidity Event, at least ten (10) days prior written notice of the date when the same shall take place (and specifying the date on which the Holder shall be entitled to exchange its Common Stock for securities or other property deliverable upon such Liquidity Event).

6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the Exercise Price then in effect.

7. RESTRICTIONS ON TRANSFER.

7.1 RESTRICTIVE LEGEND. Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend or recapitalization (collectively, the "Restricted Securities"), shall be endorsed as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Company receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is

> established to the satisfaction of the Company that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Company receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by

written request made by the holder of record of this certificate to the Secretary of the Company at the principal executive offices of the Company.

The Company is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Company.

7.2 OWNERSHIP OF WARRANT. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by any person other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Section 7.

7.3 TRANSFER OF THE WARRANT. Subject to the provisions of the Amended and Restated Stockholders' Agreement dated as of December 10, 1998, among the Company and the stockholders party thereto, this Warrant may be transferred in whole or in part to one or more parties at the option of the Holder; PROVIDED, HOWEVER, that prior to any transfer of this Warrant, the Holder shall give written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, contain a representation in writing from the proposed transferee that the Warrant is being acquired for investment not with a view to any sale or distribution thereof and shall be accompanied by the Assignment form attached hereto as EXHIBIT B duly executed by the Holder. Upon transfer of the Warrant pursuant to this Section 7, the Company shall at the request of Holder and upon surrender of the Warrant to the Company, promptly issue new Warrants in the names and amounts requested by the Holder to replace the surrendered Warrant.

8. NO RIGHTS OF STOCKHOLDERS. This Warrant does not entitle the Holder to any voting rights as a stockholder of the Company prior to the exercise of the Warrant; further, the Holder has no liability as to the Exercise Price.

9. NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but it will at all times in good faith assist in the carrying out

of all of the provisions of this Warrant and in the taking of all such action as

may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

10. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant or like tenor and dated as of such cancellation, in lieu of this Warrant.

11. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

12. EXPIRATION OF WARRANT. Notwithstanding any other provision of this Warrant, this Warrant shall expire and shall no longer be exercisable upon the earlier of (i) payment by the Company prior to December 10, 2001 with respect to all of the then outstanding Series C Preferred Stock and Series D Preferred Stock held by the Holder in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Amended and Restated Certificate of Incorporation or (ii) at 12:00 a.m., New York time, on December 10, 2005.

13. MISCELLANEOUS.

13.1 GOVERNING LAW. This Warrant shall be governed by and construed in all respects in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

13.2 ENTIRE AGREEMENT; AMENDMENT. This Warrant constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, except as may be provided in (i) the Amended and Restated Stockholders' Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company, (ii) the Stock Purchase Agreement and (iii) the Amended and Restated Registration Rights Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company. Neither this Warrant nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

13.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the permitted successors and assigns, heirs, executors, and administrators of the Company and the Holder.

13.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the attention of the President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.), telephone: (212) 259-7300, facsimile: (212) 259-7202, and (b) to Holder at the address set forth on EXHIBIT C attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110 (Attention: Anthony J. Medaglia, Jr., P.C.), telephone: (617) 951-6600, facsimile: (617) 951-1295. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail or by Federal Express or other reputable overnight carrier, upon receipt.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

Issued this ____ day of December, 1998.

CVC, INC.

By: ----------

Title: ----------

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By:

Title:

Address: 75 State Street
Boston, MA 02109

Issued this th day of December, 1998.

CVC, INC.

By:

Title:

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By:

Title:

Address: 75 State Street
Boston, MA 02109

EXHIBIT A

NOTICE OF EXERCISE

TO: CVC, INC.
525 Lee Road
Post Office Box 1886
Rochester, New York 14603-1886
Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common Stock of CVC, INC. pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned hereby represents and warrants that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares.

(Signature)

Title:

(Date)

EXHIBIT B

ASSIGNMENT FORM
(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address is _____, the right represented by the attached Warrant to purchase _____ shares of Common Stock of CVC, INC., to which the attached Warrant relates.

Dated:_____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

(Address)

Signed in the presence of:

Exhibit 10.35

COMMON STOCK PURCHASE WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS (A) THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT, (B) IT IS ESTABLISHED TO THE SATISFACTION OF THE COMPANY THAT SUCH SALE OR TRANSFER IS IN A TRANSACTION WHICH IS EXEMPT UNDER, OR OTHERWISE IN COMPLIANCE WITH, SUCH LAWS OR (C) THE COMPANY RECEIVES A "NO ACTION" LETTER OR SIMILAR DECLARATION FROM THE SECURITIES AND EXCHANGE COMMISSION TO THE EFFECT THAT SUCH SALE OR TRANSFER WITHOUT REGISTRATION WILL NOT RESULT IN A RECOMMENDATION BY SAID COMMISSION THAT ACTION BE TAKEN WITH RESPECT THERETO. COPIES OF THE AGREEMENTS COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

NO. W-02 VOID AFTER DECEMBER 10, 2005

FORM OF
WARRANT

TO PURCHASE 25,740 SHARES OF COMMON STOCK OF

CVC, INC.

Dated as of December 10, 1998

THIS CERTIFIES THAT, for value received, Advent PGGM Global Limited Partnership or its permitted transferees or assigns (the "Holder") is entitled to purchase from CVC, Inc., a Delaware corporation (the "Company"), 25,740 fully paid and nonassessable shares (the "Shares") (as adjusted pursuant to Section 3 below) of common stock, $.01 par value ("Common Stock"), of the Company, at the price of $10.00 per

share (the "Exercise Price") (as adjusted pursuant to Section 3 below), subject to the provisions and upon the terms and conditions set forth below.

Capitalized terms used and not otherwise defined in this warrant shall have the meanings assigned in the Stock Purchase Agreement, dated as of December 10, 1998 between the Company and the Purchasers named therein (the "Stock Purchase Agreement").

1. EXERCISE AND PAYMENT.

1.1 EXERCISE. On or after December 10, 2001, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (together with a duly executed exercise notice (the "Notice of Exercise") in the form attached hereto as EXHIBIT A) at the principal office of the Company, and by the payment to the Company, by wire transfer, of an amount equal to the aggregate Exercise Price of the Shares being purchased.

1.2 STOCK CERTIFICATES. In the event of the exercise of all or any portion of this Warrant, certificates for the shares of Common Stock so purchased shall be delivered to the Holder by the Company at its own expense (including the payment by it of any applicable issue taxes) within a reasonable time, which shall in no event be later than ten (10) days thereafter and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

If this Warrant shall be surrendered for exercise within any period during which the transfer books for shares of the Common Stock or other securities purchasable upon the exercise of this Warrant are closed for any purpose, the Company shall not be required to make delivery of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

2. STOCK FULLY PAID; RESERVATION OF SHARES. All of the Shares issuable upon the exercise of this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all taxes, liens, encumbrances and charges with respect to the issue thereof. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Common Stock to provide for the exercise of this Warrant.

3. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

3.1 RECLASSIFICATION. In case of any reclassification of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company, shall execute a new warrant, providing that the Holder shall have the right to exercise such new warrant, and procure upon such exercise and payment of the same

aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification by a holder of an equivalent number of shares of Common Stock had the holder exercised the Warrant immediately prior thereto. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.

3.2 DIVIDENDS, STOCK SPLITS AND COMBINATIONS. If the number of shares of Common Stock outstanding at any time is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split up of stock, then the Exercise Price shall, concurrently with the effectiveness of such dividend, subdivision or split up, be proportionately decreased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase of outstanding shares of Common Stock. If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then the Exercise Price shall, concurrently with the effectiveness of such combination, be proportionately increased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease of outstanding shares of Common Stock.

3.3 ADJUSTMENT FOR LIQUIDATION, REDEMPTION OR CONVERSION OF SERIES C PREFERRED STOCK. Upon a liquidation, redemption or conversion on or after December 10, 2001 and prior to December 10, 2003 of all of the then outstanding shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value (the "Series C Preferred Stock") and Series D Redeemable Preferred Stock, $.01 par value (the "Series D Preferred Stock") in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Restated Certificate of Incorporation, as amended, if a Holder has not previously exercised in accordance with Section 1 hereto, the Exercise Price shall be adjusted to $12.00 per share and if a Holder has previously exercised in accordance with Section 1 hereto, such Holder shall pay to the Company an amount equal to the product of $2.00 per share multiplied by the number of Shares of Common Stock purchased by such Holder upon such exercise (including Shares applied to pay the Exercise Price in accordance with Section 4 hereof).

3.4 ANTIDILUTION ADJUSTMENT. The Exercise Price shall be subject to adjustment from time to time as follows:

(a) SPECIAL DEFINITIONS. For purposes of this Section 3.4, the following definitions shall apply:

(1) "ADDITIONAL SHARES OF COMMON STOCK" shall mean all shares of Common Stock issued (or, pursuant to Section 3.4(c) below, deemed to be issued) by the Company after the Original Issue Date other than shares of

Common Stock issued or issuable:

(A) upon conversion of shares of the Preferred Stock or the exercise or conversion of any Options outstanding on the Original Issue Date;

(B) to officers, directors, employees and consultants of the Company or any subsidiary thereof, pursuant to a stock option plan, stock purchase plan or other employee stock incentive plan approved by the Board of Directors of the Company or other stock arrangements which have been approved by the Board of Directors of the Company;

(C) pursuant to any event for which adjustment has already been made pursuant to this Section 3.4;

(D) as a dividend or distribution on the Preferred Stock;

(E) as a dividend or distribution on the Common Stock;

(F) upon any subdivision or split up of Common Stock; or

(G) upon any capital reorganization of the Company.

(2) "CONVERTIBLE SECURITIES" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(3) "OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(4) "ORIGINAL ISSUE DATE" shall mean the date on which this Warrant was issued.

(5) "PREFERRED STOCK" shall mean collectively, the Company's 8% Non-Cumulative Convertible Preferred Stock, $.01 par value, Series B Non-Cumulative Convertible Preferred Stock, $.01 par value, Series C Preferred Stock and Series D Preferred Stock.

(b) NO ADJUSTMENT OF EXERCISE PRICE. No adjustment in the Exercise Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the

Exercise Price in effect on the date or and immediately prior to such issue.

(c) DEEMED ISSUE OF ADDITIONAL SHARES OF COMMON STOCK. Except as provided in Section 3.4(a)(1) above, if the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein

for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.4(e) below) of such Additional Shares of Common Stock would be less than the Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Exercise Price computed upon the initial Exercise Price thereof set forth in the first paragraph of this Warrant (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective , be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(3) on the expiration or cancellation of any Options or the termination of the right to convert or exchange any Convertible Securities which shall have not been exercised, if the Exercise Price shall have been adjusted upon the original issuance thereof or shall have been subsequently adjusted pursuant to clause (2) above, the Exercise Price shall be recomputed as if the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the

conversion or exchange of such Convertible Securities and the consideration received therefore was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged plus the consideration actually received by the Company upon such conversion or exchange, if any; and

(4) no readjustment pursuant to clause (2) or clause (3) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the initial Exercise Price on the original adjustment date (unless the Exercise Price is increased above the initial Exercise Price pursuant to Section 3.1 or 3.2, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of

Common Stock (other than those the subject of such adjustments) between the original adjustment date and such readjustment date; and

(d) ADJUSTMENT OF EXERCISE PRICE UPON ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK. In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.4(c), but excluding stock dividends, subdivisions or split-ups that are the subject of adjustment pursuant to Section 3.1 or 3.2 without consideration or for a consideration per share less than the Exercise Price applicable on and immediately prior to such issue, then and in such event, the Exercise Price shall be reduced concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect on the date of and immediately prior to such issue by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Exercise Price in effect on the date of and immediately prior to such issue; and the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of such Additional Shares of Common Stock so issued.

(e) DETERMINATION OF CONSIDERATION. For purposes of this Section 3.4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) CASH AND PROPERTY. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors of the Company.

(2) OPTIONS AND CONVERTIBLE SECURITIES. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4(b) and 3.4(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the (ii) aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

4. NET ISSUE ELECTION. The holder hereof may elect to receive, without the payment by such holder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, at the office of the Company. Thereupon, the Company shall issue to such holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

where X = the number of shares to be issued to such holder pursuant to this Section 4.

Y = the number of shares covered by this Warrant in respect of which the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, as determined in accordance with the following provisions, as at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

For purposes of this Section 4, "fair market value" of one share of Common Stock shall be determined as follows:

(1) Where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per share shall be the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ System or on any exchange on which the Common Stock is listed, whichever is applicable, as published in THE WALL STREET JOURNAL for the five (5) trading days prior to the date to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrants are exercised in connection with the Company's initial public offering of Common Stock, the fair market value per share shall be the per share offering price to the public of the Company's initial public offering.

(2) If no public market for the Common Stock exists at the time of such exercise, the Company and the holder hereof shall negotiate in good faith in an effort to reach agreement upon the fair market value of one share of Common Stock for a period of ten (10) days after delivery of the executed subscription.

(3) If the Company and the holder hereof are unable to reach agreement under the foregoing subparagraph (2), the fair market value of one share of Common Stock shall be determined by appraisal. The Company and the holder hereof shall each select an appraiser (the "Selected Appraisers") within thirty (30) days after the expiration of the ten-day period in subparagraph (2) above. Each Selected Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. In the event that either Selected Appraiser fails to render an appraisal within such thirty-day period, the first appraisal rendered shall be conclusive. In the event that the values determined by the Selected Appraisers differ by less than ten percent (10%) of the

lower value, the fair market value shall be the average of the appraisals made by each of the Selected Appraisers. In the event that the values differ by ten percent (10%) or more of the lower value, the Selected Appraisers shall within ten (10) days select a third appraiser (the "Neutral Appraiser") to conduct an appraisal. The Neutral Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. The fair market value of one share of Common Stock shall be equal to the appraisal made by the Neutral Appraiser if such appraisal is between the two appraisals made by the Selected Appraisers or, if such appraisal by the Neutral Appraiser is not between the two appraisals made by the Selected Appraisers, then the fair market value of one share of Common Stock shall be that one of the two appraisals made by the Selected Appraisers that is closer to the appraisal made by the Neutral Appraiser. All appraisals delivered pursuant to this subparagraph (3) shall be in writing and signed by the appraiser. The fees, costs and expenses of each of the Selected Appraisers will be borne by the party who selected such appraiser, and the fees, costs and expenses of the Neutral Appraiser will be borne equally by the Company and the holder hereof.

(4) In appraising the fair market value of one share of Common Stock, there shall be no discount for minority interests.

(5) The fair market value as determined in accordance with this Section 4 shall be conclusive, final and binding upon the Company and the holder hereof, and shall be enforceable in any court having jurisdiction over a proceeding to enforce the terms of this Warrant.

5. NOTICE. In the event of the occurrence of any one or more of the following (each, a "Liquidity Event"): (i) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary; (ii) a sale, merger, recapitalization, reorganization or consolidation involving the Company, as the result of which those persons who hold at least 50% of the voting stock of the Company immediately prior to such transaction do not hold more than 50% of the voting stock of the Company (or the surviving or resulting entity) after giving effect to such transaction; or (iii) the sale of all or substantially all of the assets of the Company; then in connection with each such Liquidity Event, the Company shall send to the Holder:

(a) At least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the Holder shall be entitled thereto) or for determining rights to vote in respect of such Liquidity Event; and

(b) In the case of any such Liquidity Event, at least ten (10) days prior written notice of the date when the same shall take place (and specifying the date on which the Holder shall be entitled to exchange its Common

Stock for securities or other property deliverable upon such Liquidity Event).

6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the Exercise Price then in effect.

7. RESTRICTIONS ON TRANSFER.

7.1 RESTRICTIVE LEGEND. Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend or recapitalization (collectively, the "Restricted Securities"), shall be endorsed as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Company receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is

> established to the satisfaction of the Company that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Company receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Company at the principal executive offices of the Company.
>
> The Company is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Company.

7.2 OWNERSHIP OF WARRANT. The Company may deem and treat the

person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by any person other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Section 7.

7.3 TRANSFER OF THE WARRANT. Subject to the provisions of the Amended and Restated Stockholders' Agreement dated as of December 10, 1998, among the Company and the stockholders party thereto, this Warrant may be transferred in whole or in part to one or more parties at the option of the Holder; PROVIDED, HOWEVER, that prior to any transfer of this Warrant, the Holder shall give written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, contain a representation in writing from the proposed transferee that the Warrant is being acquired for investment not with a view to any sale or distribution thereof and shall be accompanied by the Assignment form attached hereto as EXHIBIT B duly executed by the Holder. Upon transfer of the Warrant pursuant to this Section 7, the Company shall at the request of Holder and upon surrender of the Warrant to the Company, promptly issue new Warrants in the names and amounts requested by the Holder to replace the surrendered Warrant.

8. NO RIGHTS OF STOCKHOLDERS. This Warrant does not entitle the Holder to any voting rights as a stockholder of the Company prior to the exercise of the Warrant; further, the Holder has no liability as to the Exercise Price.

9. NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but it will at all times in good faith assist in the carrying out

of all of the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

10. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant or like tenor and dated as of such cancellation, in lieu of this Warrant.

11. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

12. EXPIRATION OF WARRANT. Notwithstanding any other provision of this Warrant, this Warrant shall expire and shall no longer be exercisable upon the earlier of (i) payment by the Company prior to December 10, 2001 with respect to all of the then outstanding Series C Preferred Stock and Series D Preferred Stock held by the Holder in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Amended and Restated Certificate of Incorporation or (ii) at 12:00 a.m., New York time, on December 10, 2005.

13. MISCELLANEOUS.

13.1 GOVERNING LAW. This Warrant shall be governed by and construed in all respects in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

13.2 ENTIRE AGREEMENT; AMENDMENT. This Warrant constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, except as may be provided in (i) the Amended and Restated Stockholders' Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company, (ii) the Stock Purchase Agreement and (iii) the Amended and Restated Registration Rights Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company. Neither this Warrant nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

13.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the permitted successors and assigns, heirs, executors, and administrators of the Company and the Holder.

13.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the attention of the President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.), telephone: (212) 259-7300, facsimile: (212) 259-7202, and (b) to Holder at the address set forth on EXHIBIT C attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110

(Attention: Anthony J. Medaglia, Jr., P.C.), telephone: (617) 951-6600, facsimile: (617) 951-1295. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail or by Federal Express or other reputable overnight carrier, upon receipt.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

Issued this ____ day of December, 1998.

CVC, INC.

By: ----------

Title: ----------

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By: ----------

Title: ----------

Address: 75 State Street
Boston, MA 02109

Issued this th day of December, 1998.

CVC, INC.

By: _____

Title: _____

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

_____

By: _____

Title: _____

Address: 75 State Street
Boston, MA 02109

EXHIBIT A

NOTICE OF EXERCISE

TO: CVC, INC.
525 Lee Road
Post Office Box 1886
Rochester, New York 14603-1886
Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common Stock of CVC, INC. pursuant to the terms of this Warrant, and tenders herewith payment of

the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned hereby represents and warrants that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares.

(Signature)

Title:

(Date)

EXHIBIT B

ASSIGNMENT FORM
(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address is _____, the right represented by the attached Warrant to purchase _____ shares of Common Stock of CVC, INC., to which the attached Warrant relates.

Dated:

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

(Address)

Signed in the presence of:

Exhibit 10.36

COMMON STOCK PURCHASE WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS (A) THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT, (B) IT IS ESTABLISHED TO THE SATISFACTION OF THE COMPANY THAT SUCH SALE OR TRANSFER IS IN A TRANSACTION WHICH IS EXEMPT UNDER, OR OTHERWISE IN COMPLIANCE WITH, SUCH LAWS OR (C) THE COMPANY RECEIVES A "NO ACTION" LETTER OR SIMILAR DECLARATION FROM THE SECURITIES AND EXCHANGE COMMISSION TO THE EFFECT THAT SUCH SALE OR TRANSFER WITHOUT REGISTRATION WILL NOT RESULT IN A RECOMMENDATION BY SAID COMMISSION THAT ACTION BE TAKEN WITH RESPECT THERETO. COPIES OF THE AGREEMENTS COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

NO. W-03 VOID AFTER DECEMBER 10, 2005

FORM OF
WARRANT

TO PURCHASE 2,540 SHARES OF COMMON STOCK OF

CVC, INC.

Dated as of December 10, 1998

THIS CERTIFIES THAT, for value received, Advent Partners GPE III Limited Partnership or its permitted transferees or assigns (the "Holder") is entitled to purchase from CVC, Inc., a Delaware corporation (the "Company"), 2,540 fully paid and nonassessable shares (the "Shares") (as adjusted pursuant to Section 3 below) of common stock, $.01 par value ("Common Stock"), of the Company, at the price of $10.00 per

share (the "Exercise Price") (as adjusted pursuant to Section 3 below), subject to the provisions and upon the terms and conditions set forth below.

Capitalized terms used and not otherwise defined in this warrant shall have the meanings assigned in the Stock Purchase Agreement, dated as of December 10, 1998 between the Company and the Purchasers named therein (the "Stock Purchase Agreement").

1. EXERCISE AND PAYMENT.

1.1 EXERCISE. On or after December 10, 2001, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (together with a duly executed exercise notice (the "Notice of Exercise") in the form attached hereto as EXHIBIT A) at the principal office of the Company, and by the payment to the Company, by wire transfer, of an amount equal to the aggregate Exercise Price of the Shares being purchased.

1.2 STOCK CERTIFICATES. In the event of the exercise of all or any portion of this Warrant, certificates for the shares of Common Stock so purchased shall be delivered to the Holder by the Company at its own expense (including the payment by it of any applicable issue taxes) within a reasonable time, which shall in no event be later than ten (10) days thereafter and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

If this Warrant shall be surrendered for exercise within any period during which the transfer books for shares of the Common Stock or other securities purchasable upon the exercise of this Warrant are closed for any purpose, the Company shall not be required to make delivery of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

2. STOCK FULLY PAID; RESERVATION OF SHARES. All of the Shares issuable upon the exercise of this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all taxes, liens, encumbrances and charges with respect to the issue thereof. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Common Stock to provide for the exercise of this Warrant.

3. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

3.1 RECLASSIFICATION. In case of any reclassification of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company, shall execute a new warrant, providing that the

Holder shall have the right to exercise such new warrant, and procure upon such exercise and payment of the same

aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification by a holder of an equivalent number of shares of Common Stock had the holder exercised the Warrant immediately prior thereto. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.

3.2 DIVIDENDS, STOCK SPLITS AND COMBINATIONS. If the number of shares of Common Stock outstanding at any time is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split up of stock, then the Exercise Price shall, concurrently with the effectiveness of such dividend, subdivision or split up, be proportionately decreased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase of outstanding shares of Common Stock. If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then the Exercise Price shall, concurrently with the effectiveness of such combination, be proportionately increased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease of outstanding shares of Common Stock.

3.3 ADJUSTMENT FOR LIQUIDATION, REDEMPTION OR CONVERSION OF SERIES C PREFERRED STOCK. Upon a liquidation, redemption or conversion on or after December 10, 2001 and prior to December 10, 2003 of all of the then outstanding shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value (the "Series C Preferred Stock") and Series D Redeemable Preferred Stock, $.01 par value (the "Series D Preferred Stock") in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Restated Certificate of Incorporation, as amended, if a Holder has not previously exercised in accordance with Section 1 hereto, the Exercise Price shall be adjusted to $12.00 per share and if a Holder has previously exercised in accordance with Section 1 hereto, such Holder shall pay to the Company an amount equal to the product of $2.00 per share multiplied by the number of Shares of Common Stock purchased by such Holder upon such exercise (including Shares applied to pay the Exercise Price in accordance with Section 4 hereof).

3.4 ANTIDILUTION ADJUSTMENT. The Exercise Price shall be subject to adjustment from time to time as follows:

(a) SPECIAL DEFINITIONS. For purposes of this Section 3.4, the following definitions shall apply:

(1) "ADDITIONAL SHARES OF COMMON STOCK" shall mean all shares of Common Stock issued (or, pursuant to Section 3.4(c) below, deemed to be issued) by the Company after the Original Issue Date other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of the Preferred Stock or the exercise or conversion of any Options outstanding on the Original Issue Date;

(B) to officers, directors, employees and consultants of the Company or any subsidiary thereof, pursuant to a stock option plan, stock purchase plan or other employee stock incentive plan approved by the Board of Directors of the Company or other stock arrangements which have been approved by the Board of Directors of the Company;

(C) pursuant to any event for which adjustment has already been made pursuant to this Section 3.4;

(D) as a dividend or distribution on the Preferred Stock;

(E) as a dividend or distribution on the Common Stock;

(F) upon any subdivision or split up of Common Stock; or

(G) upon any capital reorganization of the Company.

(2) "CONVERTIBLE SECURITIES" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(3) "OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(4) "ORIGINAL ISSUE DATE" shall mean the date on which this Warrant was issued.

(5) "PREFERRED STOCK" shall mean collectively, the Company's 8% Non-Cumulative Convertible Preferred Stock, $.01 par value, Series B Non-Cumulative Convertible Preferred Stock, $.01 par value, Series C Preferred Stock and Series D Preferred Stock.

(b) NO ADJUSTMENT OF EXERCISE PRICE. No adjustment in the

Exercise Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date or and immediately prior to such issue.

(c) DEEMED ISSUE OF ADDITIONAL SHARES OF COMMON STOCK. Except as provided in Section 3.4(a)(1) above, if the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein

for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.4(e) below) of such Additional Shares of Common Stock would be less than the Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Exercise Price computed upon the initial Exercise Price thereof set forth in the first paragraph of this Warrant (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective , be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(3) on the expiration or cancellation of any Options or the termination of the right to convert or exchange any Convertible

Securities which shall have not been exercised, if the Exercise Price shall have been adjusted upon the original issuance thereof or shall have been subsequently adjusted pursuant to clause (2) above, the Exercise Price shall be recomputed as if the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefore was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged plus the consideration actually received by the Company upon such conversion or exchange, if any; and

(4) no readjustment pursuant to clause (2) or clause (3) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the initial Exercise Price on the original adjustment date (unless the Exercise Price is increased above the initial Exercise Price pursuant to Section 3.1 or 3.2, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of

Common Stock (other than those the subject of such adjustments) between the original adjustment date and such readjustment date; and

(d) ADJUSTMENT OF EXERCISE PRICE UPON ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK. In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.4(c), but excluding stock dividends, subdivisions or split-ups that are the subject of adjustment pursuant to Section 3.1 or 3.2 without consideration or for a consideration per share less than the Exercise Price applicable on and immediately prior to such issue, then and in such event, the Exercise Price shall be reduced concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect on the date of and immediately prior to such issue by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Exercise Price in effect on the date of and immediately prior to such issue; and the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of such Additional Shares of Common Stock so issued.

(e) DETERMINATION OF CONSIDERATION. For purposes of this Section 3.4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) CASH AND PROPERTY. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors of the Company.

(2) OPTIONS AND CONVERTIBLE SECURITIES. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4(b) and 3.4(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the (ii) aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

4. NET ISSUE ELECTION. The holder hereof may elect to receive, without the payment by such holder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, at the office of the Company. Thereupon, the Company shall issue to such holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

where X = the number of shares to be issued to such holder pursuant to this Section 4.

Y = the number of shares covered by this Warrant in respect of which the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, as determined in accordance with the following provisions, as at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

For purposes of this Section 4, "fair market value" of one share of Common Stock shall be determined as follows:

(1) Where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per share shall be the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ System or on any exchange on which the Common Stock is listed, whichever is applicable, as published in THE WALL STREET JOURNAL for the five (5) trading days prior to the date to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrants are exercised in connection with the Company's initial public offering of Common Stock, the fair market value per share shall be the per share offering price to the public of the Company's initial public offering.

(2) If no public market for the Common Stock exists at the time of such exercise, the Company and the holder hereof shall negotiate in good faith in an effort to reach agreement upon the fair market value of one share of Common Stock for a period of ten (10) days after delivery of the executed subscription.

(3) If the Company and the holder hereof are unable to reach agreement under the foregoing subparagraph (2), the fair market value of one share of Common Stock shall be determined by appraisal. The Company and the holder hereof shall each select an appraiser (the "Selected Appraisers") within thirty (30) days after the expiration of the ten-day period in subparagraph (2) above. Each Selected Appraiser shall render its appraisal within thirty (30) days of its appointment

hereunder. In the event that either Selected Appraiser fails to render an appraisal within such thirty-day period, the first appraisal rendered shall be conclusive. In the event that the values determined by the Selected Appraisers differ by less than ten percent (10%) of the lower value, the fair market value shall be the average of the appraisals made by each of the Selected Appraisers. In the event that the values differ by ten percent (10%) or more of the lower value, the Selected Appraisers shall within ten (10) days select a third appraiser (the "Neutral Appraiser") to conduct an appraisal. The Neutral Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. The fair market value of one share of Common Stock shall be equal to the appraisal made by the Neutral Appraiser if such appraisal is between the two appraisals made by the Selected Appraisers or, if such appraisal by the Neutral Appraiser is not between the two appraisals made by the Selected Appraisers, then the fair market value of one share of Common Stock shall be that one of the two appraisals made by the Selected Appraisers that is closer to the appraisal made by the Neutral Appraiser. All appraisals delivered pursuant to this subparagraph (3) shall be in writing and signed by the appraiser. The fees, costs and expenses of each of the Selected Appraisers will be borne by the party who selected such appraiser, and the fees, costs and expenses of the Neutral Appraiser will be borne equally by the Company and the holder hereof.

(4) In appraising the fair market value of one share of Common Stock, there shall be no discount for minority interests.

(5) The fair market value as determined in accordance with this Section 4 shall be conclusive, final and binding upon the Company and the holder hereof, and shall be enforceable in any court having jurisdiction over a proceeding to enforce the terms of this Warrant.

5. NOTICE. In the event of the occurrence of any one or more of the following (each, a "Liquidity Event"): (i) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary; (ii) a sale, merger, recapitalization, reorganization or consolidation involving the Company, as the result of which those persons who hold at least 50% of the voting stock of the Company immediately prior to such transaction do not hold more than 50% of the voting stock of the Company (or the surviving or resulting entity) after giving effect to such transaction; or (iii) the sale of all or substantially all of the assets of the Company; then in connection with each such Liquidity Event, the Company shall send to the Holder:

(a) At least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the Holder shall be entitled thereto) or for determining rights to vote in respect of such Liquidity Event; and

(b) In the case of any such Liquidity Event, at least ten (10) days prior written notice of the date when the same shall take place (and specifying the date on which the Holder shall be entitled to exchange its Common Stock for securities or other property deliverable upon such Liquidity Event).

6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the Exercise Price then in effect.

7. RESTRICTIONS ON TRANSFER.

7.1 RESTRICTIVE LEGEND. Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend or recapitalization (collectively, the "Restricted Securities"), shall be endorsed as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Company receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is

> established to the satisfaction of the Company that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Company receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Company at the principal executive offices of the Company.
>
> The Company is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to

be issued and upon the holders thereof from the principal office of the Company.

7.2 OWNERSHIP OF WARRANT. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by any person other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Section 7.

7.3 TRANSFER OF THE WARRANT. Subject to the provisions of the Amended and Restated Stockholders' Agreement dated as of December 10, 1998, among the Company and the stockholders party thereto, this Warrant may be transferred in whole or in part to one or more parties at the option of the Holder; PROVIDED, HOWEVER, that prior to any transfer of this Warrant, the Holder shall give written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, contain a representation in writing from the proposed transferee that the Warrant is being acquired for investment not with a view to any sale or distribution thereof and shall be accompanied by the Assignment form attached hereto as EXHIBIT B duly executed by the Holder. Upon transfer of the Warrant pursuant to this Section 7, the Company shall at the request of Holder and upon surrender of the Warrant to the Company, promptly issue new Warrants in the names and amounts requested by the Holder to replace the surrendered Warrant.

8. NO RIGHTS OF STOCKHOLDERS. This Warrant does not entitle the Holder to any voting rights as a stockholder of the Company prior to the exercise of the Warrant; further, the Holder has no liability as to the Exercise Price.

9. NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but it will at all times in good faith assist in the carrying out

of all of the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

10. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make

and deliver a new Warrant or like tenor and dated as of such cancellation, in lieu of this Warrant.

11. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

12. EXPIRATION OF WARRANT. Notwithstanding any other provision of this Warrant, this Warrant shall expire and shall no longer be exercisable upon the earlier of (i) payment by the Company prior to December 10, 2001 with respect to all of the then outstanding Series C Preferred Stock and Series D Preferred Stock held by the Holder in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Amended and Restated Certificate of Incorporation or (ii) at 12:00 a.m., New York time, on December 10, 2005.

13. MISCELLANEOUS.

13.1 GOVERNING LAW. This Warrant shall be governed by and construed in all respects in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

13.2 ENTIRE AGREEMENT; AMENDMENT. This Warrant constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, except as may be provided in (i) the Amended and Restated Stockholders' Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company, (ii) the Stock Purchase Agreement and (iii) the Amended and Restated Registration Rights Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company. Neither this Warrant nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

13.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the permitted successors and assigns, heirs, executors, and administrators of the Company and the Holder.

13.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the attention of the President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.),

telephone: (212) 259-7300, facsimile: (212) 259-7202, and (b) to Holder at the address set forth on EXHIBIT C attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110 (Attention: Anthony J. Medaglia, Jr., P.C.), telephone: (617) 951-6600, facsimile: (617) 951-1295. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail or by Federal Express or other reputable overnight carrier, upon receipt.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

Issued this ____ day of December, 1998.

CVC, INC.

By: ----------

Title: ----------

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By: ----------

Title: ----------

Address: 75 State Street
Boston, MA 02109

Issued this th day of December, 1998.

CVC, INC.

By: _____

Title: _____

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

_____

By: _____

Title: _____

Address: 75 State Street
Boston, MA 02109

EXHIBIT A

NOTICE OF EXERCISE

TO: CVC, INC.
525 Lee Road
Post Office Box 1886
Rochester, New York 14603-1886
Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common

Stock of CVC, INC. pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned hereby represents and warrants that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares.

(Signature)

Title:

(Date)

EXHIBIT B

ASSIGNMENT FORM
(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address is _____, the right represented by the attached Warrant to purchase _____ shares of Common Stock of CVC, INC., to which the attached Warrant relates.

Dated:

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

(Address)

Signed in the presence of:

Exhibit 10.37

COMMON STOCK PURCHASE WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS (A) THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT, (B) IT IS ESTABLISHED TO THE SATISFACTION OF THE COMPANY THAT SUCH SALE OR TRANSFER IS IN A TRANSACTION WHICH IS EXEMPT UNDER, OR OTHERWISE IN COMPLIANCE WITH, SUCH LAWS OR (C) THE COMPANY RECEIVES A "NO ACTION" LETTER OR SIMILAR DECLARATION FROM THE SECURITIES AND EXCHANGE COMMISSION TO THE EFFECT THAT SUCH SALE OR TRANSFER WITHOUT REGISTRATION WILL NOT RESULT IN A RECOMMENDATION BY SAID COMMISSION THAT ACTION BE TAKEN WITH RESPECT THERETO. COPIES OF THE AGREEMENTS COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

NO. W-04 VOID AFTER DECEMBER 10, 2005

FORM OF
WARRANT

TO PURCHASE 760 SHARES OF COMMON STOCK OF

CVC, INC.

Dated as of December 10, 1998

THIS CERTIFIES THAT, for value received, Advent Partners (NA) GPE III Limited Partnership or its permitted transferees or assigns (the "Holder") is entitled to purchase from CVC, Inc., a Delaware corporation (the "Company"), 760 fully paid and nonassessable shares (the "Shares") (as adjusted pursuant to Section 3 below) of common stock, $.01 par value ("Common Stock"), of the Company, at the price of $10.00 per

share (the "Exercise Price") (as adjusted pursuant to Section 3 below), subject to the provisions and upon the terms and conditions set forth below.

Capitalized terms used and not otherwise defined in this warrant shall have the meanings assigned in the Stock Purchase Agreement, dated as of December 10, 1998 between the Company and the Purchasers named therein (the "Stock Purchase Agreement").

1. EXERCISE AND PAYMENT.

1.1 EXERCISE. On or after December 10, 2001, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (together with a duly executed exercise notice (the "Notice of Exercise") in the form attached hereto as EXHIBIT A) at the principal office of the Company, and by the payment to the Company, by wire transfer, of an amount equal to the aggregate Exercise Price of the Shares being purchased.

1.2 STOCK CERTIFICATES. In the event of the exercise of all or any portion of this Warrant, certificates for the shares of Common Stock so purchased shall be delivered to the Holder by the Company at its own expense (including the payment by it of any applicable issue taxes) within a reasonable time, which shall in no event be later than ten (10) days thereafter and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

If this Warrant shall be surrendered for exercise within any period during which the transfer books for shares of the Common Stock or other securities purchasable upon the exercise of this Warrant are closed for any purpose, the Company shall not be required to make delivery of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

2. STOCK FULLY PAID; RESERVATION OF SHARES. All of the Shares issuable upon the exercise of this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all taxes, liens, encumbrances and charges with respect to the issue thereof. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Common Stock to provide for the exercise of this Warrant.

3. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

3.1 RECLASSIFICATION. In case of any reclassification of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company, shall execute a new warrant, providing that the

Holder shall have the right to exercise such new warrant, and procure upon such exercise and payment of the same

aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification by a holder of an equivalent number of shares of Common Stock had the holder exercised the Warrant immediately prior thereto. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.

3.2 DIVIDENDS, STOCK SPLITS AND COMBINATIONS. If the number of shares of Common Stock outstanding at any time is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split up of stock, then the Exercise Price shall, concurrently with the effectiveness of such dividend, subdivision or split up, be proportionately decreased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase of outstanding shares of Common Stock. If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then the Exercise Price shall, concurrently with the effectiveness of such combination, be proportionately increased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease of outstanding shares of Common Stock.

3.3 ADJUSTMENT FOR LIQUIDATION, REDEMPTION OR CONVERSION OF SERIES C PREFERRED STOCK. Upon a liquidation, redemption or conversion on or after December 10, 2001 and prior to December 10, 2003 of all of the then outstanding shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value (the "Series C Preferred Stock") and Series D Redeemable Preferred Stock, $.01 par value (the "Series D Preferred Stock") in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Restated Certificate of Incorporation, as amended, if a Holder has not previously exercised in accordance with Section 1 hereto, the Exercise Price shall be adjusted to $12.00 per share and if a Holder has previously exercised in accordance with Section 1 hereto, such Holder shall pay to the Company an amount equal to the product of $2.00 per share multiplied by the number of Shares of Common Stock purchased by such Holder upon such exercise (including Shares applied to pay the Exercise Price in accordance with Section 4 hereof).

3.4 ANTIDILUTION ADJUSTMENT. The Exercise Price shall be subject to adjustment from time to time as follows:

(a) SPECIAL DEFINITIONS. For purposes of this Section 3.4, the following definitions shall apply:

(1) "ADDITIONAL SHARES OF COMMON STOCK" shall mean all shares of Common Stock issued (or, pursuant to Section 3.4(c) below, deemed to be issued) by the Company after the Original Issue Date other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of the Preferred Stock or the exercise or conversion of any Options outstanding on the Original Issue Date;

(B) to officers, directors, employees and consultants of the Company or any subsidiary thereof, pursuant to a stock option plan, stock purchase plan or other employee stock incentive plan approved by the Board of Directors of the Company or other stock arrangements which have been approved by the Board of Directors of the Company;

(C) pursuant to any event for which adjustment has already been made pursuant to this Section 3.4;

(D) as a dividend or distribution on the Preferred Stock;

(E) as a dividend or distribution on the Common Stock;

(F) upon any subdivision or split up of Common Stock;
or

(G) upon any capital reorganization of the Company.

(2) "CONVERTIBLE SECURITIES" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(3) "OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(4) "ORIGINAL ISSUE DATE" shall mean the date on which this Warrant was issued.

(5) "PREFERRED STOCK" shall mean collectively, the Company's 8% Non-Cumulative Convertible Preferred Stock, $.01 par value, Series B Non-Cumulative Convertible Preferred Stock, $.01 par value, Series C Preferred Stock and Series D Preferred Stock.

(b) NO ADJUSTMENT OF EXERCISE PRICE. No adjustment in the Exercise Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date or and immediately prior to such issue.

(c) DEEMED ISSUE OF ADDITIONAL SHARES OF COMMON STOCK. Except as provided in Section 3.4(a)(1) above, if the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein

for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.4(e) below) of such Additional Shares of Common Stock would be less than the Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Exercise Price computed upon the initial Exercise Price thereof set forth in the first paragraph of this Warrant (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective , be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(3) on the expiration or cancellation of any Options

or the termination of the right to convert or exchange any Convertible Securities which shall have not been exercised, if the Exercise Price shall have been adjusted upon the original issuance thereof or shall have been subsequently adjusted pursuant to clause (2) above, the Exercise Price shall be recomputed as if the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefore was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged plus the consideration actually received by the Company upon such conversion or exchange, if any; and

(4) no readjustment pursuant to clause (2) or clause (3) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the initial Exercise Price on the original adjustment date (unless the Exercise Price is increased above the initial Exercise Price pursuant to Section 3.1 or 3.2, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of

Common Stock (other than those the subject of such adjustments) between the original adjustment date and such readjustment date; and

(d) ADJUSTMENT OF EXERCISE PRICE UPON ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK. In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.4(c), but excluding stock dividends, subdivisions or split-ups that are the subject of adjustment pursuant to Section 3.1 or 3.2 without consideration or for a consideration per share less than the Exercise Price applicable on and immediately prior to such issue, then and in such event, the Exercise Price shall be reduced concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect on the date of and immediately prior to such issue by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Exercise Price in effect on the date of and immediately prior to such issue; and the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the

Preferred Stock outstanding immediately prior to such issue and (ii) the number of such Additional Shares of Common Stock so issued.

(e) DETERMINATION OF CONSIDERATION. For purposes of this Section 3.4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) CASH AND PROPERTY. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors of the Company.

(2) OPTIONS AND CONVERTIBLE SECURITIES. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4(b) and 3.4(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the (ii) aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

4. NET ISSUE ELECTION. The holder hereof may elect to receive, without the payment by such holder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, at the office of the Company. Thereupon, the

Company shall issue to such holder such number of fully paid and nonassessable shares of Common Stock as is computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

where X = the number of shares to be issued to such holder pursuant to this Section 4.

Y = the number of shares covered by this Warrant in respect of which the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, as determined in accordance with the following provisions, as at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

For purposes of this Section 4, "fair market value" of one share of Common Stock shall be determined as follows:

(1) Where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per share shall be the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ System or on any exchange on which the Common Stock is listed, whichever is applicable, as published in THE WALL STREET JOURNAL for the five (5) trading days prior to the date to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrants are exercised in connection with the Company's initial public offering of Common Stock, the fair market value per share shall be the per share offering price to the public of the Company's initial public offering.

(2) If no public market for the Common Stock exists at the time of such exercise, the Company and the holder hereof shall negotiate in good faith in an effort to reach agreement upon the fair market value of one share of Common Stock for a period of ten (10) days after delivery of the executed subscription.

(3) If the Company and the holder hereof are unable to reach agreement under the foregoing subparagraph (2), the fair market value of one share of Common Stock shall be determined by appraisal. The Company and the holder hereof shall each select an appraiser (the "Selected Appraisers") within thirty (30) days after the expiration of

the ten-day period in subparagraph (2) above. Each Selected Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. In the event that either Selected Appraiser fails to render an appraisal within such thirty-day period, the first appraisal rendered shall be conclusive. In the event that the values determined by the Selected Appraisers differ by less than ten percent (10%) of the lower value, the fair market value shall be the average of the appraisals made by each of the Selected Appraisers. In the event that the values differ by ten percent (10%) or more of the lower value, the Selected Appraisers shall within ten (10) days select a third appraiser (the "Neutral Appraiser") to conduct an appraisal. The Neutral Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. The fair market value of one share of Common Stock shall be equal to the appraisal made by the Neutral Appraiser if such appraisal is between the two appraisals made by the Selected Appraisers or, if such appraisal by the Neutral Appraiser is not between the two appraisals made by the Selected Appraisers, then the fair market value of one share of Common Stock shall be that one of the two appraisals made by the Selected Appraisers that is closer to the appraisal made by the Neutral Appraiser. All appraisals delivered pursuant to this subparagraph (3) shall be in writing and signed by the appraiser. The fees, costs and expenses of each of the Selected Appraisers will be borne by the party who selected such appraiser, and the fees, costs and expenses of the Neutral Appraiser will be borne equally by the Company and the holder hereof.

(4) In appraising the fair market value of one share of Common Stock, there shall be no discount for minority interests.

(5) The fair market value as determined in accordance with this Section 4 shall be conclusive, final and binding upon the Company and the holder hereof, and shall be enforceable in any court having jurisdiction over a proceeding to enforce the terms of this Warrant.

5. NOTICE. In the event of the occurrence of any one or more of the following (each, a "Liquidity Event"): (i) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary; (ii) a sale, merger, recapitalization, reorganization or consolidation involving the Company, as the result of which those persons who hold at least 50% of the voting stock of the Company immediately prior to such transaction do not hold more than 50% of the voting stock of the Company (or the surviving or resulting entity) after giving effect to such transaction; or (iii) the sale of all or substantially all of the assets of the Company; then in connection with each such Liquidity Event, the Company shall send to the Holder:

(a) At least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the

Holder shall be entitled thereto) or for determining rights to vote in respect of such Liquidity Event; and

(b) In the case of any such Liquidity Event, at least ten (10) days prior written notice of the date when the same shall take place (and specifying the date on which the Holder shall be entitled to exchange its Common Stock for securities or other property deliverable upon such Liquidity Event).

6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the Exercise Price then in effect.

7. RESTRICTIONS ON TRANSFER.

7.1 RESTRICTIVE LEGEND. Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend or recapitalization (collectively, the "Restricted Securities"), shall be endorsed as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Company receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is

> established to the satisfaction of the Company that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Company receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Company at the principal executive offices of the Company.
>
> The Company is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a

statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Company.

7.2 OWNERSHIP OF WARRANT. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by any person other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Section 7.

7.3 TRANSFER OF THE WARRANT. Subject to the provisions of the Amended and Restated Stockholders' Agreement dated as of December 10, 1998, among the Company and the stockholders party thereto, this Warrant may be transferred in whole or in part to one or more parties at the option of the Holder; PROVIDED, HOWEVER, that prior to any transfer of this Warrant, the Holder shall give written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, contain a representation in writing from the proposed transferee that the Warrant is being acquired for investment not with a view to any sale or distribution thereof and shall be accompanied by the Assignment form attached hereto as EXHIBIT B duly executed by the Holder. Upon transfer of the Warrant pursuant to this Section 7, the Company shall at the request of Holder and upon surrender of the Warrant to the Company, promptly issue new Warrants in the names and amounts requested by the Holder to replace the surrendered Warrant.

8. NO RIGHTS OF STOCKHOLDERS. This Warrant does not entitle the Holder to any voting rights as a stockholder of the Company prior to the exercise of the Warrant; further, the Holder has no liability as to the Exercise Price.

9. NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but it will at all times in good faith assist in the carrying out

of all of the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

10. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or

destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant or like tenor and dated as of such cancellation, in lieu of this Warrant.

11. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

12. EXPIRATION OF WARRANT. Notwithstanding any other provision of this Warrant, this Warrant shall expire and shall no longer be exercisable upon the earlier of (i) payment by the Company prior to December 10, 2001 with respect to all of the then outstanding Series C Preferred Stock and Series D Preferred Stock held by the Holder in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Amended and Restated Certificate of Incorporation or (ii) at 12:00 a.m., New York time, on December 10, 2005.

13. MISCELLANEOUS.

13.1 GOVERNING LAW. This Warrant shall be governed by and construed in all respects in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

13.2 ENTIRE AGREEMENT; AMENDMENT. This Warrant constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, except as may be provided in (i) the Amended and Restated Stockholders' Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company, (ii) the Stock Purchase Agreement and (iii) the Amended and Restated Registration Rights Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company. Neither this Warrant nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

13.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the permitted successors and assigns, heirs, executors, and administrators of the Company and the Holder.

13.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the

attention of the President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.), telephone: (212) 259-7300, facsimile: (212) 259-7202, and (b) to Holder at the address set forth on EXHIBIT C attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110 (Attention: Anthony J. Medaglia, Jr., P.C.), telephone: (617) 951-6600, facsimile: (617) 951-1295. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail or by Federal Express or other reputable overnight carrier, upon receipt.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

Issued this ____ day of December, 1998.

CVC, INC.

By: ----------

Title: ----------

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By: ----------

Title: ----------

Address: 75 State Street

Boston, MA 02109

Issued this th day of December, 1998.

CVC, INC.

By: _____

Title: _____

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

_____

By: _____

Title: _____

Address: 75 State Street
Boston, MA 02109

EXHIBIT A

NOTICE OF EXERCISE

TO: CVC, INC.
525 Lee Road
Post Office Box 1886
Rochester, New York 14603-1886
Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common Stock of CVC, INC. pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned hereby represents and warrants that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares.

(Signature)

Title:

(Date)

EXHIBIT B

ASSIGNMENT FORM

(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto _____, whose address is _____, the right represented by the attached Warrant to purchase _____ shares of Common Stock of CVC, INC., to which the attached Warrant relates.

Dated:

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

(Address)

Signed in the presence of:

Exhibit 10.38

COMMON STOCK PURCHASE WARRANT

THIS WARRANT AND THE SHARES OF COMMON STOCK WHICH MAY BE PURCHASED PURSUANT TO THE EXERCISE OF THIS WARRANT HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND HAVE BEEN ACQUIRED FOR INVESTMENT AND NOT WITH A VIEW TO OR IN CONNECTION WITH, THE SALE OR DISTRIBUTION THEREOF. SUCH SECURITIES MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED OR HYPOTHECATED IN THE ABSENCE OF SUCH REGISTRATION UNLESS (A) THE COMPANY RECEIVES AN OPINION OF COUNSEL REASONABLY SATISFACTORY TO IT STATING THAT SUCH SALE OR TRANSFER IS EXEMPT FROM THE REGISTRATION AND PROSPECTUS DELIVERY REQUIREMENTS OF SAID ACT, (B) IT IS ESTABLISHED TO THE SATISFACTION OF THE COMPANY THAT SUCH SALE OR TRANSFER IS IN A TRANSACTION WHICH IS EXEMPT UNDER, OR OTHERWISE IN COMPLIANCE WITH, SUCH LAWS OR (C) THE COMPANY RECEIVES A "NO ACTION" LETTER OR SIMILAR DECLARATION FROM THE SECURITIES AND EXCHANGE COMMISSION TO THE EFFECT THAT SUCH SALE OR TRANSFER WITHOUT REGISTRATION WILL NOT RESULT IN A RECOMMENDATION BY SAID COMMISSION THAT ACTION BE TAKEN WITH RESPECT THERETO. COPIES OF THE AGREEMENTS COVERING THE PURCHASE OF THESE SECURITIES AND RESTRICTING THEIR TRANSFER MAY BE OBTAINED AT NO COST BY WRITTEN REQUEST MADE BY THE HOLDER OF RECORD OF THIS CERTIFICATE TO THE SECRETARY OF THE COMPANY AT THE PRINCIPAL EXECUTIVE OFFICES OF THE COMPANY.

NO. W-05 VOID AFTER DECEMBER 10, 2005

FORM OF
WARRANT

TO PURCHASE 2,960 SHARES OF COMMON STOCK OF

CVC, INC.

Dated as of December 10, 1998

THIS CERTIFIES THAT, for value received, Advent Partners Limited Partnership or its permitted transferees or assigns (the "Holder") is entitled to purchase from CVC, Inc., a Delaware corporation (the "Company"), 2,960 fully paid and nonassessable shares (the "Shares") (as adjusted pursuant to Section 3 below) of common stock, $.01 par value ("Common Stock"), of the Company, at the price of $10.00 per

share (the "Exercise Price") (as adjusted pursuant to Section 3 below), subject to the provisions and upon the terms and conditions set forth below.

Capitalized terms used and not otherwise defined in this warrant shall have the meanings assigned in the Stock Purchase Agreement, dated as of December 10, 1998 between the Company and the Purchasers named therein (the "Stock Purchase Agreement").

1. EXERCISE AND PAYMENT.

1.1 EXERCISE. On or after December 10, 2001, the purchase rights represented by this Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (together with a duly executed exercise notice (the "Notice of Exercise") in the form attached hereto as EXHIBIT A) at the principal office of the Company, and by the payment to the Company, by wire transfer, of an amount equal to the aggregate Exercise Price of the Shares being purchased.

1.2 STOCK CERTIFICATES. In the event of the exercise of all or any portion of this Warrant, certificates for the shares of Common Stock so purchased shall be delivered to the Holder by the Company at its own expense (including the payment by it of any applicable issue taxes) within a reasonable time, which shall in no event be later than ten (10) days thereafter and, unless this Warrant has been fully exercised or has expired, a new Warrant representing the Shares with respect to which this Warrant shall not have been exercised shall also be issued to the Holder within such time.

If this Warrant shall be surrendered for exercise within any period during which the transfer books for shares of the Common Stock or other securities purchasable upon the exercise of this Warrant are closed for any purpose, the Company shall not be required to make delivery of certificates for the securities purchasable upon such exercise until the date of the reopening of said transfer books.

2. STOCK FULLY PAID; RESERVATION OF SHARES. All of the Shares issuable upon the exercise of this Warrant will, upon issuance and receipt of the Exercise Price therefor, be fully paid and nonassessable, and free from all taxes, liens, encumbrances and charges with respect to the issue thereof. During the period within which this Warrant may be exercised, the Company shall at all times have authorized and reserved for issuance sufficient shares of its Common Stock to provide for the exercise of this Warrant.

3. ADJUSTMENT OF EXERCISE PRICE AND NUMBER OF SHARES. The number and kind of securities purchasable upon the exercise of this Warrant and the Exercise Price therefor shall be subject to adjustment from time to time upon the occurrence of certain events, as follows:

3.1 RECLASSIFICATION. In case of any reclassification of the Common Stock (other than a change in par value, or as a result of a subdivision or combination), the Company, shall execute a new warrant, providing that the

Holder shall have the right to exercise such new warrant, and procure upon such exercise and payment of the same

aggregate Exercise Price, in lieu of the shares of Common Stock theretofore issuable upon exercise of this Warrant, the kind and amount of shares of stock, other securities, money and property receivable upon such reclassification by a holder of an equivalent number of shares of Common Stock had the holder exercised the Warrant immediately prior thereto. Such new warrant shall provide for adjustments which shall be as nearly equivalent as may be practicable to the adjustments provided for in this Section 3.

3.2 DIVIDENDS, STOCK SPLITS AND COMBINATIONS. If the number of shares of Common Stock outstanding at any time is increased by a stock dividend payable in shares of Common Stock or by a subdivision or split up of stock, then the Exercise Price shall, concurrently with the effectiveness of such dividend, subdivision or split up, be proportionately decreased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be increased in proportion to such increase of outstanding shares of Common Stock. If the number of shares of Common Stock outstanding at any time is decreased by a combination of the outstanding shares of Common Stock, then the Exercise Price shall, concurrently with the effectiveness of such combination, be proportionately increased so that the number of shares of Common Stock issuable on exercise of this Warrant shall be decreased in proportion to such decrease of outstanding shares of Common Stock.

3.3 ADJUSTMENT FOR LIQUIDATION, REDEMPTION OR CONVERSION OF SERIES C PREFERRED STOCK. Upon a liquidation, redemption or conversion on or after December 10, 2001 and prior to December 10, 2003 of all of the then outstanding shares of the Company's Series C Senior Convertible Redeemable Preferred Stock, $.01 par value (the "Series C Preferred Stock") and Series D Redeemable Preferred Stock, $.01 par value (the "Series D Preferred Stock") in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Restated Certificate of Incorporation, as amended, if a Holder has not previously exercised in accordance with Section 1 hereto, the Exercise Price shall be adjusted to $12.00 per share and if a Holder has previously exercised in accordance with Section 1 hereto, such Holder shall pay to the Company an amount equal to the product of $2.00 per share multiplied by the number of Shares of Common Stock purchased by such Holder upon such exercise (including Shares applied to pay the Exercise Price in accordance with Section 4 hereof).

3.4 ANTIDILUTION ADJUSTMENT. The Exercise Price shall be subject to adjustment from time to time as follows:

(a) SPECIAL DEFINITIONS. For purposes of this Section 3.4, the following definitions shall apply:

(1) "ADDITIONAL SHARES OF COMMON STOCK" shall mean all shares of Common Stock issued (or, pursuant to Section 3.4(c) below, deemed to be issued) by the Company after the Original Issue Date other than shares of Common Stock issued or issuable:

(A) upon conversion of shares of the Preferred Stock or the exercise or conversion of any Options outstanding on the Original Issue Date;

(B) to officers, directors, employees and consultants of the Company or any subsidiary thereof, pursuant to a stock option plan, stock purchase plan or other employee stock incentive plan approved by the Board of Directors of the Company or other stock arrangements which have been approved by the Board of Directors of the Company;

(C) pursuant to any event for which adjustment has already been made pursuant to this Section 3.4;

(D) as a dividend or distribution on the Preferred Stock;

(E) as a dividend or distribution on the Common Stock;

(F) upon any subdivision or split up of Common Stock;
or

(G) upon any capital reorganization of the Company.

(2) "CONVERTIBLE SECURITIES" shall mean any evidences of indebtedness, shares (other than Common Stock and Preferred Stock) or other securities convertible into or exchangeable for Common Stock.

(3) "OPTIONS" shall mean rights, options or warrants to subscribe for, purchase or otherwise acquire either Common Stock or Convertible Securities.

(4) "ORIGINAL ISSUE DATE" shall mean the date on which this Warrant was issued.

(5) "PREFERRED STOCK" shall mean collectively, the Company's 8% Non-Cumulative Convertible Preferred Stock, $.01 par value, Series B Non-Cumulative Convertible Preferred Stock, $.01 par value, Series C Preferred Stock and Series D Preferred Stock.

(b) NO ADJUSTMENT OF EXERCISE PRICE. No adjustment in the Exercise Price shall be made in respect of the issuance of Additional Shares of Common Stock unless the consideration per share for an Additional Share of Common Stock issued or deemed to be issued by the Company is less than the Exercise Price in effect on the date or and immediately prior to such issue.

(c) DEEMED ISSUE OF ADDITIONAL SHARES OF COMMON STOCK. Except as provided in Section 3.4(a)(1) above, if the Company at any time or from time to time after the Original Issue Date shall issue any Options or Convertible Securities or shall fix a record date for the determination of holders of any class of securities entitled to receive any such Options or Convertible Securities, then the maximum number of shares (as set forth in the instrument relating thereto without regard to any provisions contained therein

for a subsequent adjustment of such number) of Common Stock issuable upon the exercise of such Options or, in the case of Convertible Securities and Options therefor, the conversion or exchange of such Convertible Securities, shall be deemed to be Additional Shares of Common Stock issued as of the time of such issue or, in case such a record date shall have been fixed, as of the close of business on such record date, provided that Additional Shares of Common Stock shall not be deemed to have been issued unless the consideration per share (determined pursuant to Section 3.4(e) below) of such Additional Shares of Common Stock would be less than the Exercise Price in effect on the date of and immediately prior to such issue, or such record date, as the case may be, and provided further that in any such case in which Additional Shares of Common Stock are deemed to be issued:

(1) no further adjustment in the Exercise Price shall be made upon the subsequent issue of Convertible Securities or shares of Common Stock upon the exercise of such Options or conversion or exchange of such Convertible Securities;

(2) if such Options or Convertible Securities by their terms provide, with the passage of time or otherwise, for any increase or decrease in the consideration payable to the Company, or increase or decrease in the number of shares of Common Stock issuable, upon the exercise, conversion or exchange thereof, the Exercise Price computed upon the initial Exercise Price thereof set forth in the first paragraph of this Warrant (or upon the occurrence of a record date with respect thereto), and any subsequent adjustments based thereon, shall, upon any such increase or decrease becoming effective , be recomputed to reflect such increase or decrease insofar as it affects such Options or the rights of conversion or exchange under such Convertible Securities;

(3) on the expiration or cancellation of any Options

or the termination of the right to convert or exchange any Convertible Securities which shall have not been exercised, if the Exercise Price shall have been adjusted upon the original issuance thereof or shall have been subsequently adjusted pursuant to clause (2) above, the Exercise Price shall be recomputed as if the only Additional Shares of Common Stock issued were shares of Common Stock, if any, actually issued upon the exercise of such Options or the conversion or exchange of such Convertible Securities and the consideration received therefore was the consideration actually received by the Company for the issue of all such Options, whether or not exercised, plus the consideration actually received by the Company upon such exercise, or for the issue of all such Convertible Securities which were actually converted or exchanged plus the consideration actually received by the Company upon such conversion or exchange, if any; and

(4) no readjustment pursuant to clause (2) or clause (3) above shall have the effect of increasing the Exercise Price to an amount which exceeds the lower of (i) the initial Exercise Price on the original adjustment date (unless the Exercise Price is increased above the initial Exercise Price pursuant to Section 3.1 or 3.2, or (ii) the Exercise Price that would have resulted from any issuances of Additional Shares of

Common Stock (other than those the subject of such adjustments) between the original adjustment date and such readjustment date; and

(d) ADJUSTMENT OF EXERCISE PRICE UPON ISSUANCE OF ADDITIONAL SHARES OF COMMON STOCK. In the event the Company shall issue Additional Shares of Common Stock (including Additional Shares of Common Stock deemed to be issued pursuant to Section 3.4(c), but excluding stock dividends, subdivisions or split-ups that are the subject of adjustment pursuant to Section 3.1 or 3.2 without consideration or for a consideration per share less than the Exercise Price applicable on and immediately prior to such issue, then and in such event, the Exercise Price shall be reduced concurrently with such issue, to a price (calculated to the nearest cent) determined by multiplying the Exercise Price in effect on the date of and immediately prior to such issue by a fraction, the numerator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number of shares of Common Stock which the aggregate consideration received by the Company for the total number of Additional Shares of Common Stock so issued would purchase at the Exercise Price in effect on the date of and immediately prior to such issue; and the denominator of which shall be the sum of (i) the number of shares of Common Stock outstanding immediately prior to such issue (on a fully diluted as converted basis), including without limitation the number of shares of Common Stock issuable upon conversion of the Preferred Stock outstanding immediately prior to such issue and (ii) the number

of such Additional Shares of Common Stock so issued.

(e) DETERMINATION OF CONSIDERATION. For purposes of this Section 3.4(d), the consideration received by the Company for the issue of any Additional Shares of Common Stock shall be computed as follows:

(1) CASH AND PROPERTY. Such consideration shall:

(A) insofar as it consists of cash, be computed at the aggregate amount of cash received by the Company;

(B) insofar as it consists of property other than cash, be computed at the fair value thereof at the time of such issue, as determined in good faith by the Board of Directors of the Company; and

(C) in the event Additional Shares of Common Stock are issued together with other shares or securities or other assets of the Company for consideration which covers both, be the proportion of such consideration so received, computed as provided in clauses (A) and (B) above, as determined in good faith by the Board of Directors of the Company.

(2) OPTIONS AND CONVERTIBLE SECURITIES. The consideration per share received by the Company for Additional Shares of Common Stock deemed to have been issued pursuant to Section 3.4(b) and 3.4(c), relating to Options and Convertible Securities, shall be determined by dividing

(A) the total amount, if any, received or receivable by the Company as consideration for the issue of such Options or Convertible Securities, plus the (ii) aggregate amount of additional consideration (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such consideration) payable to the Company upon the exercise of such Options or the conversion or exchange of such Convertible Securities, or in the case of Options for Convertible Securities, the exercise of such options for Convertible Securities and the conversion or exchange of such Convertible Securities by

(B) the maximum number of shares of Common Stock (as set forth in the instruments relating thereto, without regard to any provision contained therein for a subsequent adjustment of such number) issuable upon the exercise of such Options or the conversion or exchange of such Convertible Securities.

4. NET ISSUE ELECTION. The holder hereof may elect to receive, without the payment by such holder of any additional consideration, shares equal to the value of this Warrant or any portion hereof by the surrender of this Warrant or such portion to the Company, at the office of the Company. Thereupon, the Company shall issue to such holder such number of fully paid and nonassessable

shares of Common Stock as is computed using the following formula:

$$X = \frac{Y\ (A-B)}{A}$$

where X = the number of shares to be issued to such holder pursuant to this Section 4.

Y = the number of shares covered by this Warrant in respect of which the net issue election is made pursuant to this Section 4.

A = the fair market value of one share of Common Stock, as determined in accordance with the following provisions, as at the time the net issue election is made pursuant to this Section 4.

B = the Purchase Price in effect under this Warrant at the time the net issue election is made pursuant to this Section 4.

For purposes of this Section 4, "fair market value" of one share of Common Stock shall be determined as follows:

(1) Where there exists a public market for the Company's Common Stock at the time of such exercise, the fair market value per share shall be the average of the closing bid and asked prices of the Common Stock quoted in the Over-The-Counter Market Summary or the last reported sale price of the Common Stock or the closing price quoted on the NASDAQ System or on any exchange on which the Common Stock is listed, whichever is applicable, as published in THE WALL STREET JOURNAL for the five (5) trading days prior to the date to the date of determination of fair market value. Notwithstanding the foregoing, in the event the Warrants are exercised in connection with the Company's initial public offering of Common Stock, the fair market value per share shall be the per share offering price to the public of the Company's initial public offering.

(2) If no public market for the Common Stock exists at the time of such exercise, the Company and the holder hereof shall negotiate in good faith in an effort to reach agreement upon the fair market value of one share of Common Stock for a period of ten (10) days after delivery of the executed subscription.

(3) If the Company and the holder hereof are unable to reach agreement under the foregoing subparagraph (2), the fair market value of one share of Common Stock shall be determined by appraisal. The Company and the holder hereof shall each select an appraiser (the "Selected Appraisers") within thirty (30) days after the expiration of the ten-day period in subparagraph (2) above. Each Selected Appraiser

shall render its appraisal within thirty (30) days of its appointment hereunder. In the event that either Selected Appraiser fails to render an appraisal within such thirty-day period, the first appraisal rendered shall be conclusive. In the event that the values determined by the Selected Appraisers differ by less than ten percent (10%) of the lower value, the fair market value shall be the average of the appraisals made by each of the Selected Appraisers. In the event that the values differ by ten percent (10%) or more of the lower value, the Selected Appraisers shall within ten (10) days select a third appraiser (the "Neutral Appraiser") to conduct an appraisal. The Neutral Appraiser shall render its appraisal within thirty (30) days of its appointment hereunder. The fair market value of one share of Common Stock shall be equal to the appraisal made by the Neutral Appraiser if such appraisal is between the two appraisals made by the Selected Appraisers or, if such appraisal by the Neutral Appraiser is not between the two appraisals made by the Selected Appraisers, then the fair market value of one share of Common Stock shall be that one of the two appraisals made by the Selected Appraisers that is closer to the appraisal made by the Neutral Appraiser. All appraisals delivered pursuant to this subparagraph (3) shall be in writing and signed by the appraiser. The fees, costs and expenses of each of the Selected Appraisers will be borne by the party who selected such appraiser, and the fees, costs and expenses of the Neutral Appraiser will be borne equally by the Company and the holder hereof.

(4) In appraising the fair market value of one share of Common Stock, there shall be no discount for minority interests.

(5) The fair market value as determined in accordance with this Section 4 shall be conclusive, final and binding upon the Company and the holder hereof, and shall be enforceable in any court having jurisdiction over a proceeding to enforce the terms of this Warrant.

5. NOTICE. In the event of the occurrence of any one or more of the following (each, a "Liquidity Event"): (i) a liquidation, dissolution or winding up of the Company, whether voluntary or involuntary; (ii) a sale, merger, recapitalization, reorganization or consolidation involving the Company, as the result of which those persons who hold at least 50% of the voting stock of the Company immediately prior to such transaction do not hold more than 50% of the voting stock of the Company (or the surviving or resulting entity) after giving effect to such transaction; or (iii) the sale of all or substantially all of the assets of the Company; then in connection with each such Liquidity Event, the Company shall send to the Holder:

(a) At least ten (10) days prior written notice of the date on which the books of the Company shall close or a record shall be taken for such dividend, distribution, subscription rights (specifying the date on which the Holder shall be entitled thereto) or for determining rights to vote in respect

of such Liquidity Event; and

(b) In the case of any such Liquidity Event, at least ten (10) days prior written notice of the date when the same shall take place (and specifying the date on which the Holder shall be entitled to exchange its Common Stock for securities or other property deliverable upon such Liquidity Event).

6. FRACTIONAL SHARES. No fractional shares of Common Stock will be issued in connection with any exercise hereunder. In lieu of such fractional shares the Company shall make a cash payment therefor based upon the Exercise Price then in effect.

7. RESTRICTIONS ON TRANSFER.

7.1 RESTRICTIVE LEGEND. Each certificate representing (i) the Shares and (ii) any other securities issued in respect of the Shares upon any stock split, stock dividend or recapitalization (collectively, the "Restricted Securities"), shall be endorsed as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration unless (a) the Company receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is

> established to the satisfaction of the Company that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Company receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Company at the principal executive offices of the Company.
>
> The Company is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions

granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Company.

7.2 OWNERSHIP OF WARRANT. The Company may deem and treat the person in whose name this Warrant is registered as the holder and owner hereof (notwithstanding any notations of ownership or writing hereon made by any person other than the Company) for all purposes and shall not be affected by any notice to the contrary, until presentation of this Warrant for registration of transfer as provided in this Section 7.

7.3 TRANSFER OF THE WARRANT. Subject to the provisions of the Amended and Restated Stockholders' Agreement dated as of December 10, 1998, among the Company and the stockholders party thereto, this Warrant may be transferred in whole or in part to one or more parties at the option of the Holder; PROVIDED, HOWEVER, that prior to any transfer of this Warrant, the Holder shall give written notice to the Company of the Holder's intention to effect such transfer. Each such notice shall describe the manner and circumstances of the proposed transfer in sufficient detail, contain a representation in writing from the proposed transferee that the Warrant is being acquired for investment not with a view to any sale or distribution thereof and shall be accompanied by the Assignment form attached hereto as EXHIBIT B duly executed by the Holder. Upon transfer of the Warrant pursuant to this Section 7, the Company shall at the request of Holder and upon surrender of the Warrant to the Company, promptly issue new Warrants in the names and amounts requested by the Holder to replace the surrendered Warrant.

8. NO RIGHTS OF STOCKHOLDERS. This Warrant does not entitle the Holder to any voting rights as a stockholder of the Company prior to the exercise of the Warrant; further, the Holder has no liability as to the Exercise Price.

9. NO IMPAIRMENT. The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but it will at all times in good faith assist in the carrying out

of all of the provisions of this Warrant and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holder of this Warrant against impairment.

10. LOSS, THEFT, DESTRUCTION OR MUTILATION OF WARRANT. Upon receipt by the Company of evidence reasonably satisfactory to it of the loss, theft, destruction or mutilation of this Warrant, and in case of loss, theft or

destruction, of indemnity or security reasonably satisfactory to it, and upon surrender and cancellation of this Warrant, if mutilated, the Company will make and deliver a new Warrant or like tenor and dated as of such cancellation, in lieu of this Warrant.

11. SATURDAYS, SUNDAYS, HOLIDAYS, ETC. If the last or appointed day for the taking of any action or the expiration of any right required or granted herein shall be a Saturday or a Sunday or shall be a legal holiday, then such action may be taken or such right may be exercised on the next succeeding day not a Saturday or a Sunday or a legal holiday.

12. EXPIRATION OF WARRANT. Notwithstanding any other provision of this Warrant, this Warrant shall expire and shall no longer be exercisable upon the earlier of (i) payment by the Company prior to December 10, 2001 with respect to all of the then outstanding Series C Preferred Stock and Series D Preferred Stock held by the Holder in accordance with Article IV, Section 2, Section 3 or Section 4 of the Company's Amended and Restated Certificate of Incorporation or (ii) at 12:00 a.m., New York time, on December 10, 2005.

13. MISCELLANEOUS.

13.1 GOVERNING LAW. This Warrant shall be governed by and construed in all respects in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

13.2 ENTIRE AGREEMENT; AMENDMENT. This Warrant constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof, except as may be provided in (i) the Amended and Restated Stockholders' Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company, (ii) the Stock Purchase Agreement and (iii) the Amended and Restated Registration Rights Agreement dated as of December 10, 2005, by and among the Company and certain stockholders of the Company. Neither this Warrant nor any term hereof may be amended, waived, discharged, or terminated other than by a written instrument signed by the party against whom enforcement of any such amendment, waiver, discharge or termination is sought.

13.3 SUCCESSORS AND ASSIGNS. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the permitted successors and assigns, heirs, executors, and administrators of the Company and the Holder.

13.4 NOTICES, ETC. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the attention of the

President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.), telephone: (212) 259-7300, facsimile: (212) 259-7202, and (b) to Holder at the address set forth on EXHIBIT C attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110 (Attention: Anthony J. Medaglia, Jr., P.C.), telephone: (617) 951-6600, facsimile: (617) 951-1295. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail or by Federal Express or other reputable overnight carrier, upon receipt.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK.]

Issued this ____ day of December, 1998.

CVC, INC.

By: ----------

Title: ----------

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

By: ----------

Title: ----------

Address: 75 State Street
Boston, MA 02109

Issued this th day of December, 1998.

CVC, INC.

By: _____

Title: _____

Address: 525 Lee Road
Post Office Box 1886
Rochester, NY 14603-1886

WARRANT HOLDER:

_____

By: _____

Title: _____

Address: 75 State Street
Boston, MA 02109

EXHIBIT A

NOTICE OF EXERCISE

TO: CVC, INC.
525 Lee Road
Post Office Box 1886
Rochester, New York 14603-1886

Attention: President

1. The undersigned hereby elects to purchase _____ shares of Common Stock of CVC, INC. pursuant to the terms of this Warrant, and tenders herewith payment of the purchase price of such shares in full.

2. Please issue a certificate or certificates representing said shares of Common Stock in the name of the undersigned or in such other name as is specified below:

(Name)

(Address)

3. The undersigned hereby represents and warrants that the aforesaid shares of Common Stock are being acquired for the account of the undersigned for investment and not with a view to, or for resale, in connection with the distribution thereof, and that the undersigned has no present intention of distributing or reselling such shares.

(Signature)

Title:

(Date)

EXHIBIT B

ASSIGNMENT FORM

(To be signed only upon transfer of Warrant)

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers

unto _____, whose address is _____, the right represented by the attached Warrant to purchase _____ shares of Common Stock of CVC, INC., to which the attached Warrant relates.

Dated:_____

(Signature must conform in all respects to name of Holder as specified on the face of the Warrant)

(Address)

Signed in the presence of:

Exhibit 10.39

AGREEMENT AND PLAN OF MERGER

among

CVC, INC.,

CVC ACQUISITION CORP.,

COMMONWEALTH SCIENTIFIC CORPORATION

and

CERTAIN STOCKHOLDERS THEREOF

Dated as of April 1, 1999

TABLE OF CONTENTS

<TABLE>
<S> <C>

<S> <C>

Exhibits

</TABLE>

AGREEMENT AND PLAN OF MERGER, dated as of April 1, 1999 among CVC, Inc, a Delaware corporation ("Parent"), CVC Acquisition Corp., a Virginia corporation and a wholly owned subsidiary of Parent ("Sub"), Commonwealth Scientific Corporation, a Virginia corporation (the "Company"), George R. Thompson, Jr. (the "Stockholder") and the John D. Archbold GST Trust (the "Archbold Trust," and, together with the Stockholder, the "5% Stockholders").

WHEREAS, the Boards of Directors of Parent and the Company each have determined that a business combination between Parent and the Company is in the best interests of their respective companies and stockholders;

WHEREAS, for federal income tax purposes, it is intended that the merger provided for herein shall qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended; and

WHEREAS, in order to induce Parent and Sub to execute this Agreement, simultaneously with the execution hereof, Parent and the Company are entering into a Stock Option Agreement.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
THE MERGER

Section 1.1. THE MERGER. Upon the terms and subject to the conditions of this Agreement, at the Effective Time (as defined in Section 1.3), Sub shall be merged with and into the Company (the "Merger") and the separate corporate existence of Sub shall cease. The Company shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation"). The Merger shall have the effects specified in the Virginia Stock Corporation Act (the "VSCA").

Section 1.2. THE CLOSING. Upon the terms and subject to the conditions of this Agreement, the closing of the Merger (the "Closing") shall take place (a) at the offices of Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York, at 10:00 a.m., local time, on the first business day following the day on which the last to be satisfied or waived of the conditions set forth in Article VI (other than those conditions that by their nature are to be satisfied at the Closing, but subject to the satisfaction or waiver of those conditions) shall be satisfied or waived in accordance herewith or (b) at such other time, date or place as Parent and the Company may agree. The date on which the Closing occurs is hereinafter referred to as the "Closing Date."

Section 1.3. THE EFFECTIVE TIME. Upon the terms and subject to the conditions of this Agreement, at the Closing the parties shall cause Articles of Merger to be executed and filed in accordance with the requirements of the VSCA. The Merger shall become effective upon the filing of the Articles of Merger and any other appropriate documents with the State Corporation Commission of Virginia in accordance with the VSCA or at such later time which the parties hereto shall have agreed upon and designated in such filing as the effective time of the Merger (the "Effective Time").

Section 1.4. ORGANIZATIONAL DOCUMENTS. The Articles of Incorporation of Sub in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation (provided that the name of the Surviving Corporation shall be "Commonwealth Scientific Corporation"), until duly amended in accordance with applicable law. The by-laws of the Sub in effect immediately prior to the Effective Time shall be the by-laws of the Surviving Corporation, until duly amended in accordance with applicable law.

Section 1.5. DIRECTORS AND OFFICERS. (a) The directors of Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation as of the Effective Time and until the earlier of their resignation or removal or until their successors are duly appointed or elected in accordance with applicable law. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Corporation as of the Effective Time and until the earlier of their resignation or removal or until their successors are duly appointed or elected in accordance with applicable law.

(b) Effective as of the Effective Time, Parent shall cause the Stockholder to be elected a director of Parent.

Section 1.6. CONVERSION OF CAPITAL STOCK. At the Effective Time, by virtue of the Merger and without any action on the part of any holder thereof:

(a) Except as otherwise provided in this Article I, each share of common stock, par value $1.00 per share (the "Shares") of the Company outstanding immediately prior to the Effective Time shall be converted into the right to receive 6.03601(the "Exchange Number") shares of common stock, par value $.01 per share (the "Parent Shares"), of Parent. The Parent Shares issuable pursuant to this Section 1.6(a) are sometimes referred to as the "Merger Consideration." The Exchange Number was calculated as set forth on Exhibit A hereto. In case of any stock splits, stock dividends, recapitalizations or other events affecting the capital stock of Parent or the Company (including any rights to acquire such stock), or other events affecting the amounts set forth on Exhibit A, amounts hereunder shall be appropriately adjusted.

(b) Each share of common stock of Sub outstanding immediately prior to the Effective Time shall be converted into and become one share of common stock of the Surviving Corporation.

(c) Each Share held by the Company as treasury stock shall be cancelled, and no payment shall be made in respect thereof.

(d) Notwithstanding the foregoing, no fractional Parent Shares shall be issued in the Merger. The number of Parent Shares issuable to each holder of Shares shall be rounded to the nearest whole share.

Section 1.7. COMPANY STOCK OPTIONS. At the Effective Time, each option to purchase Shares (each, a "Company Option") outstanding under any stock option or compensation plan or arrangement of the Company, whether or not vested or exercisable, shall be assumed by Parent and shall be deemed to be adjusted to provide that it shall constitute an option (each a "Parent Option") to acquire, on the same terms and conditions as were applicable under such Company Option, including term, vesting, exercisability, and termination provisions, the same number of Parent Shares as the holder of such Company Option would have been entitled to receive pursuant to Section 1.6(a) of this Agreement had such holder exercised such Company Option in full immediately prior to the Effective Time (rounded to the nearest whole number), at a price per share (rounded to the nearest whole cent) equal to (x) the aggregate exercise price for Shares otherwise purchasable pursuant to such Company Option divided by (y) the number

of full Parent Shares deemed purchasable pursuant to such Company Option in accordance with the foregoing adjustment of exercise price. Notwithstanding the above, each optionee shall have the right to exercise a Parent Option during the three-month period following separation from service with Parent for any reason. Any Company Options granted in 1999 shall be vested and immediately exercisable at the time of their assumption and conversion by Parent, and otherwise shall be subject to the terms and conditions noted in Schedule 2.2(a). Other than as explicitly set forth in this Section 1.7, the Company Options shall not be affected by the execution of this Agreement, the Merger or the other transactions contemplated hereby. Notwithstanding the foregoing, it shall be a condition to the issuance of any shares pursuant to the Company Options that the holder execute a letter in the form of Exhibit B hereto. The Company has taken all action necessary to give effect to the transactions contemplated by this Section 1.7 and to ensure that no holder of an option, warrant, right or convertible security issued by the Company has any rights to acquire any securities of the Surviving Corporation or any affiliate thereof, other than as explicitly set forth herein. Parent shall take all corporate action necessary to reserve for issuance a sufficient number of Parent Shares for delivery upon exercise of Parent options as set forth above.

Section 1.8. DISSENTING SHARES. Notwithstanding anything in this Agreement to the contrary, Shares that are outstanding immediately prior to the Effective Time and that are held by stockholders of the Company who have perfected dissenters' rights in accordance with the VSCA (the "Dissenting Shares") shall not be converted into or represent the right to receive the Exchange Number of Parent Shares, unless and until such holder shall have failed to perfect or shall have effectively withdrawn or lost such holder's rights to appraisal under the VSCA. Any payments to any holder who has exercised dissenter's rights shall be made by Company out of its own funds. If any such holder shall have failed to perfect or shall have effectively withdrawn or lost such holder's rights to appraisal of such Shares under the VSCA, such holder's shares shall thereupon be deemed to have been converted into and to have become exchangeable for, at the Effective Time, the right to receive the Merger Consideration. The Company shall

not make any payment to or settle any dispute with the holder of any Dissenting Shares without the prior written consent of Parent.

Section 1.9. EXCHANGE OF CERTIFICATES.

(a) EXCHANGE AGENT. Parent shall act as exchange agent (the "Exchange Agent") for the purpose of exchanging certificates ("Certificates") that immediately prior to the Effective Time represented outstanding Shares which were converted into the right to receive the Merger Consideration.

(b) EXCHANGE PROCEDURES. As promptly as practicable after the Effective Time, Parent shall send, or will cause the Exchange Agent to send, to each holder of record of a Certificate or Certificates a letter of transmittal and instructions (which shall be in customary form and specify that delivery shall be effected, and risk of loss and title shall pass, only upon delivery of the Certificates to the Exchange Agent), for use in the exchange contemplated by this Section 1.9. Upon surrender of a Certificate to the Exchange Agent, together with a duly executed letter of transmittal, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration and unpaid dividends and distributions thereon, if any, as provided in this Section 1.9 in respect of the Shares represented by such Certificate (after giving effect to any required withholding tax). Until surrendered as contemplated by this Section 1.9 each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration and unpaid dividends and distributions thereon, if any, as

provided in this Section 1.9. If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such Certificate to be lost, stolen or destroyed and, if required by Parent, the posting by such person of a bond, in such reasonable amount as Parent may direct, as indemnity against any claim that may be made against it with respect to such Certificate, the Exchange Agent will deliver, in exchange for such lost, stolen or destroyed Certificate, the proper amount of the Merger Consideration, together with any unpaid dividends and distributions on any such Parent Shares, as contemplated by this Section 1.9.

(c) DISTRIBUTIONS WITH RESPECT TO UNEXCHANGED SHARES. Whenever a dividend or other distribution is declared by Parent in respect of the Parent Shares, the record date for which is at or after the Effective Time, that declaration shall include dividends or other distributions in respect of all Parent Shares issuable pursuant to this Agreement. No dividends or other distributions declared or made after the Effective Time with respect to Parent Shares constituting part of the Merger Consideration shall be paid to the holder of any unsurrendered Certificate until such Certificate is surrendered as provided in this Section 1.9. Following such surrender, there shall be paid, without interest, to the person in whose name the Parent Shares have been registered (i) at the time of such surrender, the amount of dividends or other distributions with a record date at or after the Effective Time previously paid or payable on the date of such surrender with respect to such whole Parent Shares, LESS the amount of any withholding taxes that may be required thereon, and (ii) at the appropriate payment date subsequent to surrender, the amount of dividends or other distributions with a record date at or after the

Effective Time but prior to surrender and a payment date subsequent to surrender payable with respect to such whole Parent Shares, LESS the amount of any withholding taxes which may be required thereon.

(d) NO FURTHER OWNERSHIP RIGHTS IN THE SHARES. All Parent Shares issued upon surrender of Certificates in accordance with the terms hereof (including any cash paid pursuant to this Section 1.9) shall be deemed to have been issued in full satisfaction of all rights pertaining to such Shares represented thereby, and, as of the Effective Time, the stock transfer books of the Company shall be closed and there shall be no further registration of transfers on the Company's stock transfer books of Shares outstanding immediately prior to the Effective Time. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be canceled and exchanged as provided in this Section 1.9.

(e) RETURN OF MERGER CONSIDERATION. Upon demand by Parent, the Exchange Agent shall deliver to Parent any portion of the Merger Consideration made available to the Exchange Agent pursuant to this Section 1.9 that remains undistributed to holders of Shares six months after the Effective Time. Holders of Certificates who have not complied with this Section 1.9 prior to such demand shall thereafter look only to Parent for payment of any claim to the Merger Consideration and dividends or distributions, if any, in respect thereof.

(f) NO LIABILITY. None of Parent, the Surviving Corporation or the Exchange Agent shall be liable to any person in respect of any Shares (or dividends or distributions with respect thereto) for any amounts paid to a public official pursuant to any applicable abandoned property, escheat or similar law. Any amounts remaining unclaimed by any holder of Shares immediately prior to such time when such amounts would otherwise escheat to or become the property of any Governmental Entity, shall, to the extent permitted by applicable laws, become the property of Parent, free and clear of all claims or interest of any person previously entitled thereto.

(g) WITHHOLDING RIGHTS. Each of the Surviving Corporation and Parent shall be entitled to deduct and withhold from the Merger Consideration (and any dividends or distributions thereon) otherwise payable hereunder to any person such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of federal, state, local or foreign income tax law. To the extent that the Surviving Corporation or Parent so withholds those amounts, such withheld amounts shall be treated for all purposes of this Agreement as having been paid to the holder of Shares in respect of which such deduction and withholding was made by the Surviving Corporation or Parent, as the case may be.

(h) PRIVATE PLACEMENT. Notwithstanding anything herein to the contrary, no Parent Shares or other amounts payable under this Section 1.9 shall be issued to any holder of Shares unless and until such person shall have agreed to be bound by the provisions set forth in Exhibit B. The 5% Stockholders hereby agree to be bound by such provisions. All certificates representing Parent Shares shall bear a legend reflecting that

the shares were issued in a transaction not registered under the Securities Act of 1933 (the "Securities Act") and any resale restrictions applicable thereto. If Parent determines that the issuance of the Merger Consideration to any holder of Shares would be reasonably likely to result in a violation of any provision of the Securities Act or state securities laws, Parent shall have the right (but shall not be obligated) to pay such holder $24.38 in cash per Share in lieu of any other consideration provided for herein; provided however, Parent shall not make any such cash payment which would prevent the Merger from constituting a reorganization within the meaning of Section 368(a) of the Code.

Section 1.10. ESCROW FUND. At the Closing, Parent, a representative (the "Representative") of holders of Shares as of immediately prior to the Effective Time (the "Former Commonwealth Stockholders"), and M&T Bank, as escrow agent, shall execute the Escrow Agreement in the form of Exhibit C hereto. Prior to the Closing Date, the Company will notify Parent of the identity of the Representative. Notwithstanding anything in this Article I to the contrary, the Escrow Number of Parent Shares which would otherwise be issuable to the Former Commonwealth Stockholders pursuant to Section 1.6 hereof shall not be issued or distributed to such holders, but shall be held in escrow pursuant to the Escrow Agreement. The "Escrow Number" shall equal 975,000 Parent Shares.

Section 1.11. REGISTRATION RIGHTS AGREEMENT. At the Closing, Parent and the Stockholder shall execute the Registration Rights Agreement in the form of Exhibit D hereto.

Section 1.12. POST CLOSING ADJUSTMENT . If the Closing Date Net Worth (as defined below) is less than $7,337,000, the Former Commonwealth Stockholders shall pay the 54.0% of the difference between $7,337,000 and such lesser amount to Parent. Any expenses of the type contemplated by Section 9.11(a) hereof in excess of $450,000 shall reduce the Closing Date Net Worth on a dollar for dollar basis. Any payment shall be accompanied by interest on such amount from the Closing Date to the date of payment at a floating rate equal to the publicly announced prime lending rate of 7.75%. Any payment by the Stockholders under this Section 1.12 shall be paid from the Escrow and shall be limited in the aggregate to the value of the amount held in the Escrow. "Closing Date Net Worth" will be equal to the total assets less the total liabilities set forth on the audited balance sheet prepared pursuant to Section 5.14 hereof.

Section 1.13. OFFICERS. Simultaneously with the execution hereof, the Company is (i) electing Christine Whitman, Chief Executive Officer of Parent, as its Chief Executive Officer and Emilio DiCataldo, Chief Financial Officer of Parent, as its Chief Financial Officer (ii) is entering into indemnity

agreements with such individuals and (iii) is electing such individuals to the Board of Directors of the Company.

ARTICLE II
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to Parent and Sub as follows, except as set forth in the disclosure schedule being delivered by the Company to Parent concurrently herewith (the "Disclosure Schedule") (which Disclosure Schedule identifies the section or subsection of this Agreement to which each entry relates):

Section 2.1. ORGANIZATION. The Company is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, and except where the failure to be so organized, existing and in good standing or to have such power, authority, and governmental approvals would not have a Material Adverse Effect on the Company. As used herein with respect to an entity, "Material Adverse Effect" shall mean an event, change or effect which, individually or together with all other events, changes or effects, has had, or is reasonably likely to have, a material adverse effect on the financial condition, assets, liabilities, results of operations or business of that entity and its subsidiaries taken as a whole or prevent, impair or delay such entity from performing its obligations under this Agreement. The Company is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not in the aggregate have a Material Adverse Effect on the Company. The Company has made available to Parent true and complete copies of its articles of incorporation and bylaws.

Section 2.2. CAPITALIZATION. (a) The authorized capital stock of the Company consists of 10,000,000 Shares . As of the date hereof 329,780 Shares were issued and outstanding, and an aggregate of 71,654 Shares were issuable pursuant to outstanding Company Options. A true and complete list of such options, including the Shares issuable pursuant thereto, the exercise or conversion price and the holder, is set forth in Section 2.2(a) of the Company Disclosure Schedule. All of the outstanding shares of the Company's capital stock are, and all Company Shares which may be issued pursuant to the exercise of outstanding Company Options will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except as set forth above (i) there are no shares of capital stock of the Company authorized, issued or outstanding and (ii) there are no options, warrants, calls, pre-emptive rights, subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of the Company, obligating the Company or any of its subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock of, or other equity interest in, the Company or any of its subsidiaries or securities convertible into or exchangeable for such shares or equity interests, or obligating the Company or any of its subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement, arrangement or commitment and (iii) there are no outstanding obligations of the Company to vote or to repurchase, redeem or otherwise acquire any shares of capital stock of the Company, or any affiliate of the Company or to provide funds to make any

investment (in the form of a loan, capital contribution or otherwise) in any subsidiary or any other entity. Other than Shares, no securities of the Company have the right to vote.

(b) The Company has delivered to Parent true and complete copies of all instruments governing or defining rights under the Shares and the Company Options. The Company has delivered a true and complete list of all holders of securities of the Company. All such securities were issued in compliance with all applicable laws, including federal or state securities laws.

(c) All of the outstanding shares of capital stock of each of the Company's subsidiaries are owned by the Company, directly or indirectly, and all such shares have been validly issued and are fully paid and nonassessable and are owned by either the Company or one of its subsidiaries free and clear of all liens, charges, claims or encumbrances. The Company does not have and has not had, directly or indirectly, any equity or ownership interest in any business. The Company acknowledges that the representations herein covering the Company would have covered subsidiaries of the Company if the Company had any subsidiaries.

Section 2.3. AUTHORITY RELATIVE TO THIS AGREEMENT. (a) The Company has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by the Company of this Agreement, and the consummation by it of the transactions contemplated hereby, have been duly and validly authorized by its Board of Directors and, except for the approval of this Agreement by the stockholders of the Company (the "Company Stockholder Approval"), no other corporate action on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly executed and delivered by the Company and, assuming that this Agreement constitutes a valid and binding obligation of Parent and Sub, is a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms. The affirmative vote of the holders of any number greater than two-thirds of the outstanding Shares, voting together as a single class, is the only vote of the holders of any class or series of the Company's capital stock necessary to approve this Agreement and the transactions contemplated hereby. The 5% Stockholders hold a sufficient number of Shares to approve this Agreement without the vote of any other shareholder.

(b) The Board of Directors of the Company has taken all necessary action so that no "Affiliated Transaction" or "Control Share Acquisition" or other takeover or similar statute is applicable to the Merger and the other transactions contemplated hereby.

Section 2.4. CONSENTS AND APPROVALS; NO VIOLATIONS. Except for such filings as may be required under, and other applicable requirements of, the VSCA, neither the execution, delivery or performance of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby nor compliance by the Company with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the articles of incorporation or the bylaws (or similar

organizational instrument) of the Company or of any of its subsidiaries, (ii) require any filing with, or permit, authorization, consent or approval of, any court, tribunal, administrative agency or commission or other governmental or other regulatory authority or agency (a "Governmental Entity") or any other person or entity, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any

right of termination, amendment, cancellation or acceleration), result in the termination of or a right of termination or cancellation of, modification of any benefit under, accelerate the performance required by, result in the triggering of any payment or other material obligation pursuant to, result in the creation of any lien, security interest, charge or encumbrance upon any of the material properties of the Company or its subsidiaries under, or result in being declared void, voidable or without further binding effect any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, permit, deed of trust agreement or other instrument or commitment obligation to which the Company or any of its subsidiaries is a party or by which any of them or any of their properties or assets may be bound or affected or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, any of its subsidiaries or any of their properties or assets, excluding from the foregoing clauses (ii), (iii) and (iv) such violations, breaches or defaults which would not, in the aggregate, have a Material Adverse Effect on the Company.

Section 2.5. FINANCIAL STATEMENTS. Section 2.5 of the Disclosure Schedule sets forth (a) the audited balance sheets, income statements and statements of cash flow of the Company at and for the years ending March 31, 1996, 1997 and 1998, each accompanied by the unqualified audit report of Arthur Andersen LLP, and (b) the unaudited balance sheets, income statements and statements of cash flow of the Company at and for the quarters ended June 30, 1998, September 30, 1998 and December 31, 1998 ((a) and (b) collectively, the "Financial Statements"). Each of the balance sheets (including the related notes) included in the Financial Statements fairly presents the financial position of the Company as of the respective dates thereof and each of the statements of income and cash flow (including the related notes) included in the Financial Statements fairly presents the results of operations of the Company for the respective periods then ended, except as otherwise noted therein. The audited balance sheet of the Company as of March 31, 1998 is sometimes referred to as the "Company Balance Sheet" and such date as the "Balance Sheet Date." Each of the audited Financial Statements has been (i) prepared in accordance with U.S. generally accepted accounting principles ("GAAP") consistently applied during the periods involved, except as otherwise noted therein and (ii) prepared in accordance with the books and records of the Company. The balance sheet of the Company as of March 31, 1999 set forth in Section 2.5 of the Disclosure Schedule (the "Forecast March 31 Balance Sheet") fairly presents the items set forth therein, in a manner consistent with the balance sheets contained in the Financial Statements.

Section 2.6. ABSENCE OF CERTAIN CHANGES. Since the Balance Sheet Date, (a) Company has operated in the ordinary and usual course of business, (b) neither the Company nor any of its subsidiaries has taken, or agreed to take, any of the actions

contemplated by Section 5.1 hereof and (c) there have not occurred any events, changes or effects which have had or which would have a Material Adverse Effect on the Company.

Section 2.7. NO UNDISCLOSED LIABILITIES. There are no liabilities, debts, obligations or claims (absolute, contingent, known, unknown or otherwise) against the Company or its subsidiaries, except liabilities, debts, obligations or claims (a) reflected or reserved in the Company Balance Sheet or reflected in the Financial Statements, (b) incurred after the Balance Sheet Date in the ordinary course of business or (c) which would not be reasonably likely to have a Material Adverse Effect.

Section 2.8. LITIGATION. There is no suit, claim, action, proceeding or investigation pending or, to the Knowledge (as defined herein) of the Company,

threatened against the Company that would be reasonably likely to have a Material Adverse Effect and the Company is not subject to any outstanding order, writ, injunction or decree that would be reasonably likely to have a Material Adverse Effect or that restricts the Company or any of its subsidiaries in any material respect.

As used herein with respect to an entity, "Knowledge" means the actual knowledge of the executive officers of that entity and any other knowledge implied or imputed by applicable law. Section 2.8 of the Disclosure Schedule sets forth a list of all persons deemed to have "Knowledge" with respect to the Company.

Section 2.9. NO DEFAULT. There exists no default or violation (and no event has occurred which with notice or lapse of time would constitute a default or violation or loss of material benefits) of any term, condition or provision of (i) any note, bond, mortgage, indenture, contract, agreement, permit, license, lease, purchase order, sales order, arrangement or other commitment or obligation to which the Company is a party or may be subject or (ii) any order, writ, injunction, decree, statute, treaty, rule or regulation applicable to the Company, except for violations or defaults which would not have a Material Adverse Effect.

Section 2.10. PERMITS; COMPLIANCE WITH APPLICABLE LAW. (a) The Company possesses all permits, licenses, variances, exemptions, orders, approvals and authorizations of all Governmental Entities necessary for the lawful conduct of the business of the Company. All such permits have been legally obtained and maintained and are in full force and effect, except for lack of permits or defaults which would not have a Material Adverse Effect.

(b) The business of the Company is being and has been conducted in compliance with all permits, orders, writs, judgments, injunctions, decrees and settlements and all applicable laws, ordinances, codes, rules, regulations and policies of any Governmental Entity, except for non-compliance which would not have a Material Adverse Effect.

Section 2.11. TAXES AND TAX RETURNS.

(a) Definitions:

"Code" means the Internal Revenue Code of 1986, as amended. All citations to provisions of the Code, or to the Treasury Regulations promulgated thereunder, shall include any amendments thereto and any substitute or successor provisions thereto.

"Taxes" means any and all federal, state, local and foreign taxes, assessments and other governmental charges, duties, impositions, levies and liabilities, including, without limitation, taxes based upon or measured by gross receipts, income, profits, sales, use and occupation, and value added, ad valorem, transfer, gains, franchise, withholding, payroll, recapture, employment, excise, unemployment, insurance, social security, business license, occupation, business organization, stamp, environmental and property taxes, together with all interest, penalties and additions imposed with respect to such amounts. For purposes of this Agreement, "Taxes" also includes any obligations under any agreements or arrangements with any person with respect to the liability for, or sharing of, Taxes (including, without limitation, pursuant to Treas. Reg. ss. 1.1502-6 or comparable provisions of state, local or foreign Tax law) and including, without limitation, any liability for Taxes as a transferee or successor, by contract or otherwise.

"Taxable Period" means any taxable year or any other period that is treated as a taxable year (or other period, or portion thereof, in the case of a Tax imposed with respect to such period or portion thereof, e.g., a

quarter) with respect to which any Tax may be imposed under any applicable statute, rule, or regulation.

"Tax Return" means any report, return, election, notice, estimate, declaration, information statement and other forms and documents (including, without limitation, all schedules, exhibits and other attachments thereto) relating to and filed or required to be filed with a taxing authority in connection with any Taxes (including, without limitation, estimated Taxes).

(b) All Tax Returns required to be filed by or with respect to the Company for all Taxable Periods have been timely filed. All such Tax Returns (i) were prepared in the manner required by applicable law, (ii) are true, correct and complete in all material respects, and (iii) accurately reflect the material liability for Taxes of the Company. All Taxes shown to be payable on such Tax Returns, and all assessments of Tax made against the Company with respect to such Tax Returns, have been paid when due. No adjustment relating to any such Tax Return has been proposed in writing by any taxing authority and no reasonable basis exists for any such written adjustment.

(c) The Company has made (or there has been made on its behalf) all required current estimated Tax payments sufficient to avoid any underpayment penalties.

(d) The Company has (i) timely paid or caused to be paid all Taxes that are or were due, whether or not shown (or required to be shown) on a Tax Return and (ii) provided a sufficient reserve, as of the date thereof, for the payment of all accrued

Taxes not yet due and payable (without regard to deferred Tax assets and liabilities) on the Forecast March 31 Balance Sheet. There are no material Taxes that would be due if asserted by a taxing authority, except with respect to which the Company is maintaining adequate reserves.

(e) The Company has complied (and until the Closing Date will comply) in all material respects with the provisions of the Code relating to the withholding and payment of Taxes, including, without limitation, the withholding and reporting requirements under Code sections 1441 through 1464, 3401 through 3406, and 6041 through 6049, as well as similar provisions under any other laws, and have, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required.

(f) None of the Tax Returns of the Company has been or is currently being examined by the Internal Revenue Service (the "IRS") or relevant state, local or foreign taxing authorities. There are no examinations or other administrative or court proceedings relating to Taxes in progress or pending, nor has the Company received a revenue agent's or similar written report asserting a Tax deficiency. There are no current actions, suits, proceedings, investigations, audits or claims relating to or asserted for Taxes of the Company.

(g) No material claim has ever been made in writing by any taxing authority with respect to the Company in a jurisdiction where the Company does not file Tax Returns that the Company is or may be subject to taxation by that jurisdiction. There are no security interests on any of the assets of the Company that arose in connection with any failure (or alleged failure) to pay any Taxes and, except for liens for Taxes that are not yet due and payable, there are no liens for any Tax upon any asset of the Company.

(h) The Company has made available (or, in the case of Tax

Returns filed after the date hereof, will make available at such time and place as Sub may request) to Sub complete and accurate copies of such Tax Returns, and amendments thereto, filed by the Company as Sub may request. Since the date of the most recent Financial Statement, the Company has not incurred any liability for Taxes that would result in the net worth of the Company on the Closing Date to be materially less than the net worth of the Company on March 31, 1999.

(i) The Company is not, or has not been, a party to any agreement relating to allocating or sharing the payment of, or liability for, Taxes with respect to any Taxable Period.

(j) The Company has not distributed the stock of any corporation in a transaction satisfying the requirements of Section 355 of the Code since April 16, 1997. The stock of the Company has not been distributed in a transaction satisfying the requirements of Section 355 of the Code since April 16, 1997.

(k) There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, could give rise to, nor will the consummation of the transactions contemplated hereby obligate the Company or Sub to make, the payment of any amount that would not be deductible by the Company by reason of Section 280G of the Code.

(l) The Company has not executed any outstanding waivers or comparable consents, that are currently in effect, regarding the application of the statute of limitations with respect to any Taxes or Tax Returns. No extension of time with respect to any date on which a Tax Return was or is to be filed by the Company is in force. The Company has not granted a power of attorney to any person with respect to any Taxable Period that is currently in effect.

(m) The Company does not own an interest in a partnership nor could it be treated as a partner in a partnership for U.S. federal income tax purposes.

(n) The Company has not been a member of an (i) affiliated group (within the meaning of Section 1504 of the Code) or (ii) affiliated, combined, consolidated, unitary, or similar group for state, local or foreign Tax purposes.

(o) The Company has not agreed nor is it required to include in income any adjustment under either Section 481(a) or Section 482 of the Code (or an analogous provision of state, local, or foreign law) by reason of a change in accounting method or otherwise.

(p) There are no proposed written reassessments of any property owned by the Company or other written proposals that could increase the amount of any Tax to which the Company could be subject.

(q) The Company does not have any deferred income reportable for a period ending after the Closing Date but that is attributable to a transaction (e.g., an installment sale) occurring in a period ending on or prior to the Closing Date.

(r) None of the indebtedness of the Company constitutes "corporate acquisition indebtedness" (as defined in Section 279(b) of the Code) or other indebtedness with respect to which any interest deductions may be disallowed under Section 279 of the Code or otherwise.

(s) The Company does not have an overall foreign loss within the meaning of Section 904 of the Code.

Section 2.12. EMPLOYEE BENEFIT PLANS.

(a) Section 2.12 of the Company Disclosure Schedule sets forth each pension, retirement, profit sharing, health, disability, life, group insurance, deferred compensation, stock option, stock purchase, restricted stock, bonus or incentive,

severance pay, employment or termination, and other employee benefit or compensation plan, trust, arrangement, contract, agreement, policy, written commitment or oral commitment (if known to the Company), including, without limitation, each "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") whether formal or informal, written or oral under which (i) current or former employees, directors or independent contractors of the Company or any of its Subsidiaries participate or are entitled to participate by reason of their relationship with the Company or any of its Subsidiaries, (ii) to which the Company or any of its Subsidiaries is a party or a sponsor or a fiduciary thereof or by which the Company or any of its Subsidiaries (or any of their rights, properties or assets) is currently bound or (iii) with respect to which the Company or any of its Subsidiaries has any obligation to make payments or contributions (the "Benefit Plans").

(b) Each Benefit Plan has at all times been operated and administered in compliance in all material respects with its terms, the applicable requirements of ERISA and the Code and all other applicable laws. Each Benefit Plan that is intended to be tax qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS stating that it is so qualified and that any trust associated with such Benefit Plan is tax exempt under Section 501(a) of the Code, and, to the knowledge of the Company, there is no reason why the qualified status of any such Benefit Plan or trust would be denied or revoked, whether retroactively or prospectively.

(c) No pending or, to the knowledge of the Company, threatened disputes, lawsuits, claims (other than routine claims for benefits), investigations, audits or complaints to, or by, any person or governmental entity have been filed or are pending with respect to the Benefit Plans or the Company or any of its Subsidiaries in connection with any Benefit Plan or the fiduciaries or administrators thereof, and to the knowledge of the Company, no state of facts or conditions exist under the terms of the Benefit Plan or applicable law that would have a Material Adverse Effect. With respect to each Benefit Plan, there has not occurred, and no person or entity is contractually bound to enter into, any nonexempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA, nor any transaction that would result in a civil penalty being imposed under Section 409 or 502(i) of ERISA.

(d) Neither the Company, its Subsidiaries, nor any trade or business (whether or not incorporated) which, together with the Company or any of its Subsidiaries, would be deemed a "single employer" under Section 4001(b) of ERISA (an "ERISA Affiliate") has or at any time in the past has had (i) any liability, contingent or otherwise, under Title IV of ERISA or Section 412 of the Code, (ii) an obligation to contribute to any "multiemployer plan" (as defined in Section 3(37) of ERISA).

(e) All contributions to and payments with respect to or under the Benefit Plans that are required to be made with respect to periods ending on or before the Effective Time have been made or accrued before the Effective Time by the Company in all material respects to the extent such funding is required by the Benefit Plan or otherwise, and in accordance with the appropriate plan documents, financial statements,

actuarial reports, collective bargaining agreements or insurance contracts or arrangements.

(f) Except as set forth on Schedule 2.12 of the Company Disclosure Schedule, no Benefit Plan that is an "employee welfare benefit plan" under Section 3(1) of ERISA (a "Welfare Plan") is partially or fully funded through a trust. No Welfare Plan providing welfare benefits (whether or not insured) with respect to current or former employees of the Company continues such coverage or provides such benefits beyond their date of retirement or other termination of service (other than (i) coverage mandated by Section 601 of ERISA, the cost of which is fully paid by the former employee or his or her dependents, (ii) death benefits payable following termination of employment earned for service prior to termination of employment and (iii) any health insurance coverage which in the ordinary course extends coverage through the end of the month in which the termination of employment occurs).

(g) With respect to each Benefit Plan, the Company has made available to Sub complete and correct copies of the following documents, to the extent in each case that such documents exist or are required by law: (1) current plan documents, subsequent plan amendments, or any and all other documents that establish or describe the existence of the plan, trust, arrangement, contract, policy or commitment; (2) the most recent tax qualified determination letters, if any, received from or applications pending with the IRS; and (3) the three most recent Form 5500 Annual Reports, including related schedules and audited and financial statements and opinions of independent certified public accountants.

(h) The execution of, and performance of the transactions contemplated in, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any plan, policy, arrangement or agreement or any trust or loan that will or would reasonably be expected to result in any payment (whether of severance pay or otherwise), acceleration of, forgiveness of indebtedness owing from, vesting of, distribution of, or increase in or obligation to fund, any benefits with respect to any current or former employee, director or consultant of the Company.

Section 2.13. INTELLECTUAL PROPERTY. Except for commercially available "off the shelf" software, the Company owns or has a valid license, with no required royalty or other monetary payments and otherwise on commercially reasonable terms, to use all U.S. and foreign, registered and unregistered, patents, trademarks, trade names, copyrights, technology (including software), trade secrets, know-how, inventions, data, processes and other intellectual property rights (collectively, "Intellectual Property Rights") material to or necessary for the conduct of the business of the Company. No claims are pending or, to the Company's Knowledge, threatened, by any person as to the use of any Intellectual Property Rights by the Company and, to the Knowledge of the Company, the use by the Company of all Intellectual Property Rights which are owned by the Company (collectively, the "Owned IP Rights") or which are licensed from Kaufman and Robinson, Inc. (together with the Owned IP Rights, the "Subject IP Rights") does not infringe on the valid U.S. patent, copyright, trademark, trade secret or

similar intellectual property rights of any person. To the Knowledge of the Company, no third person is infringing on the Subject IP Rights. The Owned IP

Rights are owned exclusively by the Company and not subject to any licenses or other encumbrances. The Company has taken and, prior to Closing will continue to take, all measures reasonably necessary to preserve and protect the Subject IP Rights. To the Company's Knowledge, all patents and registered trademarks, service marks, and other company product or service identifiers and registered copyrights owned by the Company, and all patents licensed from Kaufman and Robinson, Inc., are valid and enforceable. The Company has not entered into any agreement to indemnify any other person against any charge of infringement of any third party intellectual property right by any Intellectual Property Right. All employees, agents, consultants or contractors who have contributed to or participated in the creation or development of any Owned IP Rights on behalf of the Company or any predecessor in interest thereto either: (i) is a party to a "work-for-hire" agreement under which the Company is deemed to be the original owner/author of all property rights therein or (ii) has executed an assignment or any agreement to assign in favor of the Company (or such predecessor in interest, as applicable) of all right, title and interest in such material. Section 2.13 of the Disclosure Schedule sets forth a list of all material Intellectual Property Rights, Owned IP Rights and Subject IP Rights.

Section 2.14. TAX FREE REORGANIZATION. Neither the Company nor either of the 5% Stockholders has taken any action or failed to take any action, and to the Company's Knowledge, there is no fact or circumstance, which would prevent the Merger from constituting a reorganization within the meaning of Section 368(a) of the Code.

Section 2.15. TRANSACTIONS WITH AFFILIATES. No present or former officer, director, stockholder or other affiliate of the Company has (i) any interest in the assets, properties or rights used in the business of the Company (other than solely through the ownership of Shares or Company Options), (ii) any contract, agreement or understanding with the Company, or (iii) engaged in any transactions with the Company since the Balance Sheet Date.

Section 2.16. CONTRACTS.

(a) Section 2.16 of the Disclosure Schedule sets forth a complete and accurate list of each of the following to which the Company is a party to or is bound:

(i) each mortgage, indenture, note, installment obligation or other instrument, contract, agreement or arrangement relating to the borrowing of money by the Company or any of its subsidiaries in an amount exceeding $25,000;

(ii) each guaranty, direct or indirect, by the Company of any obligation for borrowed money in an amount exceeding $10,000 of any person or entity;

(iii) each obligation to sell or to register the sale of any of the shares of capital stock or other securities of the Company or any of its subsidiaries;

(iv) each obligation to make payments, contingent or otherwise, arising out of the prior acquisition or disposition of a business;

(v) each contract that limits the freedom of the Company to compete in its lines of business as presently conducted or with any person or in any geographical area or otherwise to conduct its business as presently conducted;

(vi) each contract relating to Intellectual Property Rights;

(vii) each collective bargaining or union contract;

(viii) each contract for the purchase of capital equipment, materials or supplies, except those contracts terminable without material penalty on 60 or fewer days' notice and those involving the receipt or payment of less than $25,000 per year;

(ix) each contract for the acquisition or disposition of material assets, other than in the ordinary course of business;

(x) each contract relating to the leasing of or other arrangement for use of material real or personal property;

(xi) each limited partnership, joint venture or other unincorporated business organization or similar arrangement or agreement.

(xii) each agreement with any officer, director, consultant, employee, stockholder or affiliate;

(xiii) each contract with a term in excess of one year from the date hereof which is not otherwise terminable upon 60 days advance notice without cause and without financial penalty; (xiv) (xv) each contract which involves the payment or receipt of an amount (in one or a series of transactions) in excess of $25,000 in any year; and

(xvi) each other contract which is material to the business of the Company;

(b) Each such contract or agreement is legal, valid, binding and enforceable against the Company, and to the Company's Knowledge, against each other party thereto, is in full force and effect and will continue to be so legal, valid, binding, enforceable and in full force and effect following the Closing. Neither the Company, nor to the Company's Knowledge, any other party, is in breach or default, and no event has occurred which would constitute (with or without notice or lapse of time or both) a breach or default (or give rise to any right of termination, modification, cancellation or acceleration) or modification of benefits under any such contract.

(c) The Company has delivered or made available for review by Parent true and complete copies of each such contract or agreement. Since the Balance Sheet Date, there has been no material modification, breach or termination of any such contract or agreement nor, to the Company's Knowledge, is any such modification, breach or termination contemplated.

Section 2.17. LABOR RELATIONS. (a) There is no unfair labor practice, charge or complaint or other proceeding pending or, to the Knowledge of the Company, threatened, against the Company before the National Labor Relations Board or any other Governmental Entity.

(b) There is no labor strike, slowdown or stoppage pending or, to the Knowledge of the Company, threatened, against or affecting the Company, nor has there been any such activity within the past two years.

(c) There are no pending collective bargaining negotiations relating to the employees of the Company.

(d) (i) there are no agreements with, or pending petitions for recognition of, a labor union or association as the exclusive bargaining agent for any or all of the employees of the Company, (ii) no such petitions have been pending within the past five years and (iii) to the Knowledge of the Company, there has not been any general solicitation of representation cards by any union seeking to represent the employees of the Company as their exclusive bargaining

agent at any time within the past five years.

Section 2.18. ENVIRONMENTAL. (a) Except to the extent that any of the following would not be reasonably likely to have a Material Adverse Effect on the Company: (i) the Company complies and at all times has complied with all applicable Environmental Laws (as defined below), (ii) no Hazardous Substances (as defined below) are present at or have been disposed on or released or discharged from, onto or under any of the properties currently owned, leased, operated or otherwise used by the Company (including soils, groundwater, surface water, buildings or other structures), (iii) no Hazardous Substances were present at or disposed on or released or discharged from, onto or under any of the properties formerly owned, leased, operated or otherwise used by the Company during the period of ownership, lease, operation or use by the Company, (iv) the Company is not subject to any liability or obligation in connection with Hazardous Substances present at any location owned, leased, operated or otherwise used by any third party, (v) the Company has not received any notice, demand, letter, claim or request for information alleging that any of the Company or its subsidiaries is or may be in violation of or liable under any Environmental Law, (vi) the Company is not subject to any order, decree, injunction or other directive of any governmental authority and the Company is not subject to any indemnity or other agreement with any person or entity relating to Hazardous Substances and (vii) there are no circumstances or conditions involving the Company, any assets (including real property) or businesses previously owned, leased, operated or otherwise used by the Company, or any of the assets (including real property) or businesses of any predecessors of the Company that would

result in any damages to the Company arising under or pursuant to Environmental Law or in any restriction on the ownership, use or transfer of any of the assets of the Company arising under or pursuant to any Environmental Law.

(b) As used herein, the term "Environmental Law" means any international, national, provincial, regional, federal, state, municipal or local law, regulation, order, judgement, decree, permit, authorization, opinion, common or decisional law (including, without limitation, principles of negligence and strict liability) or agency requirement relating to the protection, investigation or restoration of the environment (including, without limitation, natural resources) or the health or safety of human or other living organisms, including, without limitation, the manufacture, introduction into commerce, export, import, handling, use, presence, disposal, release or threatened release of any Hazardous Substance or noise, odor, wetlands, pollution, contamination or any injury or threat of injury to persons or property.

(c) As used herein, the term "Hazardous Substance" means any element, compound, substance or other material (including any pollutant, contaminant, hazardous waste, hazardous substance, chemical substance, or product) that is listed, classified or regulated pursuant to any Environmental Law, including, without limitation, any petroleum product, by-product or additive, asbestos, presumed asbestos-containing material, asbestos-containing material, medical waste, chloroflourocarbon, hydrochloroflourocarbon, lead-containing paint or plumbing, polychlorinated biphenyls, radioactive material or radon.

Section 2.19. ASSETS NECESSARY TO BUSINESS. The assets, properties and rights of the Company include all assets, properties and rights used in, or necessary for, the business of the Company and are held by the Company free and clear of any liens, claims or encumbrances, other than Permitted Liens. "Permitted Liens" means (i) liens for current taxes not yet due and payable or (ii) mechanics', carriers', workers' and other similar liens arising or incurred

in the ordinary course of business, which, individually or in the aggregate, are not substantial in amount, do not materially detract from the value of or materially interfere with the present use of any of the assets subject thereto or materially impair the conduct of the business of the Company.

Section 2.20. INSURANCE. The insurance policies of the Company are current, are in full force and effect, all premiums due thereon have been paid, and the Company has complied in all material respects with the provisions of such policies, and all such policies either specifically include the Company as a named insured or include omnibus named insured language which generally includes the Company. No proceeding is pending or, to the Knowledge of the Company, threatened, to revoke, cancel or limit such policies and no notice of cancellation of any of such policies has been received by the Company. The Company is in full compliance with all material recommendations for the prevention of loss made by all insurance carriers and is in compliance with all warranties contained in all insurance policies. The insurance carried by the Company is adequate in light of industry standards.

Section 2.21. INVENTORY. The inventory of the Company reflected on the Forecast March 31 Balance Sheet is of a quality usable or saleable in the ordinary course of business, except for dated or defective materials (including raw materials, work-in-process and finished goods), which is written down or reserved against on the Forecast March 31 Balance Sheet.

Section 2.22. ACCOUNTS RECEIVABLE. All accounts receivable, notes receivable and other receivables of the Company reflected on the Forecast March 31 Balance Sheet represents sales actually made or services actually delivered in the ordinary course of business. Except to the extent reserved against and reflected in the Forecast March 31 Balance Sheet, the Company knows of no reason why such accounts receivable would not be collectible in the ordinary course of business.

Section 2.23. PRODUCT RETURNS AND WARRANTIES. There are no liabilities for product returns or warranties other than those arising in the ordinary course of business and reflected on the Forecast March 31 Balance Sheet. To the Knowledge of the Company, there are no threatened claims for (i) product returns, (ii) warranty obligations or (iii) product services other than in the ordinary course of business.

Section 2.24. CUSTOMERS AND SUPPLIERS. Section 2.25 of the Disclosure Schedule sets forth a true and complete list of (i) the top 10 customers of the Company based upon net sales for the period April 1, 1998 through March 15, 1999, (ii) the top 10 suppliers for the Company based upon net purchases for the period April 1, 1998 through March 15, 1999 and (iii) in each case, the aggregate net sales for the Company to, or the aggregate purchases from, such customer or supplier for the period April 1, 1998 through March 15, 1999. The Company believes that its relations with such customers and suppliers are good and no such customer or supplier has informed the Company of an intent to change such relationship in a manner adverse to the Company.

Section 2.25. REAL PROPERTY. Each of the Company have good and marketable title to, or a valid leasehold interest in, all of their real properties, and, other than the properties in which they hold leasehold interests, own such properties free and clear of all liens, claims and encumbrances, other than Permitted Liens. All real property owned or leased by the Company is set forth on Section 2.26 of the Company Disclosure Schedule. The Company is in compliance with the material terms of all leases to which it is a party and all such leases are in full force and effect.

Section 2.26. NO MISLEADING STATEMENTS. The representations and warranties made by the Company in or pursuant to this Agreement do not include any untrue statement of a material fact or, to the Knowledge of the Company,

omit to state any fact which would be reasonably likely to have a Material Adverse Effect on the Company.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE 5% STOCKHOLDERS

The 5% Stockholders represent and warrant to Parent and Sub as follows, except as set forth in the disclosure schedule being delivered by the 5% Stockholders to Parent and Sub concurrently herewith (the "5% Stockholder Disclosure Schedule") (which Disclosure Schedule identifies the section or subsection of this Agreement to which each entry relates):

Section 3.1. BINDING NATURE OF THIS AGREEMENT. This Agreement has been duly executed and delivered by the 5% Stockholders and, assuming that this Agreement constitutes a valid and binding obligation of Parent and Sub, is a valid and binding obligation of the 5% Stockholders, enforceable against the 5% Stockholders in accordance with its terms.

Section 3.2. CONSENTS AND APPROVALS; NO VIOLATIONS. Neither the execution, delivery or performance of this Agreement by the 5% Stockholders nor the consummation by the 5% Stockholders of the transactions contemplated hereby nor compliance by the 5% Stockholders with any of the provisions hereof will (i) require any filing with, or permit, authorization, consent or approval of, any Governmental Entity or any other person or entity, (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration), result in the termination of or a right of termination or cancellation of, modification of any benefit under, accelerate the performance required by, result in the triggering of any payment or other material obligation pursuant to, result in the creation of any lien, security interest, charge or encumbrance upon any of the material properties of the 5% Stockholders under, or result in being declared void, voidable or without further binding effect any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, permit, deed of trust agreement or other instrument or commitment obligation to which the 5% Stockholders is a party or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the 5% Stockholders, or any of their properties or assets, excluding from the foregoing clauses (ii), (iii) and (iv) such violations, breaches or defaults which would not, in the aggregate, have a material adverse effect on the 5% Stockholders or prevent, impair or delay the consummation of the transactions contemplated hereby. The Stockholder is the "ultimate parent entity" of the Company and is not a "$100 million person" for purposes of the Hart-Scott-Rodino Antitrust Improvements Act of 1976.

Section 3.3. SHARE OWNERSHIP. The Stockholder owns an aggregate of 223,800 Shares (including Shares held in trust for the benefit of his children), free and clear of all liens, claims and encumbrances, including any restrictions on or sharing of rights to vote or dispose of such shares. The Archbold Trust owns an aggregate of 50,000 Shares, free and clear of all liens, claims and encumbrances, including any restrictions on or sharing of rights to vote or dispose of such shares. Such Shares are the only equity interests in the Company beneficially owned by either of the 5% Stockholders.

Section 3.4. INVESTMENT. Each of the 5% Stockholders is acquiring the Parent Shares for investment and not with a view toward, or for sale in connection with, any sales or distribution thereof. Each of the 5% Stockholders agrees that neither the Parent Shares nor any interest therein may be offered, sold, transferred, pledged, hypothecated or otherwise disposed of except pursuant to (i) an effective registration statement under the Securities Act and

any applicable state securities laws or (ii) an exemption from the registration requirements of the Securities Act and any applicable state securities laws, such exemption to be evidenced by such documentation as Parent may reasonably request, including an opinion of counsel (which counsel and opinion shall be reasonably satisfactory to Parent) that such transfer is not in violation of the Securities Act and any applicable state laws.

Section 3.5. ACCREDITED INVESTOR. Each of the 5% Stockholders is an "accredited investor" within the meaning of Rule 501 under the Securities Act. Each of the 5% Stockholders has been given an adequate opportunity to investigate Parent and has been given access to all information he deems appropriate. Each of the 5% Stockholders understands that no public market exists for the Parent Shares and that no public market may ever exist for such shares.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF PARENT AND SUB

Parent and Sub jointly and severally represent and warrant to the Company and the 5% Stockholders as follows, except as set forth in the disclosure schedule being delivered by Parent to the Company concurrently herewith (the "Parent Disclosure Schedule") (which Disclosure Schedule identifies the section or subsection of this Agreement to which each entry relates):

Section 4.1. ORGANIZATION. Each of Parent and its subsidiaries is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization and has all requisite corporate power and authority and all necessary governmental approvals to own, lease and operate its properties and to carry on its business as now being conducted, except where the failure to be so organized, existing and in good standing or to have such power, authority, and governmental approvals would not have a Material Adverse Effect on Parent. Parent and each of its subsidiaries is duly qualified or licensed to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification or licensing necessary, except where the failure to be so duly qualified or licensed and in good standing would not in the aggregate have a Material Adverse Effect on Parent. Parent and Sub have each made available to the Company copies of their respective articles of incorporation and bylaws, both as amended to date.

Section 4.2. CAPITALIZATION. (a) The authorized capital stock of Parent consists of 50,000,000 Parent Shares, 2,500 shares of Series A Preferred Stock, 100,000 shares of

Series B Preferred Stock, 200,000 shares of Series C Preferred Stock and 200,000 shares of Series D Preferred Stock. As of the date hereof 1,586,897 Parent Shares, 1,685 shares of Series A Preferred Stock (convertible into 4,044,000 Parent Shares), 60,492 shares of Series B Preferred Stock (convertible into 3,629,520 Parent Shares), 100,000 shares of Series C Preferred Stock (convertible into 1,524,390 Parent Shares) and 200,000 shares of Series D Preferred Stock were issued and outstanding, an aggregate of 1,386,140 Parent Shares were issuable pursuant to outstanding warrants and an aggregate of 2,713,560 Parent Shares were issuable pursuant to outstanding Parent Options. All the outstanding shares of Parent's capital stock are, and all Parent Shares which may be issued pursuant to the exercise of outstanding Parent Options will be, when issued in accordance with the respective terms thereof, duly authorized, validly issued, fully paid and non-assessable. Except as set forth above (i) there are no shares of capital stock of Parent authorized, issued or outstanding and (ii) there are no options, warrants, calls, pre-emptive rights,

subscriptions or other rights, agreements, arrangements or commitments of any character, relating to the issued or unissued capital stock of Parent or any of its subsidiaries, obligating Parent or any of its subsidiaries to issue, transfer or sell or cause to be issued, transferred or sold any shares of capital stock of, or other equity interest in, Parent or any of its subsidiaries or securities convertible into or exchangeable for such shares or equity interests, or obligating Parent or any of its subsidiaries to grant, extend or enter into any such option, warrant, call, subscription or other right, agreement, arrangement or commitment and (iii) there are no outstanding obligations of Parent or any of its subsidiaries to vote or to repurchase, redeem or otherwise acquire any shares of capital stock of Parent, or any subsidiary or affiliate of Parent or to provide funds to make any investment (in the form of a loan, capital contribution or otherwise) in any subsidiary or any other entity. Other than Parent Shares, no securities of Parent have the right to vote. Parent has delivered to the Company true and complete copies of all instruments governing or defining rights under Parent Shares.

(b) All of the outstanding shares of capital stock of each of Parent's subsidiaries are owned by Parent, directly or indirectly, and all such shares have been validly issued and are fully paid and nonassessable and are owned by either Parent or one of its subsidiaries free and clear of all liens, charges, claims or encumbrances. Parent does not, directly or indirectly, have any equity or ownership interest in any business.

(c) The Parent Shares to be issued pursuant to Section 1.6 hereof have been duly authorized and, upon issuance in accordance with the terms hereof, shall be validly issued, fully paid and nonassessable.

(d) All of the outstanding shares of capital stock of Parent were issued in compliance with all applicable laws, including federal or state securities laws.

Section 4.3. AUTHORITY RELATIVE TO THIS AGREEMENT. Parent has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution and delivery by Parent of this Agreement, and the consummation by it of the transactions contemplated hereby, have been duly and validly authorized by its Board of Directors and no other corporate action

on the part of Parent is necessary to authorize the execution and delivery by Parent of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and is a valid and binding obligation of Parent, enforceable against Parent in accordance with its terms.

Section 4.4. CONSENTS AND APPROVALS; NO VIOLATIONS. Except for such filings as may be required under, and other applicable requirements of, the VSCA, neither the execution, delivery or performance of this Agreement by Parent nor the consummation by Parent of the transactions contemplated hereby nor compliance by Parent with any of the provisions hereof will (i) conflict with or result in any breach of any provision of the certificate of incorporation or the bylaws (or similar organizational instrument) of Parent or of any of its subsidiaries, (ii) require any filing with, or permit, authorization, consent or approval of, any Governmental Entity or any other person or entity, (iii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, amendment, cancellation or acceleration), result in the termination of or a right of termination or cancellation of, modification of any benefit under, accelerate the performance required by, result in the triggering of any payment or other material obligation pursuant to, result in the creation of any lien, security

interest, charge or encumbrance upon any of the material properties of Parent or its subsidiaries under, or result in being declared void, voidable or without further binding effect any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, permit, deed of trust agreement or other instrument or commitment obligation to which Parent or any of its subsidiaries is a party or by which any of them or any of their properties or assets may be bound or affected or (iv) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Parent, any of its subsidiaries or any of their properties or assets, excluding from the foregoing clauses (ii), (iii) and (iv) such violations, breaches or defaults which would not, in the aggregate, have a Material Adverse Effect on Parent.

Section 4.5. FINANCIAL STATEMENTS. Section 4.5 of the Disclosure Schedule sets forth the consolidated balance sheets, income statements and statements of cash flow of Parent and its consolidated subsidiaries at and for (a) the years ending September 30, 1996, 1997 and 1998, each accompanied by the unqualified audit report of Price Waterhouse LLP/PricewaterhouseCoopers LLP, and (b) the unaudited quarter ended December 31, 1998 (collectively, the "Parent Financial Statements"). Each of the balance sheets (including the related notes) included in the Parent Financial Statements fairly presents the financial position of Parent and its consolidated subsidiaries as of the respective dates thereof and each of the statements of income and cash flow (including the related notes) included in the Parent Financial Statements fairly presents the results of operations of Parent and its consolidated subsidiaries for the respective periods then ended, except as otherwise noted therein. The audited consolidated balance sheet of Parent and its consolidated subsidiaries as of September 30, 1998 is sometimes referred to as the "Parent Balance Sheet" and such date as the "Balance Sheet Date." Each of the Parent Financial Statements has been (i) prepared in accordance with GAAP consistently applied during the periods involved, except as otherwise noted therein or in the notes thereto and (ii) prepared in accordance with the books and records of Parent.

Section 4.6. ABSENCE OF CERTAIN CHANGES. Since the Balance Sheet Date, (a) each of Parent and its subsidiaries has operated in the ordinary and usual course of business, (b) neither Parent nor any of its subsidiaries has taken, or agreed to take, any of the actions contemplated by Section 5.2 hereof and (c) there have not occurred any events, changes or effects which have had or which would, in the aggregate, a Material Adverse Effect on Parent.

Section 4.7. NO UNDISCLOSED LIABILITIES. There are no liabilities, debts, obligations or claims (absolute, contingent, known, unknown or otherwise) against Parent or its subsidiaries, except liabilities, debts, obligations or claims (a) reflected or reserved in the Parent Balance Sheet, (b) incurred after the Balance Sheet Date in the ordinary course of business or (c) which would not be reasonably likely to have a Material Adverse Effect.

Section 4.8. LITIGATION. There is no suit, claim, action, proceeding or investigation pending or, to the Knowledge of Parent, threatened against Parent or any of its subsidiaries that would be reasonably likely to have a Material Adverse Effect and neither Parent nor any of its subsidiaries is subject to any outstanding order, writ, injunction or decree that would be reasonably likely to have a Material Adverse Effect or that restricts Parent or any of its subsidiaries in any material respect.

Section 4.9. TAX FREE REORGANIZATION. Parent has not taken any action or failed to take any action, and to Parent's Knowledge, there is no fact or circumstance, which would prevent the Merger from constituting a reorganization within the meaning of Section 368(a) of the Code.

Section 4.10. ENVIRONMENTAL. (a) Except to the extent that any of the following would not be reasonably likely to have a Material Adverse Effect on Parent: (i) Parent complies and at all times has complied with all applicable

Environmental Laws, (ii) no Hazardous Substances are present at or have been disposed on or released or discharged from, onto or under any of the properties currently owned, leased, operated or otherwise used by Parent or its subsidiaries (including soils, groundwater, surface water, buildings or other structures), (iii) no Hazardous Substances were present at or disposed on or released or discharged from, onto or under any of the properties formerly owned, leased, operated or otherwise used by Parent during the period of ownership, lease, operation or use by Parent, (iv) Parent is not subject to any liability or obligation in connection with Hazardous Substances present at any location owned, leased, operated or otherwise used by any third party, (v) Parent has not received any notice, demand, letter, claim or request for information alleging that Parent is or may be in violation of or liable under any Environmental Law, (vi) Parent is not subject to any order, decree, injunction or other directive of any governmental authority and Parent is not subject to any indemnity or other agreement with any person or entity relating to Hazardous Substances and (vii) there are no circumstances or conditions involving Parent, any assets (including real property) or businesses previously owned, leased, operated or otherwise used by Parent, or any of the assets (including real property) or businesses of any predecessors of Parent that would result in any damages to Parent arising under or pursuant to Environmental

Law or in any restriction on the ownership, use or transfer of any of the assets of Parent arising under or pursuant to any Environmental Law.

Section 4.11. NO DEFAULT. There exists no default or violation (and no event has occurred which with notice or lapse of time would constitute a default or violation or loss of material benefits) of any term, condition or provision of (i) any note, bond, mortgage, indenture, contract, agreement, permit, license, lease, purchase order, sales order, arrangement or other commitment or obligation to which Parent is a party or may be subject or (ii) any order, writ, injunction, decree, statute, treaty, rule or regulation applicable to Parent, except for violations or defaults which would not have a Material Adverse Effect.

Section 4.12. PERMITS; COMPLIANCE WITH APPLICABLE LAW. (a) Parent possesses all permits, licenses, variances, exemptions, orders, approvals and authorizations of all Governmental Entities necessary for the lawful conduct of the business of Parent. All such permits have been legally obtained and maintained and are in full force and effect, except for lack of permits or defaults which would not have a Material Adverse Effect.

(b) The business of Parent and its subsidiaries is being and has been conducted in compliance with all permits, orders, writs, judgments, injunctions, decrees and settlements and all applicable laws, ordinances, codes, rules, regulations and policies of any Governmental Entity, except for non-compliance which would not have a Material Adverse Effect.

Section 4.13. TAXES AND TAX RETURNS.

(a) All Tax Returns required to be filed by or with respect to Parent or any of its subsidiaries for all Taxable Periods have been timely filed. All such Tax Returns (i) were prepared in the manner required by applicable law, (ii) are true, correct and complete in all material respects, and (iii) accurately reflect the material liability for Taxes of Parent and each of its subsidiaries. All Taxes shown to be payable on such Tax Returns, and all assessments of Tax made against Parent with respect to such Tax Returns, have been paid when due. No adjustment relating to any such Tax Return has been proposed in writing by any taxing authority and no basis exists for any such adjustment.

(b) Parent has made (or there has been made on its behalf) all required current estimated Tax payments sufficient to avoid any underpayment penalties.

(c) Parent has (i) timely paid or caused to be paid all Taxes that are or were due, whether or not shown (or required to be shown) on a Tax Return and (ii) provided a sufficient reserve, as of the date thereof, for the payment of all accrued Taxes not yet due and payable (without regard to deferred Tax assets and liabilities) (the "Tax Reserve") on the balance sheet included in Parent Financial Statements for the Taxable Period ended September 30, 1998. There are no material Taxes that would be

due if asserted by a taxing authority, except with respect to which Parent is maintaining adequate reserves.

(d) Parent has complied (and until the Closing Date will comply) in all material respects with the provisions of the Code relating to the withholding and payment of Taxes, including, without limitation, the withholding and reporting requirements under Code sections 1441 through 1464, 3401 through 3406, and 6041 through 6049, as well as similar provisions under any other laws, and have, within the time and in the manner prescribed by law, withheld from employee wages and paid over to the proper governmental authorities all amounts required.

(e) None of the Tax Returns of Parent has been or is currently being examined by the IRS or relevant state, local or foreign taxing authorities. There are no examinations or other administrative or court proceedings relating to Taxes in progress or pending, nor has Parent received a revenue agent's or similar written report asserting a Tax deficiency. There are no current actions, suits, proceedings, investigations, audits or claims relating to or asserted for Taxes of Parent.

(f) No material claim has ever been made in writing by any taxing authority with respect to Parent in a jurisdiction where Parent does not file Tax Returns that Parent is or may be subject to taxation by that jurisdiction. There are no security interests on any of the assets of Parent that arose in connection with any failure (or alleged failure) to pay any Taxes and, except for liens for Taxes that are not yet due and payable, there are no liens for any Tax upon any asset of Parent or any of its subsidiaries.

(g) Parent has made available (or, in the case of Tax Returns filed after the date hereof, will make available at such time and place as Company may request) to Company complete and accurate copies of such Tax Returns, and amendments thereto, filed by Parent as Company may request. Since the date of the most recent Financial Statement, the Parent has not incurred any liability for Taxes that would result in the net worth of Parent on the Closing Date to be materially less than the net worth of the Company on the date of the most recent financial statement.

(h) Parent is not, or has not been, a party to any agreement relating to allocating or sharing the payment of, or liability for, Taxes with respect to any Taxable Period.

(i) Parent has not distributed the stock of any corporation in a transaction satisfying the requirements of Section 355 of the Code since April 16, 1997. The stock of Parent has not been distributed in a transaction satisfying the requirements of Section 355 of the Code since April 16, 1997.

(j) There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, could give rise to, nor

will the consummation of the transactions contemplated hereby obligate Parent or Sub to make, the payment of any amount that would not be deductible by Parent by reason of Section 280G of the Code.

(k) Parent has not executed any outstanding waivers or comparable consents, that are currently in effect, regarding the application of the statute of limitations with respect to any Taxes or Tax Returns. No extension of time with respect to any date on which a Tax Return was or is to be filed by Parent is in force. Parent has not granted a power of attorney to any person with respect to any Taxable Period that is currently in effect.

(l) Parent does not own an interest in a partnership nor could it be treated as a partner in a partnership for U.S. federal income tax purposes.

(m) Parent has not been a member of an (i) affiliated group (within the meaning of Section 1504 of the Code) or (ii) affiliated, combined, consolidated, unitary, or similar group for state, local or foreign Tax purposes other than the group of which Parent is the common parent.

(n) Parent has not agreed nor is it required to include in income any adjustment under either Section 481(a) or Section 482 of the Code (or an analogous provision of state, local, or foreign law) by reason of a change in accounting method or otherwise.

(o) There are no proposed written reassessments of any property owned by Parent or other written proposals that could increase the amount of any Tax to which Parent could be subject.

(p) Parent does not have any deferred income reportable for a period ending after the Closing Date but that is attributable to a transaction (e.g., an installment sale) occurring in a period ending on or prior to the Closing Date.

(q) None of the indebtedness of Parent constitutes "corporate acquisition indebtedness" (as defined in Section 279(b) of the Code) or other indebtedness with respect to which any interest deductions may be disallowed under Section 279 of the Code or otherwise.

(r) Parent does not have an overall foreign loss within the meaning of Section 904 of the Code.

Section 4.14. EMPLOYEE BENEFIT PLANS.

(a) Section 4.14 of Parent Disclosure Schedule sets forth each pension, retirement, profit sharing, health, disability, life, group insurance, deferred compensation, stock option, stock purchase, restricted stock, bonus or incentive, severance pay, employment or termination, and other employee benefit or compensation plan, trust, arrangement, contract, agreement, policy, written commitment or oral commitment (if known to the Company), including, without limitation, each "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as

amended ("ERISA") whether formal or informal, written or oral under which (i) current or former employees, directors or independent contractors of Parent or any of its Subsidiaries participate or are entitled to participate by reason of their relationship with Parent or any of its Subsidiaries, (ii) to which Parent

or any of its Subsidiaries is a party or a sponsor or a fiduciary thereof or by which Parent or any of its Subsidiaries (or any of their rights, properties or assets) is currently bound or (iii) with respect to which Parent or any of its Subsidiaries has any obligation to make payments or contributions (the "Benefit Plans").

(b) Each Benefit Plan has at all times been operated and administered in compliance in all material respects with its terms, the applicable requirements of ERISA and the Code and all other applicable laws. Each Benefit Plan that is intended to be tax qualified under Section 401(a) of the Code has received a favorable determination letter from the IRS stating that it is so qualified and that any trust associated with such Benefit Plan is tax exempt under Section 501(a) of the Code, and, to the knowledge of Parent, there is no reason why the qualified status of any such Benefit Plan or trust would be denied or revoked, whether retroactively or prospectively.

(c) No pending or, to the knowledge of Parent, threatened disputes, lawsuits, claims (other than routine claims for benefits), investigations, audits or complaints to, or by, any person or governmental entity have been filed or are pending with respect to the Benefit Plans or Parent or any of its Subsidiaries in connection with any Benefit Plan or the fiduciaries or administrators thereof, and to the knowledge of Parent, no state of facts or conditions exist under the terms of the Benefit Plan or applicable law that would have a Material Adverse Effect. With respect to each Benefit Plan, there has not occurred, and no person or entity is contractually bound to enter into, any nonexempt "prohibited transaction" within the meaning of Section 4975 of the Code or Section 406 of ERISA, nor any transaction that would result in a civil penalty being imposed under Section 409 or 502(i) of ERISA.

(d) Neither Parent, its Subsidiaries, nor any trade or business (whether or not incorporated) which, together with Parent or any of its Subsidiaries, would be deemed a "single employer" under Section 4001(b) of ERISA (an "ERISA Affiliate") has or at any time in the past has had (i) any liability, contingent or otherwise, under Title IV of ERISA or Section 412 of the Code, (ii) an obligation to contribute to any "multiemployer plan" (as defined in Section 3(37) of ERISA).

(e) All contributions to and payments with respect to or under the Benefit Plans that are required to be made with respect to periods ending on or before the Effective Time have been made or accrued before the Effective Time by Parent in all material respects to the extent such funding is required by the Benefit Plan or otherwise, and in accordance with the appropriate plan documents, financial statements, actuarial reports, collective bargaining agreements or insurance contracts or arrangements.

(f) Except as set forth on Schedule 2.12 of Parent Disclosure Schedule, no Benefit Plan that is an "employee welfare benefit plan" under Section 3(1) of ERISA (a

"Welfare Plan") is partially or fully funded through a trust. No Welfare Plan providing welfare benefits (whether or not insured) with respect to current or former employees of Parent continues such coverage or provides such benefits beyond their date of retirement or other termination of service (other than (i) coverage mandated by Section 601 of ERISA, the cost of which is fully paid by the former employee or his or her dependents, (ii) death benefits payable following termination of employment earned for service prior to termination of employment and (iii) any health insurance coverage which in the ordinary course extends through the end of the month in which termination of employment occurs).

(g) With respect to each Benefit Plan, Parent has made

available to the Company complete and correct copies of the following documents, to the extent in each case that such documents exist or are required by law: (1) current plan documents, subsequent plan amendments, or any and all other documents that establish or describe the existence of the plan, trust, arrangement, contract, policy or commitment; (2) the most recent tax qualified determination letters, if any, received from or applications pending with the IRS; and (3) the three most recent Form 5500 Annual Reports, including related schedules and audited and financial statements and opinions of independent certified public accountants.

(h) The execution of, and performance of the transactions contemplated in, this Agreement will not (either alone or upon the occurrence of any additional or subsequent events) constitute an event under any plan, policy, arrangement or agreement or any trust or loan that will or would reasonably be expected to result in any payment (whether of severance pay or otherwise), acceleration of, forgiveness of indebtedness owing from, vesting of, distribution of, or increase in or obligation to fund, any benefits with respect to any current or former employee, director or consultant of Parent.

Section 4.15. INTELLECTUAL PROPERTY. Except for commercially available "off the shelf" software, Parent owns or has a valid license, with no required royalty or other monetary payments and otherwise on commercially reasonable terms, to use all Intellectual Property Rights material to or necessary for the conduct of the business of Parent. No claims are pending or, to Parent's Knowledge, threatened, by any person as to the use of any Intellectual Property Rights by the Company and, to the Knowledge of Parent, the use by Parent of all Intellectual Property Rights which are owned by Parent (collectively, the "Parent Owned IP Rights") does not infringe on the valid U.S. patent, copyright, trademark, trade secret or similar intellectual property rights of any person. To the Knowledge of Parent, no third person is infringing on the Parent Owned IP Rights. The Parent Owned IP Rights are owned exclusively by Parent and not subject to any licenses or other encumbrances. Parent has taken and, prior to Closing will continue to take, all measures reasonably necessary to preserve and protect the Parent Owned IP Rights. To Parent's Knowledge, all patents and registered trademarks, service marks, and other company product or service identifiers and registered copyrights owned by Parent are valid and enforceable. Parent has not entered into any agreement to indemnify any other person against any charge of infringement of any third party intellectual property right by any Intellectual Property Right. All employees, agents, consultants or

contractors who have contributed to or participated in the creation or development of any Parent Owned IP Rights on behalf of Parent or any predecessor in interest thereto either: (i) is a party to a "work-for-hire" agreement under which Parent is deemed to be the original owner/author of all property rights therein or (ii) has executed an assignment or any agreement to assign in favor of Parent (or such predecessor in interest, as applicable) of all right, title and interest in such material.

Section 4.16. TRANSACTIONS WITH AFFILIATES. No present or former officer, director, stockholder or other affiliate of Parent has (i) any interest in the assets, properties or rights used in the business of Parent (other than solely through the ownership of Shares or Parent Options), (ii) any contract, agreement or understanding with Parent, or (iii) engaged in any transactions with Parent since the Balance Sheet Date.

Section 4.17. ASSETS NECESSARY TO BUSINESS. The assets, properties and rights of Parent include all assets, properties and rights used in, or necessary for, the business of Parent and are held by Parent free and clear of any liens, claims or encumbrances, other than Permitted Liens.

Section 4.18. INSURANCE. The insurance policies of Parent are current, are in full force and effect, all premiums due thereon have been paid, and Parent has complied in all material respects with the provisions of such policies, and all such policies either specifically include Parent as a named insured or include omnibus named insured language which generally includes Parent. No proceeding is pending or, to the Knowledge of Parent, threatened, to revoke, cancel or limit such policies and no notice of cancellation of any of such policies has been received by Parent. Parent is in full compliance with all material recommendations for the prevention of loss made by all insurance carriers and is in compliance with all warranties contained in all insurance policies. The insurance carried by Parent is adequate in light of industry standards.

Section 4.19. ACCOUNTS RECEIVABLE. All accounts receivable, notes receivable and other receivables of Parent represents sales actually made or services actually delivered in the ordinary course of business. Except to the extent reserved against and reflected in the Parent Financial Statements, Parent knows of no reason why such accounts receivable would not be collectible in the ordinary course of business.

Section 4.20. CONTRACTS.

(a) Each contract or agreement which is material to Parent and its subsidiaries is legal, valid, binding and enforceable against Parent, and to Parent's Knowledge, against each other party thereto, is in full force and effect and will continue to be so legal, valid, binding, enforceable and in full force and effect following the Closing. Neither Parent, nor to Parent's Knowledge, any other party, is in breach or default, and no event has occurred which would constitute (with or without notice or lapse of time or both) a breach or default (or give rise to any right of termination, modification, cancellation or acceleration) or modification of benefits under any such contract.

(b) Parent has delivered or made available for review by the Company true and complete copies of each such contract or agreement. Since the Balance Sheet Date, there has been no material modification, breach or termination of any such contract or agreement nor, to Parent's Knowledge, is any such modification, breach or termination contemplated.

Section 4.21. INVENTORY. The inventory of Parent is of a quality usable or saleable in the ordinary course of business, except for dated or defective materials (including raw materials, work-in-process and finished goods), which is written down or reserved against on Parent Financial Statements in accordance with GAAP and the past practices of Parent.

Section 4.22. NO MISLEADING STATEMENTS. The representations and warranties made by Parent in or pursuant to this Agreement do not include any untrue statement of a material fact or, to the Knowledge of Parent, omit to state any fact which would be reasonably likely to have a Material Adverse Effect on Parent.

ARTICLE V
COVENANTS

Section 5.1. INTERIM OPERATIONS OF THE COMPANY. The Company covenants and agrees from the date of this Agreement to the Effective Time or the earlier termination of this Agreement as provided herein that, except (i) as expressly contemplated by this Agreement, (ii) as set forth in Section 5.1 of the Company Disclosure Schedule or (iii) as agreed in writing by Parent, the business of the Company and its subsidiaries shall be conducted only in the ordinary and usual course, consistent with past practice, and, to the extent consistent therewith, the Company shall use reasonable efforts to preserve its business organization

intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners and the Company shall not:

(a) amend its Articles of Incorporation or By-laws or similar organizational documents;

(b) (i) declare, set aside or pay any dividend or other distribution with respect its capital stock, (ii) redeem, purchase or otherwise acquire directly or indirectly any of its securities, (iii) issue, sell, pledge, dispose of or encumber any securities (or any rights to acquire such securities), other than Shares issued upon the exercise of Company Options outstanding on the date hereof in accordance with the terms of such options as in effect on the date hereof or (iv) split, combine or reclassify its outstanding capital stock;

(c) acquire or agree to acquire, any material assets or securities either by purchase, merger or otherwise, or acquire or agree to acquire any subsidiaries;

(d) transfer, lease, license, sell, mortgage, pledge, dispose of, or encumber any material assets or securities other than in the ordinary and usual course of business and consistent with past practice, or authorize, propose or announce an intention to authorize or propose, or enter into an agreement with respect to, any merger, consolidation or business combination (other than the Merger);

(e) (i) grant any increase in the compensation payable or to become payable to any of its executive officers or key employees, (ii) (A) adopt any new, or (B) amend or otherwise increase, or accelerate the payment or vesting of the amounts payable or to become payable under any existing, bonus, incentive compensation, deferred compensation, severance, profit sharing, stock option, stock purchase, insurance, pension, retirement or other employee benefit plan agreement or arrangement, (iii) enter into any employment or severance agreement with or, except in accordance with the existing written agreements, grant any severance or termination pay to any officer, director or employee or (iv) except in the ordinary course of business, consistent with past practice, increase the compensation or benefits of any employee;

(f) modify, amend or terminate any of its material contracts or waive, release or assign any material rights or claims, except in the ordinary course of business and consistent with past practice or modify or amend the terms of any outstanding securities;

(g) (i) incur or assume any long-term debt, or except in the ordinary course of business, incur or assume any short-term indebtedness in amounts not consistent with past practice, (ii) incur or modify any material indebtedness or other liability, (iii) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other person, except in the ordinary course of business and consistent with past practice, (iv) make any loans, advances or capital contributions to, or investments in, any other person (other than to wholly owned subsidiaries of the Company or customary loans or advances to employees in accordance with past practice) or (v) except in the ordinary course of business, enter into any material commitment or transaction;

(h) change any of the financial accounting methods used by it unless required by GAAP;

(i) make (or permit to be made) any material Tax election or settle or compromise any material liability for taxes or change (or permit to be changed) any material tax accounting method;

(j) pay, discharge or satisfy any claims, liabilities or obligations (absolute, accrued, asserted or unasserted, contingent or otherwise), other than the payment, discharge or satisfaction of any such claims, liabilities or obligations, in the ordinary course of business and consistent with past practice, of claims, liabilities or obligations reflected or reserved against in, or contemplated by, the consolidated financial statements (or the notes thereto) of the Company and its consolidated subsidiaries;

(k) engage in any transactions with any stockholders or other affiliates of the Company or enter into any agreements with such stockholders or affiliates;

(l) take, or agree to commit to take, any action that would make any representation or warranty of the Company contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time (as if made at such time); and

(m) enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.2. INTERIM OPERATIONS OF PARENT. Parent covenants and agrees that, except (i) as expressly contemplated by this Agreement, (ii) as set forth in Section 5.2 of the Parent Disclosure Schedule or (iii) as agreed in writing by the Company, the business of Parent and its subsidiaries shall be conducted only in the ordinary and usual course, consistent with past practice, and, to the extent consistent therewith, each of Parent and its subsidiaries shall use its best efforts to preserve its business organization intact and maintain its existing relations with customers, suppliers, employees, creditors and business partners and neither Parent nor any of its subsidiaries shall:

(a) amend its Certificate of Incorporation or By-laws or similar organizational documents;

(b) (i) declare, set aside or pay any dividend or other distribution with respect its capital stock, (ii) redeem, purchase or otherwise acquire directly or indirectly any of its capital stock, (iii) issue, sell, pledge, dispose of or encumber any securities (or any rights to acquire such securities), other than Parent Shares issued upon the exercise of Parent Options outstanding on the date hereof in accordance with the terms of such options as in effect on the date hereof or (iv) split, combine or reclassify its outstanding capital stock;

(c) take, or agree to commit to take, any action that would make any representation or warranty of Parent contained herein inaccurate in any respect at, or as of any time prior to, the Effective Time (as if made at such time); and

(d) enter into an agreement, contract, commitment or arrangement to do any of the foregoing, or to authorize, recommend, propose or announce an intention to do any of the foregoing.

Section 5.3. INVESTIGATION. Each of the Company and Parent shall afford to the other and to the other's officers, employees, accountants, counsel and other authorized representatives full and complete access during normal business hours, throughout the period prior to the earlier of the Effective Time or the date of termination of this Agreement, to its and its subsidiaries', if applicable, plants, properties, contracts, commitments, books, and records and shall use its reasonable best efforts to cause its

representatives to furnish such additional financial and operating data and other information as to its and its subsidiaries', if applicable, respective businesses and properties as the other or its duly authorized representatives may from time to time reasonably request. The parties hereby agree that each of them will treat any such information in accordance with the Bilateral Confidentiality Agreement, dated as of February 9, 1998, between the Company and Parent (the "Confidentiality Agreement").

Section 5.4. DISCLOSURE SUPPLEMENTS. From time to time prior to the Closing, each party hereto shall supplement or amend its Disclosure Schedule with respect to any matter hereafter arising or any information obtained after the date hereof of which, if existing, occurring or known at or prior to the date of this Agreement, would have been required to be set forth or described in its Disclosure Schedule or which is necessary to complete or correct any information in such schedule or in any representation and warranty of such party which has been rendered inaccurate thereby. The Company shall promptly inform Parent of any claim by a third party that a contract has been breached, is in default, may not be renewed or that a consent would be required as a result of the transactions contemplated by this Agreement. For purposes of determining the satisfaction of the conditions set forth in Article VI and the indemnification obligations set forth in Article VIII hereof, no such supplement, amendment or information shall be considered.

Section 5.5. REASONABLE EFFORTS. (a) Upon the terms and subject to the conditions of this Agreement, each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement as promptly as practicable including, but not limited to, (i) the preparation and filing of all forms, registrations and notices required to be filed to consummate the transactions contemplated by this Agreement and the taking of such commercially reasonable actions as are necessary to obtain any requisite approvals, consents, orders, exemptions or waivers by any third party or Governmental Entity and (ii) using all reasonable efforts to cause the satisfaction of all conditions to Closing. Each party shall promptly consult with the other with respect to, provide any necessary information with respect to and provide the other (or its counsel) copies of, all filings made by such party with any Governmental Entity or any other information supplied by such party to a Governmental Entity in connection with this Agreement and the transactions contemplated by this Agreement.

(b) Each party hereto shall promptly inform the others of any communication from any Governmental Entity regarding any of the transactions contemplated by this Agreement. If any party or affiliate thereof receives a request for additional information or documentary material from any such Governmental Entity with respect to the transactions contemplated by this Agreement, then such party will endeavor in good faith to make, or cause to be made, as soon as reasonably practicable and after consultation with the other party, an appropriate response in compliance with such request.

Section 5.6. STOCKHOLDER MEETING. The Company shall cause a meeting of its stockholders to be duly called and held within 25 days of the date hereof for the purpose of obtaining the Company Stockholder Approval. The Company shall ensure that all materials transmitted to stockholders in connection with the Company Stockholder Approval comply in all material respects with applicable law. Parent shall supply all information reasonably requested in connection therewith. Parent will have the right to review and consent to such materials

prior to transmission to stockholders, such consent not to be unreasonably withheld or delayed. Subject to Section 7.1 hereof, the Company shall use all reasonable efforts to obtain the Company Stockholder Approval and shall not take any action or fail to take any action which would prevent the Company's approval of this Agreement and the transactions contemplated hereby to be effective at the earliest possible date.

Section 5.7. FURTHER ASSURANCES. From time to time after the Closing, without additional consideration, each of the parties hereto will (or, if appropriate, cause their affiliates to) promptly execute and deliver such further instruments and take such other action as may be necessary to make effective the transactions contemplated by this Agreement.

Section 5.8. BROKERS OR FINDERS. Each party hereto represents, as to itself and its affiliates that no agent, broker, investment banker, financial advisor or other firm or person is or will be entitled to any broker's or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, other than Shipley, Raidy Capital Partners, LP in the case of the Company.

Section 5.9. NO SOLICITATION. (a) The Company will, and will cause its officers, directors, employees, subsidiaries, affiliates, stockholders, agents and representatives to, immediately cease any existing discussions or negotiations with respect to any Takeover Proposal (as defined below) and will not, and will cause such persons and entities not to, directly or indirectly, encourage, solicit, facilitate, participate in or initiate discussions or negotiations with, or provide any information to, any corporation, partnership, person or other entity or group (other than Parent and Sub or their directors, officers, employees or other affiliates) concerning any Takeover Proposal. The Company will communicate to Parent within 8 hours of any such inquiries or proposals regarding a Takeover Proposal including the terms thereof (including any amendments or proposed amendments thereto) and the identity of the person making the inquiry or proposal.

(b) Notwithstanding anything in Section 5.9(a) to the contrary, the Company may furnish information to and engage in negotiations with any person making an unsolicited bona fide Takeover Proposal, but only if all of the following conditions are satisfied, (i) such proposal is a Superior Proposal, (ii) the Board of Directors of the Company, based on advice of outside counsel, determines that such actions are required in order for the Board to comply with its fiduciary duties to stockholders under applicable law and (iii) the Company and such person enter into a confidentiality agreement in a form approved by Parent (such consent not to be unreasonably withheld).

(c) "Takeover Proposal" shall mean any of the following involving the Company (other than the transactions contemplated by this Agreement): any inquiry or proposal relating to a sale of stock (whether by the Company or any stockholder), merger, consolidation, share exchange, tender offer, business combination, disposition or assets (or any interest therein) or other similar transaction.

(d) "Superior Proposal" means a proposal involving the acquisition of the entire equity interest in the Company or all or substantially of the assets of the Company which (i) represents higher value to the stockholders of the Company than the transactions contemplated hereby, (ii) is reasonably capable of being consummated on a prompt basis and (iii) to the extent that it requires financing, all such financing is committed, subject only to customary conditions.

(e) So long as this Agreement is in effect, (i) the Board of Directors of the Company shall not withdraw or modify (or propose to withdraw or modify) its recommendation of this Agreement and the transactions contemplated

hereby and (ii) the Company shall not enter into any agreement regarding a Takeover Proposal, other than the confidentiality agreement contemplated by Section 5.9(b)(iii).

Section 5.10. PERFORMANCE OF OBLIGATIONS. Parent shall cause Sub to timely perform its obligations under this Agreement. The Stockholder shall cause the Company to timely perform its obligations under this Agreement.

Section 5.11. TAX TREATMENT. (a) Each of Parent, the Company and the 5% Stockholders shall not take any action and shall not fail to take any action which action or failure to act would prevent, or would be reasonably likely to prevent, the Merger from qualifying as a reorganization within the meaning of Code Section 368(a).

(b) Each party shall use all reasonable efforts to obtain the opinion referred to in Section 6.1(d).

Section 5.12. 5% STOCKHOLDERS. Each of the 5% Stockholders hereby agrees as follows:

(a) At any meeting of stockholders of the Company called to vote upon the Merger and the Merger Agreement or at any adjournment thereof or in any other circumstances upon which a vote, consent or other approval (including by written consent) with respect to the Merger and the Merger Agreement is sought, the 5% Stockholders shall, including by initiating a written consent solicitation if requested by Parent, vote (or cause to be voted) the 5% Stockholder Shares in favor of the Merger, the adoption by the Company of the Merger Agreement and the approval of the other transactions contemplated by the Merger Agreement. The 5% Stockholders hold a sufficient number of Shares to approve this Agreement without the vote of any other shareholder.

(b) At any meeting of stockholders of the Company or at any adjournment thereof or in any other circumstances upon which either or both of the 5% Stockholders' vote, consent or other approval is sought, each such 5% Stockholder shall vote (or cause to be voted) such 5% Stockholder's Shares against (i) any merger agreement or merger (other than the Merger Agreement and the Merger), consolidation, combination, sale of substantial assets, reorganization, recapitalization, dissolution, liquidation or winding up of or by the Company or its Subsidiaries or any other Takeover Proposal (collectively, "Alternative Transactions") or (ii) any amendment of the Company's Articles of Incorporation or by-laws or other proposal or transaction involving the Company or any of its subsidiaries, which amendment or other proposal or transaction would in any manner impede, frustrate, prevent or nullify, the Merger, the Merger Agreement or any of the other transactions contemplated by the Merger Agreement (collectively, "Frustrating Transactions").

(c) The 5% Stockholders shall not, (i) sell, transfer, pledge, assign or otherwise dispose of, or enter into any contract, option or other arrangement (including any profit sharing arrangement) or understanding with respect to the sale, transfer, pledge, assignment or other disposition of, the Shares to any person other than Parent or Parent's designee, (ii) enter into any voting arrangement, whether by proxy, voting agreement, voting trust, power-of-attorney or otherwise, with respect to the Shares or (iii) take any other action that would in any way restrict, limit or interfere with the performance of its obligations hereunder or the transactions contemplated hereby.

(d) Each of the 5% Stockholders hereby irrevocably grants to and appoints any individual who shall hereafter be designated by Parent, and each of them, such 5% Stockholder's proxy and attorney-in-fact (with full power of substitution), for and in the name, place and stead of such Stockholder, to vote such 5% Stockholder Shares, or grant a consent or approval in respect of

such Shares, at any meeting of stockholders of the Company or at any adjournment thereof or in any other circumstances upon which their vote, consent or other approval is sought, (i) in favor of the Merger, the adoption by the Company of the Merger Agreement and the approval of the other transactions contemplated by the Merger Agreement and (ii) against any Alternative Transaction or Frustrating Transaction. This proxy does not apply to removing or replacing any existing member of the Board of Directors of the Company.

(e) Each of the 5% Stockholders represents that any proxies heretofore given in respect of such 5% Stockholder Shares are not irrevocable, and that any such proxies are hereby revoked. Each of the 5% Stockholders hereby affirms that the proxy set forth in this Section 5.12 is coupled with an interest and is irrevocable until such time as this Agreement terminates in accordance with its terms. Each of the 5% Stockholders hereby further affirms that the irrevocable proxy is given in connection with the execution of the Merger Agreement, and that such irrevocable proxy is given to secure the performance of the duties of each such Stockholder under this Agreement. Each of the 5% Stockholders hereby ratifies and confirms all that each such irrevocable proxy may lawfully do or cause to be done by virtue hereof. Each such irrevocable proxy is intended to be irrevocable in accordance with the provisions of Section 13.1-663 of the

VSCA. Simultaneously herewith, reference to such proxy and to the limitations on transfer contemplated by this Section 5.12 are being added as legends to the certificates representing the 5% Stockholder's Shares.

(f) The foregoing provisions of this Section 5.12 shall terminate upon the termination of this Agreement, provided however, that if prior to such termination any person shall have made a Takeover Proposal, such provisions shall survive until the first anniversary of such termination unless at the time of such termination, Parent is in material breach of this Agreement.

Section 5.13. TAX COVENANTS.

(a) The Company shall prepare and file or cause to be prepared and filed in a manner consistent with past practice, and in good faith cooperation with Parent, all Tax Returns (whether separate or consolidated, combined, group or unitary Tax Returns that include the Company) that are required to be filed (with extensions) on or before the Closing Date; PROVIDED, HOWEVER, that (i) the Company shall deliver any such Tax Return to Parent at least 15 days prior to the due date thereof and (ii) subject to the other provisions of this Agreement, the Company may file any such Tax Return without the consent or approval of Parent. The Company shall pay or cause to be paid all Taxes shown as due, or required to be shown as due, on such Tax Returns.

(b) All transfer, documentary, sales, use, registration and other such Taxes (including, without limitation, all applicable real estate transfer or gains Taxes and stock transfer Taxes), any penalties, interest and additions to Tax and fees incurred in connection with this Agreement and the transactions contemplated hereby shall be paid by the Stockholder. Each party to this Agreement shall cooperate in the timely making of all filings, returns, reports and forms as may be required in connection therewith.

(c) If the Stockholder receives any written notice from any taxing authority proposing any adjustment to any Tax relating to the Company or any of its subsidiaries, the Stockholder shall give prompt written notice thereof to either Parent or the Company.

(d) At the Closing, the Stockholder shall deliver, pursuant to

Section 1445(b)(2) of the Code and Treas. Reg. ss. 1.1445-2(b)(2), a duly executed certification of non-foreign status. Such certification shall conform to the model certification provided in Treas. Reg. ss. 1.1445-2(b)(2)(iii)(A) or (B), as appropriate.

(e) Parent shall deliver (or cause to be delivered) to the Stockholder a copy of the Company's Tax Returns filed after the Closing Date for any taxable year ending on or before the Closing Date within 20 days of the filing of such return.

Section 5.14. MARCH 31, 1999 AUDIT. As promptly as possible, but in no event later than June 15, 1999, the Company shall deliver to Parent the audited consolidated balance sheet, income statement and statement of cash flow of the Company and its

consolidated subsidiaries, together with related notes, at and for the year ending March 31, 1999, accompanied by the unqualified audit report of Arthur Andersen LLP. These financial statements will fairly present the consolidated financial position and results of operations of the Company and its subsidiaries as of March 31, 1999 and will be in conformity with GAAP. The Company and Parent will cooperate with each other and Arthur Andersen in the preparation of such financial statements and shall provide all information that is reasonably requested in connection therewith. The Stockholder shall be responsible for all fees and expenses in connection with the preparation of these financial statements, including the fees and expenses of Arthur Andersen.

Section 5.15. EMPLOYEE BENEFIT MATTERS. To the extent Company Employees participate in any Parent Plan after the Effective Time, Parent shall take all action, if any, required to ensure that such Company Employees be credited with all continuous periods of service with the Company immediately prior to the Effective Time for purposes of eligibility and vesting under such Parent Plans to the extent such service was credited for purposes of eligibility and vesting under the corresponding Company Plans.

Section 5.16. CONSULTING AND NON-COMPETITION AGREEMENTS. Simultaneously with the execution of this Agreement, Parent and the persons set forth on Schedule 5.16 are executing Non-Competition and Consulting Agreements in the form of Exhibits E-1, E-2 and F hereof.

Section 5.17. YEAR 2000. The Company shall (i) review and assess prior to the Closing Date all areas within the business and operations of the Company (including those areas affected by suppliers and vendors) that could be adversely affected by the "Year 2000 Problem" (that is, the risk that computer software and systems used by the Company (or its respective suppliers and vendors) may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date after December 31, 1999) and (ii) cooperate with Parent and use its reasonable efforts to timely ensure that all computer software and systems owned by the Company are Year 2000 Compliant and that any non-compliant third party software will be replaced with Year 200 Compliant software to the extent commercially practicable.

Section 5.18. STOCKHOLDERS OF THE COMPANY. The Company reasonably believes that it has fewer than 35 securityholders who are not "accredited investors" within the meaning of Rule 501 of the Securities Act. The Company will not issue or transfer any securities if the effect would be to render the prior sentence inaccurate. The Company has no reason to believe that the transactions contemplated hereby can not be consummated without registration under the Securities Act or state securities laws. The Company will provide such information, and take such actions as Parent may reasonably request, to demonstrate compliance with this Section.

Section 5.19. UNDERWRITING LOCKUP. Each of the 5% Stockholders hereby agrees to execute such "lock-up" and other agreements as the underwriter for any public offering of Parent Shares may require in connection therewith, provided that any such "lock-up"

and other agreements shall be the same in all material respects to the "lock-up" and other agreements to be executed by stockholders of Parent .

Section 5.20. ARCHBOLD TRUST. Archbold Trust agrees that it will not exercise any options to purchase the common stock of the Company.

Section 5.21. AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT. Parent agrees that Section 5.1 of the Amended and Restated Stockholders' Agreement, dated as of December 10, 1998, among Parent and stockholders thereof, shall be amended to provide that (i) one director of Parent will be a person nominated and elected by the Former Commonwealth Stockholders who are holders of Parent Shares and their permitted successors and assigns and (ii) the Board of Directors of Parent shall be increased to take into account the right of such holders to elect such director.

ARTICLE VI
CONDITIONS

Section 6.1. CONDITIONS TO EACH PARTY'S OBLIGATIONS. The respective obligation of each party to effect the transactions contemplated by this Agreement shall be subject to the satisfaction or waiver of the following conditions:

(a) The Company Stockholder Approval shall have been obtained.

(b) All necessary consents and approvals of any Governmental Entity required for the consummation of the transactions contemplated by this Agreement shall have been obtained.

(c) No statute, rule, regulation, order, decree or injunction shall have been enacted, entered, promulgated or enforced by a Governmental Entity which prohibits the consummation of the transactions contemplated by this Agreement and shall be in effect.

Section 6.2. CONDITIONS TO OBLIGATIONS OF PARENT AND SUB. The obligation of Parent and Sub to effect the transactions contemplated by this Agreement are further subject to the satisfaction or waiver of the following conditions:

(a) The representations and warranties of the Company and of the 5% Stockholders in this Agreement shall be true and correct (without regard for any materiality, Material Adverse Effect or similar qualifiers) as of the date hereof and at and as of the Closing Date with the same force and effect as though such representations and warranties had been made at and as of such time, other than representations and warranties which speak as of another specific date or time prior to the date hereof (which need only be true and correct as of such date or time), except for failures to be true and correct, in the aggregate, which have not had and could not reasonably be expected to have a Material Adverse Effect on the Company and except for failures to be true and

correct, in the aggregate, which would not materially increase the costs or decrease the benefits expected to be derived from the transactions contemplated hereby.

(b) Each of the Company, the Stockholder and the Archbold Trust shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing.

(c) There shall not have occurred any events that have had or are reasonably likely to have a Material Adverse Effect on the Company.

(d) All consents or approvals listed in Section 2.4 of the Disclosure Schedule shall have been obtained and any other consents or approvals, the absence of which would have a Material Adverse Effect, shall have been obtained.

(e) Holders of no more than 5% of the outstanding Shares shall have exercised dissenter's rights.

(f) Parent shall have received from the Company a certificate, dated the Closing Date, duly executed by an executive officer of the Company and by each of the 5% Stockholders, to the effect of (a)-(e) above.

(g) Parent shall have received "Phase I" and limited "Phase II" environmental reports regarding the Company and such reports shall be in form and substance satisfactory to Parent.

(h) Parent shall have received a title report covering the real property owned by the Company and such report shall be in form and substance satisfactory to Parent.

(i) Parent shall, in its sole and absolute discretion, be satisfied that the issuance of Parent Shares as contemplated by this Agreement does not require registration under the Securities Act or state securities laws.

(j) Parent shall have received an executed copy of the Clarification Addendum to the 1981 Memorandum of Agreement between Kaufman & Robinson, Inc. and the Company and such executed addendum shall be in form and substance satisfactory to Parent.

Section 6.3. CONDITIONS TO OBLIGATIONS OF THE COMPANY. The obligation of the Company to effect the transactions contemplated by this Agreement are further subject to the satisfaction or waiver of the following conditions:

(a) The representations and warranties of Parent in this Agreement shall be true and correct (without regard for any materiality, Material Adverse Effect or similar qualifiers) as of the date hereof and at and as of the Closing Date with the same force and effect as though such representations and warranties had been made at and as of such

time, other than representations and warranties which speak as of another specific date or time prior to the date hereof (which need only be true and correct as of such date or time), except for failures to be true and correct, in the aggregate, which have not had and could not reasonably be expected to have a Material Adverse Effect on Parent and except for failures to be true and correct, in the aggregate, which would not materially increase the costs or decrease the benefits expected to be derived from the transactions contemplated hereby.

(b) Parent and Sub shall have performed in all material respects all obligations required to be performed by them under this Agreement at or prior to the Closing.

(c) The Company shall have received from Parent a certificate, dated the Closing Date, duly executed by an executive officer of Parent, to the effect of (a) and (b).

(d) The Company shall have received an opinion of Hunton & Williams, in form and substance reasonably satisfactory to the Company, dated as of the Closing Date, to the effect that the Merger will constitute a reorganization within the meaning of Code Section 368(a).

(e) There shall not have occurred any events that have had or are reasonably likely to have a Material Adverse Effect on Parent.

ARTICLE VII
TERMINATION AND AMENDMENT

Section 7.1. TERMINATION. This Agreement may be terminated at any time prior to the Closing by:

(a) Mutual consent of Parent and the Company;

(b) Either Parent or the Company if the Closing shall not have occurred on or before June 30, 1999 (unless the failure to consummate the Closing by such date shall be due to the action or failure to act of the party (or its affiliates) seeking to terminate this Agreement);

(c) Parent if the Board of Directors of the Company shall have withdrawn or modified (or proposed to withdraw or modify) its recommendation of this Agreement and the transactions contemplated hereby;

(d) The Company in order to execute a definitive agreement contemplating a Superior Proposal immediately following such termination, provided that the Company (i) is in compliance with the terms hereof, (ii) the Company has given Parent ten business days' notice of the terms of the Superior Proposal, including the identity of the person making the proposal and a copy of the proposed definitive agreement and (iii) has paid Parent the fee contemplated by Section 9.11(b) hereof.

(e) Either Parent or the Company if any court of competent jurisdiction or other competent Governmental Entity shall have issued a statute, rule, regulation, order, decree or injunction or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such statute, rule, regulation, order, decree or injunction or other action shall have become final and nonappealable.

(f) By Parent or the Company if there shall have been a breach by the other of any of its representations, warranties, covenants or agreements contained in this Agreement which would cause the condition set forth in Section 6.3(a) or (b) or Section 6.2(a) or (b), as the case may be, not to be satisfied and such breach shall not have been cured within 30 days after notice thereof shall have been received by the party alleged to be in breach.

(g) By Parent if the Company shall (w) remove Christine Whitman or Emilio Dicataldo from the Board of Directors of the Company (x) terminate Christine Whitman as its Chief Executive Officer or Emilio DiCataldo as its Chief Financial Officer (each an Officer and collectively, "the Officers"), in either case without Cause, (y) violate any term of either of their indemnity agreements or (z) prevent either of them from taking any actions they deem necessary or appropriate in the course of their duties. For purposes

of this Section 7.1(g), "Cause" shall mean (i) willful fraud or material dishonesty in connection with the Officer's performance of duties or (ii) the conviction for, or plea of nolo contendere, to a charge of commission of a felony. It shall be a condition precedent to the Company's right to terminate employment for "Cause" that (i) written notice stating with specificity the reason (the "breach") for the termination be given to the Officer, and (ii) if such breach is susceptible of cure or remedy, the Officer shall have 10 days from receipt of such notice to cure or remedy such breach.

Section 7.2. EFFECT OF TERMINATION. In the event of the termination and abandonment of this Agreement pursuant to Section 7.1 hereof, this Agreement shall forthwith become void and have no effect, without any liability on the part of any party hereto or its affiliates, directors, officers or stockholders, other than the provisions of Article IX hereof. Nothing contained in this Section 7.2 shall relieve any party from liability for any breach of this Agreement.

Section 7.3. AMENDMENT. This Agreement may be amended or modified at any time by the parties hereto, but only by an instrument in writing signed on behalf of each of the parties hereto.

Section 7.4. EXTENSION; WAIVER. At any time prior to the Closing, the parties hereto may (i) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (ii) waive any inaccuracies in the representations and warranties contained herein or in any document delivered pursuant hereto and (iii) waive compliance with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set

forth in a written instrument signed on behalf of such party. Neither the failure nor the delay on the part of any party to exercise any right, remedy, power or privilege under this Agreement shall operate as a waiver thereof.

ARTICLE VIII
SURVIVAL; INDEMNIFICATION

Section 8.1. SURVIVAL PERIODS. (a) All representations and warranties of the parties contained in this Agreement, the Disclosure Schedule or any certificate delivered in connection herewith shall survive until the third anniversary of the Closing Date; provided that if notice of a claim is provided by such date, such representations and warranties shall survive until the final resolution thereof. All covenants and agreements hereunder shall survive without limit (unless by their terms they are to survive for a shorter period).

(b) For purposes of this Agreement, a party's representations and warranties shall be deemed to include such party's Disclosure Schedule and all other documents or certificates delivered by or on behalf of such party in connection with this Agreement. None of the Closing, any party's waiver of any condition to Closing or an party's knowledge of any breach prior to the Closing shall constitute a waiver of any rights such party may have hereunder.

Section 8.2. INDEMNIFICATION. Subject to the other provisions of this Article VIII, from and after the Closing:

(a) The Former Commonwealth Stockholders shall jointly and severally indemnify and hold harmless Parent, Sub, their affiliates, their and their affiliates employees, officers, directors, agents and other representatives from and against any costs or expenses (including reasonable attorneys', experts' and consultants' fees), judgments, fines, penalties,

losses, claims, liabilities and damages (collectively, "Damages") that are the result of, arise out of or relate to any breach of any representation or warranty or failure to perform any covenant made by or on behalf of the Company or the 5% Stockholders under this Agreement. Without limiting the generality of the foregoing, the Former Commonwealth Stockholders shall indemnify Parent for the amount, if any, by which (x) the total assets less the total liabilities shown on the audited balance sheet delivered pursuant to Section 5.14 hereof is less than (y) the total assets less the total liabilities shown on the Forecast March 31 Balance Sheet.

(b) Parent and Sub shall jointly and severally indemnify and hold harmless the Former Commonwealth Stockholders from and against any Damages that are the result of, arise out of or relate to any breach of any representation or warranty or the failure to perform any covenant made by or on behalf of Parent or Sub under this Agreement.

(c) The persons to whom indemnification is provided hereunder are referred to herein as the "Indemnified Parties" and the persons providing indemnification are referred to as the "Indemnifying Parties."

Section 8.3. INDEMNIFICATION AMOUNTS. (a) Notwithstanding any provision to the contrary contained in this Agreement, the Former Commonwealth Stockholders shall not be obligated to indemnify Parent or Sub for Damages pursuant to this Article VIII to the extent they are the result of any breach of any representation or warranty made by or on behalf of the Company or either or both of the 5% Stockholders unless and until the dollar amount of all Damages shall equal in the aggregate $100,000, in which case the Former Commonwealth Stockholders will be obligated, jointly and severally, to indemnify Parent and Sub for the total amount of Damages subject to Section 8.6 hereof, including any amounts which would otherwise not be required to be paid by reason of this Section 8.3(a). For purposes of this Article VIII, all materiality, Material Adverse Effect and similar qualifications in any representation, warranty, covenant or other provision hereof shall be ignored.

(b) Notwithstanding any provision to the contrary contained in this Agreement, Parent and Sub shall not be obligated to indemnify the Former Commonwealth Stockholders for any Damages pursuant to this Article VIII to the extent they are the result of any breach of any representation or warranty made by or on behalf of Parent or Sub, unless and until the dollar amount of all such Damages shall equal in the aggregate $100,000, in which case Parent and Sub will be obligated to indemnify the Former Commonwealth Stockholders for the total amount of Damages, including any amounts which would otherwise not be required to be paid by reason of this Section 8.3(b). In no event shall the liability of Parent and Sub under Section 1.12 and this Article VIII (the "Indemnified Amount") exceed in the aggregate $3,930,000. On each of the first, second and third anniversary of the Closing, the Indemnified Amount shall be reduced by $1,310,000, less the amount of any pending claims. All amounts to be paid by Parent pursuant to this Article VIII shall be payable in Parent Shares valued, for these purposes, at $4.04 per share.

Section 8.4. CLAIMS. (a) If an Indemnified Party intends to seek indemnification pursuant to this Article VIII, such Indemnified Party shall promptly notify the Indemnifying Party in writing of such claim and provide reasonably detail regarding such claim; provided, however, with respect to any indemnity under Section 8.5, such notice shall be provided within 20 days of the Indemnified Party's receipt of written notice of such claim. The Indemnified Party will provide the Indemnifying Party with prompt notice of any third party claim in respect of which indemnification is sought. The failure to provide either such notice will not affect any rights hereunder except to the extent the Indemnifying Party is materially prejudiced thereby.

(b) If such claim involves a claim by a third party against the

Indemnified Party, the Indemnifying Party may, within 20 days after receipt of such notice and upon notice to the Indemnified Party, assume, through counsel of its own choosing and at its own expense, the settlement or defense thereof, and the Indemnified Party shall cooperate with

it in connection therewith, provided, that the Indemnified Party may participate in such settlement or defense through counsel chosen by it. If the Indemnified Party reasonably determines that representation by the Indemnifying Party's counsel of both the Indemnifying Party and the Indemnified Party may present such counsel with a conflict of interest, then the Indemnifying Party shall pay the reasonable fees and expenses of the Indemnified Party's counsel. Notwithstanding anything in this Section 8.4 to the contrary, the Indemnifying Party may not, without the consent of the Indemnified Party, settle or compromise any action or consent to the entry of any judgment, such consent not to be unreasonably withheld. So long as the Indemnifying Party is contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim without the Indemnifying Party's consent, such consent not to be unreasonably withheld. If the Indemnifying Party is not contesting such claim in good faith (including if it does not notify the Indemnified Party of its assumption of the defense of such claim within the 20 day period set forth above), then the Indemnified Party may conduct and control, through counsel of its own choosing and at the expense of the Indemnifying Party, the settlement or defense thereof, and the Indemnifying Party shall cooperate with it in connection therewith. The failure of the Indemnified Party to participate in, conduct or control such defense shall not relieve the Indemnifying Party of any obligation it may have hereunder.

Section 8.5. INDEMNIFICATION WITH RESPECT TO TAXES.

(a) Notwithstanding any other provision in this Article VIII (other than Section 8.3, 8.4(a) and 8.6), the Former Commonwealth Stockholders shall indemnify, defend and hold harmless Parent, Sub and, after the Effective Time, the Company, and their respective officers, directors, employees, affiliates, controlling persons, agents and representatives, and their respective successors and assigns (each, a "TAX INDEMNITEE") from and against, and shall reimburse each Tax Indemnitee for, any and all Taxes (including, without limitation, reasonable expenses of investigation and reasonable attorneys' and accountants' fees and expenses in connection with any action, suit or proceeding) actually incurred or suffered at any time by any Tax Indemnitee arising out of or attributable to (i) any misrepresentation, inaccuracy or breach of any representation, warranty, covenant, agreement or promise related to Taxes by either of the 5% Stockholders and/or the Company contained in this Agreement (or in any certificate, document, list or schedule delivered to Parent by either of the 5% Stockholders or the Company), (ii) any and all unpaid Taxes for any Taxable Period ending on or before March 31, 1999, except to the extent that such Taxes are specifically set forth in the reserve for Taxes accrued on the financial statements described in Section 5.14 or (iii) any and all unpaid Taxes, whether determined on a separate, consolidated, combined, group or unitary basis, including any penalties and interest in respect thereof, of the Company or any of its subsidiaries (A) pursuant to Treas. Reg. ss.1.1502-6 or any comparable provision of state, local, or foreign law with respect to any Taxable Period beginning before the Closing Date and (B) pursuant to any guaranty, indemnification, Tax sharing, or similar agreement made on or before the Closing Date relating to the sharing of liability for, or payment of, Taxes; provided however, that no Tax Indemnitee shall be entitled to indemnity hereunder for Taxes that are solely attributable to Tax elections, amended Tax Returns or changes in Tax accounting methods, in each case,

with respect to pre-closing periods that are made or filed after the Closing Date by the Company. In addition to the foregoing, no Tax Indemnitee shall be entitled to indemnity from the Former Commonwealth Stockholders for increases in Taxes attributable to the pre-closing portion of the taxable period that will include the Closing Date, to the extent (and only to the extent), such increases in Taxes are solely attributable to a position taken by the Company on a Tax Return that is filed after the Closing Date, if and only if, such position is (i) not required by applicable law and (ii) inconsistent with positions taken on Tax Returns filed by the Company in pre-closing periods (and if inconsistent positions were taken during such periods, with the last such position taken). This Section 8.5(a) shall continue in effect until the third anniversary of the Closing Date; provided, however, that if a claim has been made pursuant hereto by such date the indemnity set forth in this Section 8.5(a) shall continue in effect until a final resolution of such claim.

(b) Any Tax or other amount for which indemnification is provided under this Agreement shall be (i) increased to take account of any Tax detriment incurred by any Tax Indemnitee arising from the receipt of indemnity payments hereunder (I.E., grossed-up for any Tax incurred on such increase) and (ii) reduced to take account of any Tax benefit realized by any Tax Indemnitee arising from the receipt of indemnity payments hereunder.

(c) Notwithstanding any other provision in this Article VIII, the indemnitor and its duly appointed representatives shall have the sole right to negotiate, resolve, settle, or contest any claim for Tax made by a taxing authority with respect to which the indemnitor has agreed to indemnify a Tax Indemnitee under this Section 8.5 and with respect to which the indemnitor has acknowledged in writing such indemnification obligation; PROVIDED, HOWEVER, that the indemnitor shall not initiate any claim, settle any issue, file any amended Tax Return, take or advocate any position or otherwise take any action that could adversely affect the Tax Indemnitee or any of its affiliates without the written consent of the Tax Indemnitee, which consent shall not be unreasonably withheld. If the indemnitor does not assume the defense of a claim for the Tax made by a taxing authority with respect to which the indemnitor has indemnified a Tax Indemnitee under this Section 8.5, the Tax Indemnitee may defend the same at the reasonable expense of the indemnitor in such manner as it may deem appropriate, including, but not limited to, settling such audit or proceeding with the consent of the indemnitor, which consent shall not be unreasonably withheld.

(d) Parent and the 5% Stockholders agree to reasonably cooperate (and Parent agrees to cause the Company to reasonably cooperate) with each other to the extent reasonably requested after the Closing Date (at the expense of the requesting party) in connection with (i) the preparation, execution, and filing of all Tax Returns with respect to any taxable period of the Company ending on or prior to the Closing Date, (ii) contests concerning the application of any Tax or the amount of Tax due for any such taxable period, and (iii) audits and other proceedings conducted by any Tax authority with respect to any such taxable period.

Section 8.6. EXCLUSIVE REMEDY. Prior to the Closing Date, the maximum liability of the Company, on the one hand, and Parent and Sub, on the other hand, shall be $10,000,000, payable in cash. Following the Closing Date, the provisions of this Article VIII shall be the exclusive remedy for the matters covered hereby, provided that nothing herein shall relieve any party from any liability for fraud. All amounts to be paid by the Former Commonwealth Stockholders under this Article VIII shall be paid solely from the escrow contemplated by Section 1.10 hereof and such amounts shall be limited to such

escrow. Notwithstanding any other provision in this Article VIII, following the Closing Date, each party's indemnification obligations pursuant to this Article VIII shall be limited to 54% of Damages. Following the Closing, (i) all notices to the Former Commonwealth Stockholders shall be made to the Representative, (ii) all notices from the Former Commonwealth Stockholders shall be made by the Representative and (iii) the Representative shall have the power to act for the Former Commonwealth Stockholders in all matters related to this Agreement.

ARTICLE IX
MISCELLANEOUS

Section 9.1. NOTICES. All notices and other communications hereunder shall be in writing and shall be deemed given upon receipt by the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or Sub, to:

CVC, Inc
525 Lee Road
Rochester, New York 14606
Attention: Emilio O. DiCataldo
Telecopy: (716) 458-2550

with a copy to:

Dewey Ballantine LLP
1301 Avenue of the Americas
New York, New York 10019
Attention: Frederick W. Kanner
Telecopy: 212-259-6333

(b) if to the Company to:

Mr. Thomas Hennigan
500 Pendleton Street
Alexandria, Virginia 22315

with a copy to:

Hunton & Williams
1751 Pinnacle Dr.
Suite 1700
McLean, Virginia 22102
Attention: Joseph Conroy
Telecopy: 703-714-7410

(c) If to the Stockholder to:

Mr. George R. Thompson, Jr.
500 Pendleton Street
Alexandria, Virginia 22315

with a copy to:

Hunton & Williams
1751 Pinnacle Dr.
Suite 1700
McLean, Virginia 22102
Attention: Joseph Conroy
Telecopy: 703-714-7410

(d) If to the Archbold Trust to:

Mr. Farnham Collins
Crescent Road
RFD #1, Box #64
Millbrook, NY 12545

Section 9.2. HEADINGS. The headings herein are inserted for convenience only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

Section 9.3. COUNTERPARTS. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument.

Section 9.4. ENTIRE AGREEMENT; ASSIGNMENT. (a) This Agreement and the exhibits and schedules hereto and the documents and certificates delivered in connection

herewith, the Stock Option Agreement and the Confidentiality Agreement, constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

(b) This Agreement shall not be assigned by a party hereto by operation of law or otherwise; PROVIDED, that Parent or Sub may assign its rights and obligations hereunder to any wholly owned subsidiary of Parent or Sub, but no such assignment shall relieve Parent or Sub of its obligations hereunder if such assignee does not perform such obligations.

Section 9.5. GOVERNING LAW. Except to the extent that Virginia law is applicable to the Merger, this Agreement shall be governed and construed in accordance with the laws of the State of Delaware, without regard to any applicable conflicts of law principles.

Section 9.6. SPECIFIC PERFORMANCE. The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

Section 9.7. PUBLICITY. Except as otherwise required by law or the rules and regulations of any national securities exchange, no party hereto shall issue any press release or otherwise make any public statement with respect to the transactions contemplated by this Agreement without prior consultation with the other parties hereto.

Section 9.8. BINDING NATURE; NO THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 9.9. SEVERABILITY. This Agreement shall be deemed severable; the invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of this Agreement or of any other term hereof, which shall remain in full force and effect.

Section 9.10. INTERPRETATION. As used in this Agreement, (a) "including" (or similar terms) shall be deemed followed by "without limitation" and shall not be deemed to be limited to matters of a similar nature to those enumerated, (b) "contract" shall include any note, bond, mortgage, indenture, contract, agreement, permit, license, lease, purchase order, sales order, arrangement or other commitment, obligation or understanding, (c) "subsidiary" of any person means another person, an amount of the voting securities, other voting ownership or voting partnership interests of which is

sufficient to elect at least a majority of its Board of Directors or other governing body (or, if there are no such voting interests, 50% or more of the equity interests of which) is owned directly or indirectly by such first person, (d) "ordinary course of business" (or similar terms) shall be deemed followed by "consistent with past practice" and (e) "assets" shall include "rights" including rights under contracts. In determining whether a fact, event or other item has a Material Adverse Effect, such fact, event or other item shall be considered individually and in the aggregate with all other facts, events or other items.

Section 9.11. PAYMENT OF EXPENSES. (a) Whether or not the transactions contemplated by this Agreement shall be consummated, each party hereto shall pay its own expenses incident to preparing for, entering into and carrying out this Agreement. The Company's expenses in connection with this Agreement and the transactions contemplated hereby (including the negotiation and investigation hereof), including legal, investment banking and accounting fees and expenses, shall not exceed $450,000.

(b) Notwithstanding the foregoing, if this Agreement is terminated (i) pursuant to Section 7.1(c) or (d) hereof, or (ii) following a material breach hereof by the Company or either of the 5% Stockholders, then within one business day of such termination (or prior to such termination in the case of a termination pursuant to Section 7.1(d) hereof), the Company shall deliver to Parent, in immediately available funds, the sum of $1,000,000 plus Parent's reasonable expenses in connection with this Agreement and the transactions contemplated hereby (including the negotiation and investigation hereof), including legal, investment banking and accounting fees and expenses, such expense reimbursement not to exceed $450,000. The Company acknowledges that the agreements contained in this Section 9.11(b) are an integral part of the transactions contemplated in this Agreement, and that, without these agreements, Parent would not enter into this Agreement. Accordingly, if the Company fails to pay the amount due pursuant to this Section 9.11(b) when it is required to be paid, the Company shall pay to Parent its costs and expenses (including reasonable attorneys' fees) in connection with the collection of such amount, together with interest on the amount of the fee at the rate of 12% per annum from the date such fee was required to be paid.

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

CVC, INC.

By:

Name:

Title:

CVC ACQUISITION CORP.

By:

Name:
Title:

COMMONWEALTH SCIENTIFIC
CORPORATION

By:

Name:
Title:

JOHN D. ARCHBOLD GST TRUST

By:

Name:
Title:

GEORGE R. THOMPSON, JR.

By:

Name:
Title:

Exhibit 10.40

ESCROW AGREEMENT

ESCROW AGREEMENT, dated as of May 10, 1999, among CVC, Inc., a Delaware corporation ("Parent"), George R. Thompson, Jr., as representative (the "Representative") of certain former stockholders of Commonwealth Scientific Corporation (the "Former Commonwealth Stockholders"), and M&T Bank (the "Escrow Agent").

WHEREAS, on April 1, 1999, Parent, CVC Acquisition Corp., a Virginia corporation and wholly owned subsidiary of Parent, Commonwealth Scientific Corporation, a Virginia corporation, and the 5% Stockholders entered into an Agreement and Plan of Merger (the "Merger Agreement") (capitalized terms not otherwise defined herein shall have the meanings set forth in the Merger Agreement); and

WHEREAS, pursuant to Section 1.10 of the Merger Agreement, certain of the Parent Shares the Former Commonwealth Stockholders would otherwise be entitled to receive are to be held in escrow in accordance herewith.

NOW, THEREFORE, the parties agree as follows:

1. FORMATION OF ESCROW FUND. Simultaneously with the execution of this Agreement, Parent is delivering to the Escrow Agent 975,000 Parent Shares (together with any distributions and dividends of Parent Shares thereon, the "Escrow Fund"). The Escrow Agent acknowledges receipt of the Escrow Fund and agrees to act as Escrow Agent hereunder.

2. CLAIMS.

(a) INDEMNIFICATION. From time to time Parent may give notice (a "Claim Notice") to the Representative and the Escrow Agent that it is making a claim (a "Claim") under Article VIII of the Merger Agreement. The Escrow Agent shall give the Representative notice of any Claim it receives, including a copy of the Claim Notice. If the Escrow Agent does not receive a notice (an "Objection Notice") from the Representative objecting to such Claim within 15 business days following the date of the notice of the Claim, the Escrow Agent will pay the amount specified in the Claim Notice out of the Escrow Fund to Parent within two business days following such 15 business-day period by delivering Parent Shares with a Fair Market Value (as defined in (b) below) equal to the amount of the Claim. If within such 15 business-day period the Representative delivers to the Escrow Agent and Parent an Objection Notice, the

matter in dispute will be resolved as set forth in (c) below. The Escrow Agent shall give Parent notice of any Objection Notice it receives, including a copy of the Objection Notice.

(b) VALUATION OF PARENT SHARES. For purposes of this Agreement, the "Fair Market Value" of a Parent Share shall be equal to $4.04.

(c) RESOLUTION. If the Representative delivers an Objection Notice to Parent and Escrow Agent within the period specified above, the Escrow Agent shall refrain from disbursing any portion of the Escrow Fund covered by such Objection Notice until resolution of such dispute in the form of (x) a final non-appealable order of a court of competent jurisdiction or (y) joint direction of Parent and the Representative.

3. TERMINATION OF ESCROW.

(a) 1/3 of the amount of the Escrow Fund, less the aggregate amount of any pending Claims against any portion of the Escrow Fund, shall be paid to the Representative on the first anniversary of the Closing Date.

(b) 1/3 of the amount of the Escrow Fund, less the aggregate amount of any pending Claims against any portion of the Escrow Fund, shall be paid to the Representative on the second anniversary of the Closing Date.

(c) The balance of the Escrow Fund, less the aggregate amount of any pending Claims against any portion of the Escrow Fund, shall be paid to the Representative on the third anniversary of the Closing Date.

(d) All remaining amounts shall be held pending resolution of such Claims as set forth in Section 2(c) above.

4. VOTING AND INVESTMENT. So long as Parent Shares are held in any portion of the Escrow Fund, the Escrow Agent will be the record holder thereof, provided that the Former Commonwealth Stockholders will be the beneficial owners thereof, and shall have the right to direct, through the Representative, the Escrow Agent in the voting thereof and to receive all cash dividends and distributions with respect thereto. All Parent Shares held in any portion of the Escrow Fund will be voted in the same proportion as all other outstanding shares of capital stock of Parent are voted. All dividends and distributions of Parent Shares in respect of the Parent Shares held in any portion of the Escrow Fund shall be deposited into the escrow account. The Escrow Agent is authorized and instructed to invest any portion of the Escrow Fund in the form of cash or cash equivalents in obligations issued or guaranteed by the United States of America or any agency or instrumentality thereof whose remaining maturities are no greater than 45 days, or as otherwise specified by the Representative.

5. DUTIES OF THE ESCROW AGENT.

(a) INDEMNIFICATION. Parent and the Representative jointly agree to indemnify and hold harmless the Escrow Agent from and against any losses, claims, damages and liabilities, including reasonable attorney's fees and disbursements ("Losses"), which may arise from or are based upon this Agreement, unless such Losses arise from or are based upon a claim of willful neglect, negligence or bad faith of Escrow Agent.

(b) RELIANCE. Subject to the foregoing, Escrow Agent may rely upon, and shall be protected in acting or refraining from acting upon, any written notice, instruction, certificate, request, consent or other instrument furnished to it in connection with its duties as Escrow Agent and reasonably believed by Escrow Agent to be genuine.

(c) ADVICE OF COUNSEL. As to any legal questions arising in connection with Escrow Agent's performance of its duties and responsibilities hereunder, Escrow Agent may consult or obtain opinions from legal counsel selected by it and reasonably satisfactory to Parent and the Representative, and Escrow Agent shall be free from any liability for acting in reliance on such advice of counsel so long as in doing so Escrow Agent shall not have acted with willful neglect, negligence or bad faith.

(d) DISPUTE. If there is any disagreement between Parent and the Representative as to the disposition of any portion of the Escrow Fund or if the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent shall be entitled to retain such portion of the Escrow Fund until the Escrow Agent shall have received (x) a final non-appealable order of a court of competent jurisdiction or (y) joint direction of Parent and the Representative.

(e) NO INTEREST IN ESCROW FUND. The Escrow Agent does not have any interest in the Escrow Fund, but is serving as escrow holder only and having only possession thereof.

(f) INFORMATION. The Escrow Agent shall furnish to Parent and the Representative any information regarding the Escrow Fund or the matters contemplated by this Agreement which either of them may reasonably request.

6. RESIGNATION OR TERMINATION OF ESCROW AGENT; APPOINTMENT OF A SUCCESSOR.

(a) The Escrow Agent may resign and be discharged from its duties and obligations hereunder for any reason. Such resignation shall be made by written notice of such resignation to Parent and the Representative but shall not become effective until a successor Escrow Agent shall have been appointed by mutual agreement of Parent and the Representative and shall have accepted such appointment in writing. Parent and the Representative shall use reasonable best efforts to appoint any such successor Escrow Agent as promptly as practicable following receipt of the notice of resignation as contemplated by the

immediately preceding sentence. Parent and the Representative shall also have the right, by mutual agreement, to terminate the appointment of Escrow Agent by giving to it notice of such termination, specifying the date on which such termination shall take effect and designating a successor Escrow Agent. In any such event, Parent and the Representative shall, by mutual agreement, reasonably approve and designate a successor Escrow Agent.

(b) Any successor Escrow Agent shall execute and deliver to the then serving Escrow Agent a written instrument accepting the appointment and agreeing to the terms of this Agreement. Upon receipt thereof from such successor Escrow Agent, all

property in the Escrow Fund, and all related records, shall be turned over and delivered to such successor Escrow Agent who shall thereupon be bound by all of the provisions hereof as if an original signatory hereto. No resignation or removal of the Escrow Agent shall be effective until the acceptance of appointment by the successor Escrow Agent in the manner provided above.

7. NOTICE. All notices and other communications hereunder shall be in writing and shall be deemed given upon receipt by Parent and the Representative at the addresses set forth in the Merger Agreement and the Escrow Agent at Manufacturers & Traders Trust Company, One M&T Plaza 8th Floor, Buffalo, New York 14203, Attention: Douglas P. Marmion(or at such other address for a party as shall be specified by like notice).

8. FEES AND EXPENSES OF ESCROW AGENT. For its services hereunder, Escrow Agent shall be entitled to a fee for each month it holds any portion of the Escrow Fund equal to the amount set forth in Exhibit A and reimbursement of reasonable and documented out-of-pocket expenses incurred by Escrow Agent in connection with the performance of such services. All amounts due to Escrow Agent pursuant to this Section 8 shall be paid by Parent.

9. HEADINGS; COUNTERPARTS. The headings herein are inserted for convenience only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same instrument.

10. ENTIRE AGREEMENT; ASSIGNMENT. This Agreement and the Merger Agreement constitute the entire agreement among the parties hereto with respect to the subject matter hereof, and supersedes all prior and contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof. The Former Commonwealth Stockholders may not transfer any interest in any portion of the Escrow Fund or any other right under this Agreement to any other party, by operation of law or otherwise, except that (i) in the case of a Former Commonwealth Stockholder that is a trust, such interests and rights hereunder shall be transferable to the

beneficiaries of such trust by the trustee in accordance with the terms of the governing trust instrument; provided that (a) such transfer shall not be in violation of federal and state securities laws and (b) any beneficiary of such trust shall be bound by the provisions of this Agreement and (ii)upon prior written notice from the legal representative of the estate of any Former Commonwealth Stockholder to the Escrow Agent, the rights of such stockholder under this Agreement may transfer to the estate of the stockholder, and subsequently to any beneficiary thereof, in the event of the death of such Former Commonwealth Stockholder; provided, however, that any such beneficiary or the legal representative of such stockholder's estate shall be bound by the provisions of this Agreement. This Agreement shall not be assigned by Parent by operation of law or otherwise, PROVIDED, that Parent may assign its rights and obligations hereunder to any wholly owned subsidiary of Parent, but no such assignment shall relieve Parent of its obligations hereunder if such assignee does not perform such obligations. No amendment,

modification, supplement, or termination of this Agreement shall bind or be enforceable against any party unless set forth in a written document signed by all of the parties hereto.

11. BINDING NATURE; NO THIRD PARTY BENEFICIARIES. This Agreement shall be binding upon and inure solely to the benefit of each party hereto and their permitted successors and assigns, and nothing in this Agreement, express or implied, is intended to or shall confer upon any other person or persons any rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

12. GOVERNING LAW. This Agreement shall be governed and construed in accordance with the laws of the State of New York, without regard to any applicable conflicts of law principles.

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

CVC, INC.

By: _____

Name:
Title:

The Representative:

M&T Bank

By:

Name:
Title:

Exhibit 10.41

CONSULTING AGREEMENT

Consulting Agreement, dated as of April 1, 1999, between CVC, Inc., (the "Company") a Delaware corporation, and George R. Thompson, Jr., an individual ("Consultant").

WHEREAS, the Company, CVC Acquisition Corporation, a Virginia corporation and a wholly owned subsidiary of the Company ("Sub") and Commonwealth Scientific Corporation, a Virginia corporation ("CSC"), are entering into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of the date hereof, providing for the merger of Sub with and into CSC (the "Merger");

WHEREAS, the Consultant is the Chief Executive Officer and principal shareholder of CSC; and

WHEREAS, effective as of the closing of the Merger, the Company desires to enter into a consulting relationship with Consultant upon the terms and conditions set forth in this Agreement, and Consultant wishes to accept such consulting relationship upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of and in reliance upon the foregoing and the covenants, obligations and agreements contained herein, the Company and Consultant hereby agree as follows:

1. CONSULTING PERIOD.

(a) Subject to early termination as provided in Section 4 of this Agreement, the term of this Agreement will be the three year period beginning on the date of the closing of the Merger (the "Commencement Date") and ending on the third anniversary of such date (unless the term is extended as described in paragraph (b) below (the "Consulting Period").

(b) In the event that there has not been a Liquidation Event (as defined in paragraph (c) below) prior the third anniversary of the Commencement Date, the term of this Agreement shall be extended for a period ending upon the occurrence of a Liquidation Event, but in no event for a period exceeding two years.

(c) For purposes hereof, a "Liquidation Event" shall mean the occurrence of an event in which Consultant would have the ability to, and choose to, exchange shares of common stock of the Company held by Consultant for readily marketable securities or cash, having a value of $4.0 million.

2. CONSULTING SERVICES. During the Consulting Period, Consultant agrees to provide technology, product, design and other advice as required by the Company (the "Consulting Services"). During the Consulting Period, Consultant shall be available to

perform the Consulting Services as reasonably requested by the Company; PROVIDED, HOWEVER, that (i) during the first year of the Consulting Period, Consultant is not required to perform services for more than an aggregate of 100 hours per calendar month, (ii) during the second year of the Consulting Period, Consultant is not required to perform services for more than an aggregate of 75 hours per calendar month, and (iii) during the third year of the Consulting Period, Consultant is not required to perform services for more than an aggregate of 50 hours per calendar month. In no event shall Consultant be required to regularly report or work at locations designated by the Company that are outside of Northern Virginia or the Greater Washington, D.C. metropolitan area, without the Consultant's express consent.

3. COMPENSATION.

(a) CONSULTING FEES. The Company shall pay Consultant a base fee at the rate of (i) $200,000 for the first year of the Consulting Period, (ii) $175,000 for the second year of the Consulting Period (iii) $150,000 for the third year of the Consulting Period, and (iv) $150,000 per year for any subsequent years due to the extension of the Consulting Period pursuant to Section 1(b) hereof (the "Consulting Fee"), payable on a by-weekly basis irrespective of the number of hours served.

(b) MEDICAL COVERAGE. During the Consulting Period, Consultant and his dependents will be covered under the medical benefit plans generally in effect from time to time for senior executives of the Company and their dependents, including dental and prescription drug coverage, if any, provided that the Company will bear 100% of the costs of any such coverage.

(c) LIFE INSURANCE. During the Consulting Period, the Company shall provide the Consultant with life insurance coverage equal to $50,000, provided that the Company will bear 100% of the costs of any such coverage.

(d) BUSINESS EXPENSES. All reasonable and necessary business expenses incurred by the Consultant in the performance of his services hereunder shall be promptly reimbursed by the Company in accordance with the Company's standard expense reimbursement policies applicable to contractors.

(e) LOAN PAYMENT. The Company shall continue to pay the monthly loan payments that were paid by Commonwealth Scientific Corporation immediately prior to the Merger for use of an automobile (the "Pre-Merger Automobile") by the

Consultant until such loan payment is paid in full. Upon the payment in full of such loan, Company shall provide Consultant with a leased vehicle of a make and model similar to the Pre-Merger Automobile (the "Leased Automobile") for any remaining portion of the Consulting Period. In addition, during the Consulting Period, the Company shall pay the full cost of appropriate and customary automobile insurance for the use by the Consultant of the Pre-Merger Automobile and the Leased Automobile in accordance with the foregoing.

(f) DUTIES AS A DIRECTOR. The Consultant's duties as a director of the Company are independent of his obligations under this Agreement, and any directors' fees paid to the Consultant shall be excluded from the calculation of the Consultant's fees under this Agreement. For the period in which the Consultant is a director of the Company, the Company shall provide directors and officers liability insurance coverage to the Consultant on the same terms and only to the extent provided to other directors and officers of the Company.

4. TERMINATION.

4.1 MANNER OF TERMINATION. This Agreement may be terminated prior to the expiration of the Consulting Period, as follows:

(a) BY THE COMPANY FOR CAUSE. At the option of and by written notice from the Company, if the Company finds "Cause" for termination. For purposes of this Agreement, the term "Cause" shall mean (i) any material breach by Consultant of his obligations under the Stockholder Non-Competition Agreement dated as of the date hereof between the Consultant and the Company (the "Stockholder Non-Competition Agreement"); (ii) final conviction by Consultant of a felony or any offense involving misappropriation of money; or (iii) the Consultant's willful failure or refusal to perform the Consulting Services contemplated hereby (which shall be deemed to include, without limitation, disobeying reasonable directives of the Chief Executive Officer of the Company).

(b) BY CONSULTANT. By the Consultant at any time for any reason.

(c) DEATH. Upon the death of the Consultant.

4.2 CONSEQUENCES OF TERMINATION. In the event that this Agreement is terminated prior to the expiration of the Consulting Period by the Company other than for Cause, the Company will continue to pay the Consultant the Consulting Fee in the manner set forth in Section 3(a) for the remaining term of the Consulting Period. In the event that this Agreement is terminated prior to the expiration of the Consulting Period by the Consultant, or is terminated by the Company for Cause, all rights and obligations of the parties hereunder will expire, except that any Consulting Fees and expenses that are owed to the Consultant for services rendered prior to the date of termination shall be paid to the Consultant or, if appropriate, his estate.

5. MISCELLANEOUS.

5.1 STATUS. Consultant acknowledges and agrees that his status at all times shall be that of an independent contractor, and that he may not, at any time, act as a representative for or on behalf of the Company for any purpose or transaction, and may not bind or otherwise obligate the Company in any manner whatsoever without obtaining the prior written approval of the Company therefor. Except as provided herein,

Consultant hereby waives any rights as an employee or deemed employee of the Company or any of its affiliates. The parties hereby acknowledge and agree that all Consulting Fees paid during the Consulting Period shall represent fees for his Consulting Services as an independent contractor, and shall therefor be paid without any deductions or withholdings taken therefrom for taxes or any other purpose. The Consultant further acknowledges that the Company makes no warranties as to any tax consequences regarding payment of such Consulting Fees, and specifically agrees that the determination of any tax liability or other consequences of the payment set forth above is his sole and complete responsibility and that he will pay all federal, state and local taxes, if any, assessed on such payments, but will not be responsible for any taxes or penalties imposed by any taxing authority against the Company for its failure to properly report the Consultant's earnings under this Agreement.

5.2 WAIVER. Failure of the Company at any time to enforce any provision of this Agreement or to require performance by Consultant of any provisions hereof shall in no way affect the validity of this Agreement or any part hereof or the right of the Company thereafter to enforce its rights hereunder; nor shall it be taken to constitute a condonation or waiver by the Company of that default or any other or subsequent default or breach.

5.3 NOTICES. All notices or other communications hereunder shall not be binding on either party hereto unless in writing, and delivered to the other party thereto at the following address:

If to the Company: 525 Lee Road
Rochester, New York 14606
Attention: Mr. Emilio O. DiCataldo

If to Consultant: 509 Tobacco Quay Road
Alexandria, Virginia 22314
Attention: Mr. George R. Thompson, Jr.

Notices shall be deemed duly delivered upon hand delivery thereof at the above addresses, one day after deposit with a nationally recognized overnight delivery company, or three days after deposit thereof in the United

States mails, postage prepaid, certified or registered mail. Either party may change its address for notice by delivery of written notice thereof in the manner provided.

5.4 ASSIGNMENT. Except as set forth herein, no rights of any kind under this Agreement shall, without the prior consent of the Company, be transferable to or assignable by Consultant or any other person, or, except as provided by applicable law, be subject to alienation, encumbrance, garnishment, attachment, execution or levy of any kind, voluntary or involuntary. This Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.

5.5 GOVERNING LAW. This Agreement shall be governed by and construed in accordance with the substantive laws of the Commonwealth of Virginia, without regard to the conflicts of law principles thereof.

5.6 COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same document.

5.7 HEADINGS. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

5.8 ENTIRE AGREEMENT. THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE READ THIS AGREEMENT, UNDERSTAND IT, AND AGREE TO BE BOUND BY ITS TERMS. This Agreement and the Shareholder Non-Competition Agreement entered into among the parties as of the date hereof constitute the entire understanding and agreement between the parties hereto concerning the subject matter hereof. All negotiations by the parties hereto concerning the subject matter hereof are merged into these Agreements, and there are no representations, warranties, covenants, understandings or agreements, oral or otherwise, in relation thereto by the parties hereto other than those incorporated herein. No supplement modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto.

INTENDING TO BE LEGALLY BOUND, the parties or their duly authorized representatives have signed this Agreement as of the date first above written.

CVC, INC.

By: ---

Its: _____

CONSULTANT

5

_____
George R. Thompson, Jr.

6

Exhibit 10.43

CVC, INC.
AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT

This Amended and Restated Stockholders' Agreement (this "Agreement") is entered into as of May 10, 1999 by and among CVC, Inc. a Delaware corporation (the "Company"), the current stockholders of the Company listed on EXHIBIT A attached hereto (the "Current Stockholders") and those persons listed on EXHIBIT C attached hereto (the "Former Commonwealth Stockholders" and together with the Current Stockholders, the "Stockholders").

RECITALS

A. The Company, CVC Acquisition Corporation and Commonwealth Scientific Corporation ("Commonwealth") have entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of April 1, 1999, pursuant to which the Company is issuing shares of its common stock, par value $.01 per share to the Former Commonwealth Stockholders in exchange for all outstanding shares of Commonwealth.

B. The Company and the Current Stockholders are party to that certain Amended and Restated Stockholders' Agreement, dated as of December 10, 1998 (the "Stockholders' Agreement").

C. In order to induce Commonwealth to enter into the Merger Agreement, and to provide for certain rights as among the parties, all as set forth herein, the Company and the Current Stockholders have agreed to amend and restate the Stockholders' Agreement.

D. The execution and delivery of this Agreement is a condition to the closing of the transactions contemplated by the Merger Agreement.

NOW, THEREFORE, in reliance on the foregoing recitals, and in and for the mutual covenants and consideration set forth herein, the parties hereto agree as follows:

SECTION 1

CERTAIN DEFINITIONS

As used in this Agreement the following terms shall have the following respective meanings:

1.1 "CURRENT STOCKHOLDERS" shall mean the Stockholders of the Company

set forth on EXHIBIT A attached hereto.

1.2 "FORMER COMMONWEALTH STOCKHOLDERS" shall mean the Stockholders of the Company set forth on Exhibit C hereto.

1.3 "PRINCIPAL STOCKHOLDERS" shall mean Global Private Equity III Limited Partners, Advent PGGM Global Limited Partnership, Advent Partners GPE III Limited Partnership, Advent Partners (NA) GPE III Limited Partnership and Advent Partners Limited Partnership (collectively, the "Investors"), Seagate Technology, Inc., a Delaware corporation ("Seagate"); Nikko Tecno Co., Inc., a Japanese corporation ("Nikko"); Christine B. Whitman and Anne G. Whitman.

1.4 "REGISTRATION RIGHTS AGREEMENT" shall mean the Amended and Restated Registration Rights Agreement, dated as of the date hereof, among the Company and the Current Stockholders.

1.5 "SECURITIES" shall mean (i) the Company's equity securities (including, without limitation, securities convertible into such equity securities) and (ii) rights, options or warrants to subscribe for, purchase or otherwise acquire any equity securities of the Company.

1.6 "SHARES" shall mean the shares of Common Stock, Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock.

1.7 "GROUP" shall mean the Stockholders listed on the signature pages hereto and their permitted transferees pursuant to Section 4.2.

SECTION 2

RIGHT OF FIRST OFFER

2.1 PRINCIPAL STOCKHOLDER RIGHT. Except as provided in Section 4.2 hereof, at any time a Stockholder (the "Seller") proposes to transfer to a third party (a "Third Party Transferee") any Securities of the Company (the "Offered Securities"), Seller shall first offer to sell the Offered Securities to each Principal Stockholder that is not the Seller (the "Non-Selling Stockholders") and each Non-Selling Stockholder shall have a right to purchase such Non-Selling Stockholders' Pro Rata Share (as defined in Section 2.4 hereof) of the Offered Securities on the terms and conditions described herein. No Non-Selling Stockholder shall have the right to purchase any of the Offered Securities unless all of the Offered Securities are purchased by the Non-Selling Stockholders pursuant to either this Section 2.1 or Section 2.2 below.

2.2 OVER-ALLOTMENT OPTION. In the event that any one or more of the Non-Selling Stockholders chooses not to purchase or to purchase less than all of such Non-Selling Stockholders' Pro Rata Share of Offered Securities pursuant to Section 2.1, those Non-Selling Stockholders, if any, that shall have elected to

purchase their full Pro Rata Share of the Offered Securities shall also have a right to purchase the remaining Offered Securities (the "Over-Allotment Option"), in addition to such Offered Securities as they shall have already elected to purchase, if they shall have so elected as provided for in Section 2.3(b) below. If more than one Non-Selling Stockholder elects to exercise its Over-Allotment Option, and the aggregate number of Offered Securities, such Non-Selling Stockholders elected to purchase exceeds the aggregate

number of Offered Securities then remaining, then the Offered Securities to be purchased pursuant to the Over-Allotment Option shall be divided among such Non-Selling Stockholders to the extent necessary to reflect their respective Pro Rata Share, or on such other basis as such Non-Selling Stockholders may agree amongst themselves in writing. In the event that the Non-Selling Stockholders do not elect to purchase in the aggregate all of the Offered Securities pursuant to Section 2.1 and this Section 2.2, then no Non-Selling Stockholder shall have the right to purchase any of the Offered Securities pursuant to Section 2.1 and this Section 2.2.

2.3 PROCEDURE.

(a) The Seller shall deliver a notice (the "Transfer Notice") to each Non-Selling Stockholder and to the Company, stating (i) such Seller's desire to transfer the Offered Securities to a Third Party Transferee, (ii) the number of Offered Securities to be transferred and (iii) the price, terms and conditions upon which the proposed transfer of Offered Securities is to be made.

(b) Within twenty (20) days after delivery of the Transfer Notice to the Company and the Non-Selling Stockholders, the Non-Selling Stockholder shall indicate in writing (the "Election Notice") to the Company and the Seller whether such Non-Selling Stockholder elects to purchase any or all of its Pro Rata Share of the Offered Securities to which the Transfer Notice refers at the price per share and on the terms and conditions specified in the Transfer Notice.

(c) If the Company and Seller shall have received one or more Election Notices within twenty (20) days from the date all the Non-Selling Stockholders are deemed to have received the Transfer Notice, in which one or more (but less than all) Non-Selling Stockholders have elected to purchase their full Pro Rata Share of the Offered Securities, the Company shall immediately notify the Seller to such effect and the Seller shall immediately give each such Non-Selling Stockholder and the Company notice (the "Over-Allotment Notice") indicating the aggregate amount of Offered Securities as to which the Non-Selling Stockholders shall not have exercised their respective rights of first offer. Each Non-Selling Stockholder who shall have elected to purchase at least its full Pro Rata Share of such Offered Securities, pursuant to this Section 2.3, shall have five (5) days from any delivery date of the

Over-Allotment Notice, to give notice (the "Over-Allotment Election Notice") to the Company and the Seller whether it elects to exercise its Over-Allotment Option granted in Section 2.2 hereof (and, if so, the maximum number of additional shares of Offered Securities it elects to purchase pursuant thereto).

(d) In the event the Non-Selling Stockholders elect in the aggregate to purchase all of the Offered Securities, then the Seller and the Non-Selling Stockholders electing to purchase Offered Securities shall consummate the sale of the Offered Securities pursuant to the terms of the Transfer Notice within sixty (60) days after delivery of the Transfer Notice.

2.4 PRO RATA SHARE. Each Non-Selling Stockholder's "Pro Rata Share," for purposes of this Section 2, is equal to the fraction obtained by dividing (a) the sum of the total number of shares of any (i) Common Stock, (ii) Common Stock issuable upon conversion of any of the Company's equity securities, and (iii) Common Stock issuable upon exercise of any options or warrants (including warrants to purchase Preferred Stock) then held by such Non-Selling

Stockholder by (b) the sum of the total number of shares of (i) Common Stock, (ii) Common Stock issuable upon the conversion of the Company's equity securities and (iii) Common Stock issuable upon any exercise of any options or warrants (including warrants to purchase Preferred Stock) then outstanding and held by all of the Non-Selling Stockholders; provided, however, for the purposes of the second sentence of Section 2.2, clause (b) of this Section 2.4 shall include only those shares held by the Non-Selling Stockholders electing their Over-Allotment Option.

2.5 TRANSFER OF OFFERED SECURITIES UPON FAILURE TO EXERCISE RIGHTS OF FIRST OFFER.

(a) In the event that the Non-Selling Stockholders do not elect to purchase all of the Offered Securities, the Seller may, not later than one hundred twenty (120) days following delivery to the Non-Selling Stockholders of the Transfer Notice conclude a transfer of all of the Offered Securities covered by the Transfer Notice (i) at or above the price and (ii) on terms and conditions not more favorable in any material respect to a Third Party Transferee than those described in the Transfer Notice; provided, that if such Third Party Transferee is a competitor of the Company, as determined by the Board of Directors of the Company in good faith, the Board of Directors of the Company must first consent to such proposed transfer. Any proposed transfer at a price below or on terms and conditions more favorable in any material respect to a Third Party Transferee than those described in the Transfer Notice, as well as any subsequent proposed transfer of any of the Offered Securities by the Seller, shall again be subject to the right of first offer set forth in this Section 2, and shall require compliance by the Seller with the procedures described in this Section 2.

(b) No sale of Securities to a Third Party Transferee pursuant to this Section 2.5 shall be effective unless the Third Party Transferee shall have executed such documentation, in form and substance satisfactory to the Company, evidencing agreement by the Third Party Transferee to be bound by the provisions of this Agreement and the Third Party Transferee agrees to be bound by the terms of the Registration Rights Agreement.

SECTION 3

CO-SALE RIGHT

3.1 SALE OF SUBSTANTIAL INTEREST.

(a) If at any time any Stockholder acting independently or in conjunction with any other Stockholders (a "Stockholders Group") proposes to transfer (other than in accordance with Section 4.2) in the aggregate 70% or more of the then outstanding Securities (determined on a fully diluted as converted basis) to a bona fide purchaser or purchasers in an arm's-length transaction, for fair value, such Stockholders Group shall provide each other Stockholder with not less than twenty (20) days' prior written notice of such proposed sale, which notice shall include the terms and conditions of such proposed sale. Each Stockholder not belonging to the Stockholders Group shall have the option, exercisable by written notice to the Stockholders Group within ten (10) days after the receipt of the Stockholders Groups' notice, to require the

Stockholders Group to arrange for such bona fide purchaser or purchasers to purchase the same percentage (the "Percentage") of the Securities then owned by each such Stockholder as the percentage of the total number of Securities owned by such offering Stockholders Group which are to be sold pursuant to the bona fide offer, at the same time as, and upon the same terms and conditions at which, the offering Stockholders Group sells its Securities. If any such other Stockholder shall so elect, the offering Stockholders Group agrees that it shall either (x) arrange for the proposed purchaser or purchasers to purchase the same Percentage of the Securities then owned by each such other Stockholder at the same time as and upon the same terms and conditions at which the offering Stockholder Group sells its Securities, or (y) not effect the proposed sale to such purchaser or purchasers.

(b) All rights to sell any Securities in accordance with this Section 3 shall be subject to the provisions of Section 2 hereof.

SECTION 4

ADDITIONAL PROVISIONS

4.1 INVALID TRANSFERS. Any sale, assignment or other transfer of Securities by a Stockholder contrary to the provisions of Section 2 and Section 3 hereof shall be null and void, and the transferee shall not be recognized by the Company as the holder or owner of the Securities sold, assigned, or transferred for any purpose (including, without limitation, voting or dividend rights), unless and until a Stockholder has satisfied the requirements of Section 2 and Section 3 hereof with respect to such sale. A Selling Stockholder shall provide the Company and the other Stockholders with written evidence that such requirements have been met or waived prior to consummating any sale, assignment or other transfer of securities, and no Securities shall be transferred on the books of the Company until such written evidence has been received by the Company and the Stockholders.

4.2 PERMITTED TRANSFERS.

(a) Any Stockholder may transfer any Securities to the following (each a "Permitted Transferee") without complying with the provisions of Section 2 or Section 3 hereof: (i) to a member of such Stockholder's immediate family, (ii) to a trust established by such Stockholder for the benefit of the Stockholder or such Stockholder's immediate family, (iii) pursuant to a testamentary will or applicable laws of descent and distribution, or (iv) any majority-owned subsidiary or controlled affiliate of such Stockholder (but only if and for so long as such subsiding or affiliate remains a majority-owned subsidiary or controlled affiliate of the Stockholder).

(b) No sale, assignment or transfer of Securities pursuant to Section 4.2(a) shall be effective unless and until the Permitted Transferee shall have executed such documentation, in form and substance satisfactory to the Company, evidencing the agreement by the Permitted

Transferee to be bound by the provisions of this Agreement and the Registration Rights Agreement.

4.3 LEGENDS. Each certificate evidencing any of the Shares now owned or hereafter acquired by the Stockholders shall bear a legend substantially as follows:

> The shares represented by this certificate have not been registered under the Securities Act of 1933, as amended ("the Act"), and have been acquired for investment and not with a view to, or in connection with, the sale or distribution thereof. Such shares may not be sold, offered for sale, pledged or hypothecated in the absence of such registration

unless (a) the Corporation receives an opinion of counsel reasonably satisfactory to it stating that such sale or transfer is exempt from the registration and prospectus delivery requirements of the act, (b) it is established to the satisfaction of the Corporation that such sale or transfer is in a transaction which is exempt under, or otherwise in compliance with, such laws or (c) the Corporation receives a "no action" letter or similar declaration from the securities and exchange commission to the effect that such sale or transfer without registration will not result in a recommendation by said commission that action be taken with respect thereto. Copies of the agreements covering the purchase of these shares and restricting the sale, assignment, transfer, or other disposition of, or the voting of, the shares represented by this certificate may be obtained at no cost by written request made by the holder of record of this certificate to the Secretary of the Corporation at the principal executive offices of the Corporation.

The Corporation is authorized to issue more than one class of stock. Shareholders may obtain, upon written request and without charge, a statement of the rights, preferences, privileges, and restrictions granted to or imposed upon each class or series of shares authorized to be issued and upon the holders thereof from the principal office of the Corporation.

4.4 LEGEND REMOVAL. The last sentence of the first paragraph of the legend referred to in Section 4.3 shall be removed upon termination of this Agreement in accordance with the provisions of 6.1.

SECTION 5

5.1 ELECTION OF DIRECTORS. At each annual meeting of the Stockholders and at each special meeting of the Stockholders called for the purpose of electing directors of the Company, and at any time at which stockholders of the Company shall have the right to, or shall, vote for directors of the Company, then, and in each event, the Stockholders hereby agree to attend each meeting in person or by proxy and hereby agree to vote stock of the Company and Shares of the Company now owned or hereafter acquired by him, her or it (whether at a meeting or by written consent in lieu thereof), to fix the number of members of the Board of Directors of the Company (the "Board") at ten (10) and to elect and thereafter to continue in office as a Director of the

Company the following: (i) one (1) director shall be a person nominated by Nikko (who shall initially be Mr. Seiya Miyanishi) (the "Nikko Representative"); (ii) two (2) directors shall be persons nominated by Seagate (who shall initially be G. Patrick Bonnie and Donald L. Waite) (the "Seagate Representatives"); (iii)

the Chief Executive Officer of the Company (as long as such person shall serve in such capacity); (iv) four (4) Directors shall be persons nominated by Christine B. Whitman ("Whitman") (who shall initially be Robert C. Fink, Andrew C. Peskoe, James Geater and Victor Mann) (the "Whitman Representatives"); (v) one (1) director shall be nominated by Global Private Equity III Limited Partnership (who shall initially be Douglas A. Kingsley) (the "Advent Representative") and (vi) one (1) director shall be a person nominated by the Former Commonwealth Stockholders (the "Commonwealth Representative"). Each holder of Series A Preferred and Common Stock hereby (other than the shares of Common Stock issued upon conversion of the Series B Preferred or Series C Preferred and the shares of Common Stock held by the Former Commonwealth Stockholders) grants his, her or its irrevocable proxy coupled with an interest to each of Christine Whitman and Nikko, Inc. to vote his, her or its shares of Series A Preferred and/or Common Stock (other than the shares of Common Stock issued upon conversion of the Series B Preferred, Series C Preferred or Series D Preferred and shares of Common Stock held by the Former Commonwealth Stockholders) on each of the foregoing matters (including the removal of directors and the filling of vacancies) with respect to which, and for so long as, Christine Whitman and/or Nikko, Inc. have the right to direct such votes. A vacancy in any of the directorships to be occupied by a Whitman Representative shall be filled only by vote or written consent of Whitman; a vacancy in the directorship to be occupied by the Nikko Representative shall be filled only by vote or written consent of Nikko; a vacancy in either of the directorships to be occupied by a Seagate Representative shall be filled only by vote or written consent of Seagate; a vacancy in the directorship to be occupied by the Advent Representative shall be filled only by vote or written consent of Advent and a vacancy in the directorship to be occupied by the Commonwealth Representative shall be filled only by vote or written consent of the Former Commonwealth Stockholders. A member of the Board of Directors may not at any time also be a director of a "Competitor" of the Company shall mean a person who or which is engaged in a line of business in which the Company is then engaged in or in which the Company is then actively considering engaging.

5.2 COMPENSATION COMMITTEE. There shall be maintained at all times during the term of this Agreement, a Compensation Committee of the Board of Directors (the "Compensation Committee") which shall be comprised of at least three (3) directors. The Compensation Committee will determine the compensation of all senior employees and consultants of the Company (including salary, bonus, equity participation and benefits). The compensation of senior employees and consultants shall be reviewed by the Compensation Committee on an annual basis, and the decision by a majority of the members of the Compensation Committee will control the Committee's actions.

5.3 AUDIT COMMITTEE. There shall be maintained at all times thereafter during the term of this Agreement, an Audit Committee of the Board of Directors (the "Audit Committee") which shall be comprised of three (3) directors: one (1) of whom shall be the Advent Representative. The Audit Committee will determine the Company's audit policies, review audit reports and recommendations made by the Company's internal audit staff and its independent

auditors, meet with the Company's independent auditors, oversee the independent auditors, and recommend the Company's engagement of independent auditors.

5.4 BOARD MEETINGS. The Board of Directors of the Company shall meet at least four (4) times a year. The Company shall reimburse each of the Directors for all travel and out-of-pocket expenses incurred by such director in attending such meetings. In addition to the four (4) meetings of the Board of Directors to be held annually as described herein, the Company covenants and agrees that it shall cause each of the Chief Executive Officer and the Chief Financial Officer of the Company to be available to meet with the Advent Representative either in person or by telephone upon the reasonable request of the Advent Representative while the Advent Representative is a member of the Board of Directors.

SECTION 6

MISCELLANEOUS

6.1 TERMINATION. This Agreement shall terminate upon (i) the closing of the initial firm commitment underwritten public offering of the Common Stock, or (ii) the occurrence of the merger or consolidation of the Company into, or the sale of all or substantially all of the Company's assets to another corporation, unless the stockholders of the Company immediately prior to such merger, consolidation or sale shall own at least a majority of the voting stock of such other corporation immediately after such merger, consolidation or sale. With respect to Section 2 hereof, (i) the rights of any Principal Stockholder (other than Investor) shall terminate on the date such Principal Stockholder owns shares constituting less than 5% of the Company's Common Stock on a fully diluted as converted basis and (ii) with respect to the Investors, their rights hereunder shall terminate on the date Investors no longer hold shares of Series D Redeemable Preferred Stock or owns shares constituting less than 5% of the Company Common Stock on a fully diluted as converted basis.

6.2 ENTIRE AGREEMENT; AMENDMENT. This Agreement constitutes the full and entire understanding and agreement between the parties with regard to the subjects hereof. This Agreement may only be amended or waived by a writing signed by holders of at least 75% of the shares held by Stockholders on an as converted basis. Any amendment or waiver effected in accordance with this Section 6.2 shall be binding upon each Stockholder at the time outstanding (including securities into which such securities are convertible), each future holder of all such securities, and the Company. Notwithstanding the foregoing, any amendment to or waiver of the provisions of Sections 2, 3, 5, 6.1 and 6.2 as they relate in any respect to the Investors effected in accordance with this Section 6.2 may not be effected without the prior written consent of the Advent Representative.

6.3 NOTICE. All notices and other communications required or permitted hereunder shall be in writing and shall be mailed by registered or certified

mail, postage prepaid, by overnight courier, or otherwise delivered by hand or by messenger or sent by facsimile and confirmed by mail, addressed (a) if to a Current Stockholder, at the Current Stockholder's address set forth on EXHIBIT A attached hereto, or at such other address as the Stockholder shall have

furnished to the Company and the other Current Stockholders in writing, (b) if to the Company, 525 Lee Road, Rochester, New York 14603, telephone (716) 458-2550, facsimile (716) 458-0424, and addressed to the attention of the President, with a copy to Dewey Ballantine LLP, 1301 Avenue of the Americas, New York, New York 10019 (Attention: Frederick W. Kanner, Esq.), telephone: (212) 259-7300, facsimile: (212) 259-7202, (c) to the Investors at the address set forth on EXHIBIT B attached hereto, with a copy to Hutchins, Wheeler & Dittmar, A Professional Corporation, 101 Federal Street, Boston, Massachusetts 02110, Attention: Anthony J. Medaglia, Jr., P.C. and (d) to the Former Commonwealth Stockholders at the address set forth on EXHIBIT C attached hereto, with a copy to Hunton & Williams, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attention: David Wright, Esq. Each of such notice or other communication shall for all purposes of this Agreement be treated as effective or having been given when delivered if delivered personally, or, if sent by mail, at the earlier of its receipt or 72 hours after the same has been deposited in a regularly maintained receptacle for deposit of the United States mail as aforesaid, or if sent by FedEx or other reputable overnight carrier, two days after delivery of such courier.

6.4 SUCCESSORS AND ASSIGNS. This Agreement and the rights and obligations of the parties hereunder shall inure to the benefit of, and be binding upon, their respective successors, assigns and legal representatives.

6.5 COUNTERPARTS. This Agreement may be executed in any number of counterparts, all of which together shall constitute one instrument, and each of which may be executed by less than all of the parties to this Agreement.

6.6 SEVERABILITY. In the event that any provision of this Agreement becomes or declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision; provided that no such severability shall be effective if it materially changes the economic benefit of this Agreement to any party.

6.7 GOVERNING LAW. The Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without giving effect to the conflicts of laws provisions thereof.

* * * * *

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto as of the date first above written.

THE COMPANY:

CVC, INC.

By:

Name: Christine B. Whitman
Title: President & CEO

CURRENT STOCKHOLDERS:

GLOBAL PRIVATE EQUITY III LIMITED PARTNERS

By: Advent International Limited Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PGGM GLOBAL LIMITED PARTNERSHIP

By: Advent International Limited Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS GPE III LIMITED PARTNERSHIP

By: Advent International Limited Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS (NA) GTE III LIMITED PARTNERSHIP

By: Advent International Limited Partnership, G.P.
By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

ADVENT PARTNERS LIMITED PARTNERSHIP

By: Advent International Limited Partnership, G.P.

B-1

By: Advent International Corporation, G.P.

By:

Douglas A. Kingsley, Senior V.P.

By: Advent International Corporation,
General Partner

By:
Douglas A. Kingsely,
Senior Vice President

Anne Whitman

Catherine Whitman

Bradley Whitman

Sara Whitman

LIVA & Co.

By:

Name:
Title:

NIKKO TECNO CO., INC.

By:

Name:
Title:

David Pefley

Diana Pefley

Christopher Mann

B-2

Andrew Peskoe

Patrick Borelli

Phillip Chapados, Jt.

Cecil Davis

Jeff Dobbs

Robert Fink

James Geater

Seagate Technology

By:

Name:
Title:

George Heltz

Jalil Kamali

Yong Jin Lee

Victor Mann

B-3

Mehrdad Moslehi

Thomas Omstead

Julie Peskoe

Carla Reif

Peter Schwartz

Lino Velo

Christine B. Whitman

Rhen Zhou

B-4

THE FORMER COMMONWEALTH STOCKHOLDERS:

B-5

EXHIBIT A

CURRENT STOCKHOLDERS

Anne Whitman
Catherine Whitman
Bradley Whitman
Sara Whitman
Liva & Co.
NIKKO TECNO CO., INC.
David Pefley
Diana Pefley
Christopher Mann
Andrew Peskoe
Patrick Borelli
Philip Chapados, Jr.
Cecil Davis
Jeff Dobbs
Robert Fink
James Geater
George Heltz
Jalil Kamali
Yong Jin Lee
Victor Mann

Mehrdad Moslehi
Thomas Omstead
Julie Peskoe
Carla Reif
Peter Schwartz
SEAGATE TECHNOLOGY
Lino Velo
Christine B. Whitman
Rhen Zhou
GLOBAL PRIVATE EQUITY III LIMITED PARTNERSHIP
ADVENT PGGM GLOBAL LIMITED PARTNERSHIP
ADVENT PARTNERS GPE III LIMITED PARTNERSHIP
ADVENT PARTNERS (NA) GPE III LIMITED PARTNERSHIP
ADVENT PARTNERS LIMLITED PARTNERSHIP

EXHIBIT B

INVESTORS

GLOBAL PRIVATE EQUITY III
LIMITED PARTNERSHIP

ADVENT PGGM
GLOBAL LIMITED PARTNERSHIP

ADVENT PARTNERS GPE III
LIMITED PARTNERSHIP

ADVENT PARTNERS (NA) GPE III
LIMITED PARTNERSHIP

ADVENT PARTNERS
LIMITED PARTNERSHIP

c/o Advent International Corporation
75 State Street
Boston, MA 02109
Attention: Douglas A. Kingsley

EXHIBIT C

FORMER COMMONWEALTH STOCKHOLDERS

EXHIBIT 23.1

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the use in this Registration Statement on Form S-1 of our report dated November 12, 1998, relating to the financial statements of CVC, Inc. which appear in such Registration Statement. We also consent to the references to us under the heading "Experts" in such Registration Statement.

PRICEWATERHOUSECOOPERS LLP
Rochester, New York
September 10, 1999

EXHIBIT 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report (and to all references to our Firm) included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Vienna, Virginia
September 9, 1999