FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

ACCELLENT CORP.

CIK:**1297885**| IRS No.: **912054669** | State of Incorp.:**CO** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **333-118675** | Film No.: **05811178**
SIC: **3841** Surgical & medical instruments & apparatus

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

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

For the quarterly period ended March 31, 2005

Commission File Number: 333-118675

Accellent Corp.

(Exact name of registrant as specified in its charter)

Colorado	**91-2054669**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
200 West 7th Avenue	
Collegeville, Pennsylvania	**19426-0992**
(Address of registrant's principal executive offices)	(Zip code)

Registrant's Telephone Number, Including Area Code: **(610) 489-0300**

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

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

As of May 9, 2005, 100 shares of the Registrant's common stock were outstanding. The registrant is a wholly owned subsidiary of Accellent Inc.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ACCELLENT CORP.
Unaudited Condensed Consolidated Balance Sheets
As of March 31, 2005 and December 31, 2004
(in thousands)

	March 31, 2005	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 7,171	$ 16,004
Accounts receivable, net of allowances of $2,886 and $2,909, respectively	52,405	48,354
Inventories	58,912	58,014
Prepaid expenses and other	3,692	3,471
Total current assets	122,180	125,843
Property and equipment, net	84,907	85,945
Goodwill	288,190	289,461
Intangibles, net	80,300	81,874
Deferred financing costs and other assets	17,037	17,106
Total assets	$ 592,614	$ 600,229
Liabilities and stockholder's equity		
Current liabilities:		
Current portion of long-term debt	$ 1,956	$ 1,961
Accounts payable	21,090	20,447
Accrued expenses	41,012	50,572
Total current liabilities	64,058	72,980
Notes payable and long-term debt	365,605	366,091
Other long-term liabilities	22,569	23,667
Total liabilities	452,232	462,738
Redeemable and convertible preferred stock of parent company	30	30
Stockholder's equity:		
Common stock, par value $.01 per share, 1,000 shares authorized and 100 shares issued and outstanding	–	–
Additional paid-in capital	201,396	201,348
Accumulated other comprehensive income	1,395	1,716
Retained deficit	(62,439)	(65,603)
Total stockholder's equity	140,352	137,461
Total liabilities and stockholder's equity	$ 592,614	$ 600,229

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

ACCELLENT CORP.
Unaudited Condensed Consolidated Statements of Operations
For the three months ended March 31, 2005 and 2004
(in thousands)

	Three Months Ended March 31,	
	2005	**2004**
Net sales	$ 108,874	$ 51,841
Cost of sales	76,857	35,589
Gross profit	32,017	16,252
Selling, general and administrative expenses	15,169	7,855
Research and development expenses	665	585
Restructuring and other charges	850	–
Amortization of intangibles	1,573	1,225
Income from operations	13,760	6,587
Interest expense, net	7,985	3,700
Other income	(27)	(22)
Income before income taxes	5,802	2,909
Income tax expense	2,639	523
Net income	$ 3,163	$ 2,386

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

ACCELLENT CORP.
Unaudited Condensed Consolidated Statements of Cash Flows
For the three months ended March 31, 2005 and 2004
(in thousands)

	Three Months Ended March 31,	
	2005	**2004**
OPERATING ACTIVITIES:		
Net income	$ 3,163	$ 2,386
Cash (used in) provided by operating activities:		
Depreciation and amortization	5,336	3,010
Amortization of debt discounts and non-cash interest accrued	816	1,857
Deferred income taxes	1,750	–
Non-cash compensation charge	64	42
Gain on disposal of assets	(20)	(120)
Changes in operating assets and liabilities:		
Increase in accounts receivable	(4,156)	(5,141)
Increase in inventories	(1,173)	(2,245)
Increase in prepaid expenses and other	(224)	(185)
(Decrease) increase in accounts payable and accrued expenses	(9,948)	2,033
Net cash (used in) provided by operating activities	(4,392)	1,637
INVESTING ACTIVITIES:		
Purchase of property, plant & equipment	(3,173)	(1,700)
Proceeds from sale of assets	32	1,370
Acquisition of business	(13)	(17)
Other non-current assets	–	11
Net cash used in investing activities	(3,154)	(336)
FINANCING ACTIVITIES:		
Proceeds from long-term debt	–	2,000
Principal payments on long-term debt	(491)	(3,593)
Deferred financing fees	(749)	–
Net cash used in financing activities	(1,240)	(1,593)
EFFECT OF EXCHANGE RATE CHANGES IN CASH:	(47)	(9)
Decrease in cash and cash equivalents	(8,833)	(301)
Cash and cash equivalents at beginning of period	16,004	3,974
Cash and cash equivalents at end of period	$ 7,171	$ 3,673

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

1. Summary of Significant Accounting Policies:

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of Accellent Corp. ("the Company") have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements and the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all information and footnotes required by accounting principles generally accepted in the United States for complete financial statements. In the opinion of management, all adjustments (consisting only of normal recurring adjustments) considered necessary for a fair presentation have been included. Operating results for interim periods are not necessarily indicative of the results that may be expected for the fiscal year as a whole. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K filed on March 15, 2005 with the Securities and Exchange Commission (File No. 333-118675) for the year ended December 31, 2004.

The Company changed its name from Medical Device Manufacturing, Inc. to Accellent Corp. on May 4, 2005. The Company is a wholly owned subsidiary of Accellent Inc. ("Parent"). Parent is a holding company with no operations and whose only asset is the stock of the Company. Proceeds from the issuance of debt and sale of stock of Parent are used by the Company for its acquisitions of its subsidiaries. Additionally, the proceeds of the Company's issuance of $175.0 million of 10% Senior Subordinated Notes due July 15, 2012 (the "Senior Subordinated Notes") were used to retire all of the senior notes of Parent. Accordingly, in compliance with provisions of Staff Accounting Bulletin 54 (Topic 5-J, Question 3), the accompanying financial statements reflect the push down of Parent's debt, related interest expense, debt issuance costs, the Class B-1 and B-2 Redeemable and Convertible Preferred Stock, and the Class C 8% Redeemable Preferred Stock and related dividends. The Parent debt pushed down to the Company is included in its consolidated balance sheets as long-term debt. The Parent Class B-1 and B-2 Redeemable and Convertible Preferred Stock, and the Class C 8% Redeemable Preferred Stock pushed down to the Company is included in its consolidated balance sheets as redeemable and convertible preferred stock of parent company. Parent has also raised capital from the sale of common stock, Class A-1 though A-8 5% Convertible Preferred Stock, Class AA Convertible Preferred Stock and warrants exercisable for Class AB Convertible Preferred Stock. The proceeds from the common stock, Class A-1 through A-8 5% Convertible Preferred Stock, Class AA Convertible Preferred Stock and warrants exercisable for Class AB Convertible Preferred Stock have been advanced to the Company and reflected in its consolidated balance sheets as additional paid-in capital since the Company is under no obligation to repay these amounts. Any costs incurred by Parent for the benefit of the Company have been fully allocated to the Company. Parent does not incur any common expenses for the benefit of both Parent and the Company, therefore, no common expenses are allocated from Parent to the Company. Management believes the methods of allocation are reasonable. For the three months ended March 31, 2004, Parent pushed down to the Company interest expense, including debt issuance costs, of $1.5 million. Parent did not incur any interest expense for the three months ended March 31, 2005.

The Company's operating results have been included in Parent's consolidated United States and state income tax returns and in tax returns of certain foreign subsidiaries. The provision for income taxes in the Company's financial statements has been determined on a separate return basis. Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. No formal tax sharing agreement exists between the Company and Parent.

Stock-based compensation

The Company accounts for stock options issued by Parent to employees of the Company using the intrinsic value method of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations. Had the Company elected to recognize compensation expense for the granting of Parent options under Parent stock option plans based on the fair values at the grant dates consistent with the methodology prescribed by Statement of Financial Accounting Standards No. 148, "Accounting for Stock-Based Compensation," pro forma net income would have been reported as follows (in thousands):

	Three months ended March 31,	
	2005	2004
Net income:		
As reported	$ 3,163	$ 2,386
Add total stock compensation expense, net of tax, included in income as reported	39	42
Less total stock compensation expense–fair value method net of tax	(367)	(301)
Pro forma net income	$ 2,835	$ 2,127

2. Acquisitions:

On June 30, 2004, the Company acquired MedSource Technologies, Inc. The acquisition was accounted for as a purchase and accordingly the results of operations include MedSource's results beginning June 30, 2004. MedSource is an engineering and manufacturing services provider to the medical device industry. The purchase price was $219.7 million, consisting of $208.8 million in cash for the purchase of common stock and the cash out of options and warrants, and $10.9 million of transaction fees. The purchase was financed by a combination of new debt and equity as discussed in notes 6 and 8. In addition, the then existing indebtedness of MedSource equal to $36.1 million plus related accrued interest was repaid in conjunction with the acquisition. The Company estimates that it will incur $21.3 million for integration and other liabilities.

The purchase price for the MedSource acquisition was allocated as follows (in thousands):

Inventories	$ 27,689
Accounts receivable	24,782
Prepaid expenses and other current assets	702
Property and equipment	44,169
Goodwill	168,271
Intangible and other assets	19,938
Current liabilities	(34,311)
Debt assumed	(36,131)
Other long-term liabilities	(9,710)
Cash paid, net of cash acquired of $14,304	$ 205,399

The Company determines the value and potential purchase price of target acquisition companies based on multiples of future cash flow. These cash flow projections may include an estimate of improved cash flow performance as compared to historical performance of the target acquisition company based on projected synergies. The value of the acquired company based on our cash flow analysis may differ significantly from the carrying value of the acquired net assets, resulting in an allocation of a significant portion of the purchase price to goodwill.

The following unaudited pro forma consolidated financial information reflects the purchase of MedSource assuming the acquisition had occurred as of the beginning of each period. This unaudited pro forma information has been provided for informational purposes only and is not necessarily indicative of the results of operations or financial condition that actually would have been achieved if the acquisitions had been on the date indicated, or that may be reported in the future (in thousands):

	Three Months Ended March 31, 2004
Net sales	$ 97,630
Net income	656

The pro forma net income for the three months ended March 31, 2004 includes $1.1 million of restructuring charges recognized by MedSource.

3. Restructuring and Other Charges:

In connection with the MedSource acquisition, the Company identified $21.1 million of costs associated with eliminating duplicate positions and plant consolidations, which is comprised of $11.6 million in severance payments and $9.5 million in lease termination and other contract termination costs. Severance payments relate to approximately 570 employees in manufacturing, selling and administration and are expected to be paid by mid-year 2006. All other costs are expected to be paid by 2018. The costs of these plant consolidations were reflected in the purchase price of MedSource in accordance with the FASB Emerging Issues Task Force ("EITF") No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination.* These costs include estimates to close facilities and consolidate manufacturing capacity, and are subject to change based on the actual costs incurred to close these facilities. Changes to these estimates could increase or decrease the amount of the purchase price allocated to goodwill in the near term. During the first quarter of fiscal year 2005, the Company decreased the estimated liability for the MedSource facilities consolidation by $0.4 million, resulting in a decrease to the purchase price allocation to goodwill in the same amount.

The Company recognized $0.9 million of restructuring charges and acquisition integration costs during the first quarter of fiscal year 2005, including $0.3 million of severance costs and $0.5 million of other exit costs including costs to move production processes from three facilities that are closing to other production facilities of the Company. In addition to the $0.8 million in restructuring charges incurred during first quarter of fiscal year 2005, the Company incurred $0.1 million of costs for the integration of MedSource comprised primarily of outside professional services.

The following table summarizes the recorded accruals and activity related to the restructuring (in thousands):

	Employee costs	Other costs	Total
Balance as of December 31, 2004	$ 7,764	$ 9,913	$ 17,677
Adjustment to planned plant closure and severance costs for the MedSource integration	72	(450)	(378)
Restructuring and integration charges incurred	279	571	850
Paid year-to-date	(1,557)	(621)	(2,178)
Balance March 31, 2005	$ 6,558	$ 9,413	$ 15,971

4. Comprehensive Income:

Comprehensive income represents net income plus the results of any stockholder's equity changes related to currency translation. For the three months ended March 31, 2005 and 2004, the Company reported comprehensive income of (in thousands):

	Three months ended March 31,	
	2005	2004
Net income	$ 3,163	$ 2,386
Cumulative translation adjustments	(320)	(72)
Comprehensive income	$ 2,843	$ 2,314

5. Inventories:

Inventories at March 31, 2005 and December 31, 2004 consisted of the following (in thousands):

	March 31, 2005	December 31, 2004
Raw materials	$ 19,731	$ 20,939
Work-in-process	24,908	24,068
Finished goods	14,273	13,007
Total	$ 58,912	$ 58,014

6. Short-term and long-term debt:

Long-term debt at March 31, 2005 and December 31, 2004 consisted of the following (in thousands):

	March 31, 2005	December 31, 2004
Senior secured credit facility, interest at 5.34% at March 31, 2005 and 5.28% at December 31, 2004	$ 192,545	$ 193,030
Senior subordinated notes maturing July 15, 2012, interest at 10%	175,000	175,000
Capital lease obligations.	16	22
Total debt	367,561	368,052
Less current portion	(1,956)	(1,961)
Long-term debt, excluding current portion	$ 365,605	$ 366,091

The Company's Senior Secured Credit Facility dated June 30, 2004 (the "Credit Agreement") includes $194.0 million of term loans and up to $40.0 million available under the revolving credit facility. Additionally, the Company may borrow up to $40.0 million in additional term loans, with the approval of participating lenders. On March 25, 2005, the Company amended its Credit Agreement to lower the interest rate applicable to the term loans as follows: on base rate loans from base rate (generally the applicable prime lending rate of Credit Suisse First Boston, as announced from time to time) plus 2.00% to base rate plus 1.25%, on eurodollar rate loans from LIBOR plus 3.00% to LIBOR plus 2.25%. In addition, the amendment increased the amount of potential additional term loans from $40.0 million to $50.0 million and allowed

increased flexibility in, and funds for, acquisitions. Additional term loans require the approval of participating lenders. Principal payments will continue to be due in the amounts of $1.9 million per year plus, beginning in 2006, 75% of Excess Cash Flow, as defined by

the Credit Agreement. The balance is due June 30, 2010. As of March 31, 2005, $6.2 million of the revolving credit facility was supporting the Company's letters of credit, leaving $33.8 million available.

The Company incurred $0.7 million in fees in connection with the amendment of the Credit Agreement during the first quarter ended March 31, 2005, which will be amortized to interest expense over the remaining term of the Credit Agreement. Also in connection with the amendment, the Company wrote off deferred financing costs resulting in a charge to interest expense of $0.2 million for the three months ended March 31, 2005.

On June 30, 2004, the Company issued $175.0 million of the Senior Subordinated Notes. Interest is payable on January 15th and July 15th of each year.

The Company's debt agreements contain various covenants, including minimum cash flow (as defined), debt service coverage ratios and maximum capital spending limits. In addition, the debt agreements restrict the Company from paying dividends and making certain investments. The covenants and restrictions of the indenture governing the Senior Subordinated Notes apply only to the Company and not Parent. All covenants and restrictions under the Credit Agreement apply to the Company, and the covenants and restrictions other than financial covenants apply to Parent.

As of March 31, 2005, the Company and Parent were in compliance with their respective covenants under the Credit Agreement and the Senior Subordinated Notes.

7. Income taxes:

The effective income tax rate for the three months ended March 31, 2005 was 45.5% and differs from the statutory rate primarily due to $1.2 million of deferred tax expense for tax benefits acquired from MedSource which have been credited to goodwill and not benefited in the statement of operations, and the different book and tax treatment for goodwill. These deferred taxes have been partially offset by net operating loss carryforwards unrelated to MedSource and lower tax rates on certain foreign subsidiary earnings. The effective income tax rate for the three months ended March 31, 2004 was 18.0% and differs from the statutory rate primarily due to net operating loss carryforwards, which were partially offset by deferred tax expense due to the different book and tax treatment for goodwill.

8. Capital Stock and Redeemable Preferred Stock:

The Company has 1,000 shares of common stock authorized and 100 shares issued and outstanding, $.01 per value per share. All shares are owned by Parent.

The Company has received proceeds from the sale of permanent equity by Parent. The proceeds received by the Company from inception to March 31, 2005 amounted to $201.4 million and are included in additional paid-in capital. The Company is under no obligation to repay these amounts to Parent. For a further discussion of the equity instruments of Parent, see Notes 10 and 11 of the consolidated financial statements included in Part II, Item 8 of the Company's Annual Report on Form 10-K for the year ended December 31, 2004.

The following table summarizes the amounts recorded as additional paid in capital and redeemable convertible preferred stock of Parent for the three months ended March 31, 2005 (in thousands):

	Additional paid-in capital	Redeemable and convertible preferred stock of Parent
Beginning balance, January 1, 2005	$ 201,348	$ 30
Amortization of stock-based compensation	38	–
Compensation charge associated with phantom stock plans of Parent	10	–
Ending balance, March 31, 2005	$ 201,396	$ 30

9. Pension Plans:

Effective January 1, 2004, the Company adopted SFAS No. 132 (revised 2003), *Employers' Disclosures about Pensions and Other Postretirement Benefits*. This standard requires the disclosure of the components of net periodic benefit cost recognized during interim periods. Components on net periodic pension cost for the three months ended March 31, 2005 and 2004 were as follows (in thousands):

	Three Months Ended March 31,	
	2005	2004
Service cost	$ 24	$ 19
Interest cost	35	33
Expected return of plan assets	(14)	(14)
Recognized net actuarial loss	12	6
	$ 57	$ 44

Assuming that the actual return on plan assets is consistent with the expected annualized rate of 7.0% for the remainder of fiscal year 2005, and that interest rates remain constant, the Company would be required to make total contributions to its pension plans of $74,000 for fiscal year 2005.

10. Supplemental Guarantor Condensed Consolidating Financial Statements:

In connection with the Company's issuance of its Senior Subordinated Notes, all of its domestic subsidiaries (the "Subsidiary Guarantors") guaranteed on a joint and several, full and unconditional basis, the repayment by the Company of such notes. Certain foreign subsidiaries of the Company (the "Non-Guarantor Subsidiaries") have not guaranteed such indebtedness.

The following tables present the unaudited consolidating statements of operations for the three months ended March 31, 2005 and March 31, 2004 of the Company ("Holdings"), the Subsidiary Guarantors and the Non-Guarantor Subsidiaries, the unaudited condensed consolidating balance sheets as of March 31, 2005 and December 31, 2004, and cash flows for the three months ended March 31, 2005 and March 31, 2004.

Consolidating Statements of Operations
Three months ended March 31, 2005 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ –	$ 104,672	$ 4,286	$ (84)	$ 108,874
Cost of sales	–	74,247	2,694	(84)	76,857
Selling, general and administrative expenses	68	14,577	524	–	15,169
Research and development expenses	–	592	73	–	665
Restructuring and other charges	–	839	11	–	850
Amortization of intangibles	–	1,573	–	–	1,573
Income (loss) from operations	(68)	12,844	984	–	13,760
Interest expense	7,940	45	–	–	7,985
Other expense (income)	–	6	(33)	–	(27)
Equity in earnings of affiliates	8,019	756	–	(8,775)	–
Income tax expense (benefit)	(3,152)	5,530	261	–	2,639
Net income (loss)	$ 3,163	$ 8,019	$ 756	$ (8,775)	$ 3,163

Consolidating Statements of Operations
Three months ended March 31, 2004 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ –	$ 48,314	$ 3,701	$ (174)	$ 51,841
Cost of sales	–	33,245	2,518	(174)	35,589
Selling, general and administrative expenses	54	7,165	636	–	7,855
Research and development expenses	–	519	66	–	585
Restructuring and other charges	–	–	–	–	–
Amortization of intangibles	–	1,225	–	–	1,225
Income (loss) from operations	(54)	6,160	481	–	6,587
Interest expense (income)	3,674	(44)	70	–	3,700
Other expense (income)	–	12	(34)	–	(22)
Equity in earnings of affiliates	4,136	401	–	(4,537)	–
Income tax expense (benefit)	(1,978)	2,457	44	–	523
Net income (loss)	$ 2,386	$ 4,136	$ 401	$ (4,537)	$ 2,386

Condensed Consolidating Balance Sheets
March 31, 2005 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 4,930	$ 1,926	$ 315	$ –	$ 7,171
Receivables, net	–	50,051	2,392	(38)	52,405
Inventories	–	56,508	2,404	–	58,912
Prepaid expenses and other	–	3,536	156	–	3,692
Total current assets	4,930	112,021	5,267	(38)	122,180
Property, plant and equipment, net	–	80,100	4,807	–	84,907
Deferred income taxes	955	(926)	(29)	–	–
Intercompany receivable (payable)	(24,873)	23,376	1,497	–	–
Investment in subsidiaries	510,560	7,052	–	(517,612)	–
Goodwill	5,850	282,340	–	–	288,190
Intangibles, net	–	80,300	–	–	80,300
Deferred financing costs and other assets	15,793	1,244	–	–	17,037
Total assets	$ 513,215	$ 585,507	$ 11,542	$ (517,650)	$ 592,614
Current portion of long-term debt	$ 1,940	$ 16	$ –	$ –	$ 1,956
Accounts payable	1	20,185	942	(38)	21,090
Accrued liabilities	(161)	39,186	1,987	–	41,012
Total current liabilities	1,780	59,387	2,929	(38)	64,058
Note payable and long-term debt	365,605	–	–	–	365,605
Other long-term liabilities	5,448	15,560	1,561	–	22,569
Total liabilities	372,833	74,947	4,490	(38)	452,232
Redeemable and convertible preferred stock of parent	30	–	–	–	30
Equity	140,352	510,560	7,052	(517,612)	140,352
Total liabilities and equity	$ 513,215	$ 585,507	$ 11,542	$ (517,650)	$ 592,614

Condensed Consolidating Balance Sheets
December 31, 2004 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Cash and cash equivalents	$ 12,267	$ 2,438	$ 1,299	$ –	$ 16,004
Receivables, net	–	46,805	1,549	–	48,354
Inventories	–	55,686	2,328	–	58,014
Prepaid expenses and other	–	3,299	172	–	3,471
Total current assets	12,267	108,228	5,348	–	125,843
Property, plant and equipment, net	–	80,907	5,038	–	85,945
Intercompany receivable (payable)	(15,713)	15,189	–	524	–
Investment in subsidiaries	502,862	6,571	–	(509,433)	–
Goodwill	7,116	282,345	–	–	289,461
Intangibles, net	–	81,874	–	–	81,874
Deferred financing costs and other assets	16,815	320	(29)	–	17,106
Total assets	$ 523,347	$ 575,434	$ 10,357	$ (508,909)	$ 600,229
Current portion of long-term debt	$ 1,940	$ 21	$ –	$ –	$ 1,961
Accounts payable	14	19,346	1,087	–	20,447
Accrued liabilities	12,865	36,115	1,592	–	50,572
Total current liabilities	14,819	55,482	2,679	–	72,980
Note payable and long-term debt	366,090	1	–	–	366,091
Other long-term liabilities	4,947	17,089	1,107	524	23,667
Total liabilities	385,856	72,572	3,786	524	462,738
Redeemable and convertible preferred stock of parent	30	–	–	–	30
Equity	137,461	502,862	6,571	(509,433)	137,461
Total liabilities and equity	$ 523,347	$ 575,434	$ 10,357	$ (508,909)	$ 600,229

Consolidating Statements of Cash Flows
Three months ended March 31, 2005 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash (used in) provided by operating activities	$ (15,248)	$ 10,679	$ 177	$ –	$ (4,392)
Cash flows from investing activities:				–	
Capital expenditures	–	(3,027)	(146)	–	(3,173)
Transferred assets	–	10	(10)	–	–
Proceeds from sale of equipment	–	32	–	–	32
Acquisitions, net of cash acquired	(13)	–	–	–	(13)
Net cash used in investing activities	(13)	(2,985)	(156)	–	(3,154)
Cash flows from financing activities:					
Repayments	(485)	(6)	–	–	(491)
Intercompany advances	9,158	(8,185)	(973)	–	–
Deferred financing fees	(749)	–	–	–	(749)
Cash flows (used in) provided by financing activities	7,924	(8,191)	(973)	–	(1,240)
Effect of exchange rate changes in cash	–	(15)	(32)	–	(47)
Net decrease in cash and cash equivalents	(7,337)	(512)	(984)	–	(8,833)
Cash and cash equivalents, beginning of year	12,267	2,438	1,299	–	16,004
Cash and cash equivalents, end of year	$ 4,930	$ 1,926	$ 315	$ –	$ 7,171

Consolidating Statements of Cash Flows
Three months ended March 31, 2004 (in thousands):

	Holdings	Subsidiary Guarantors	Non-Guarantor Subsidiaries	Eliminations	Consolidated
Net cash provided by (used in) operating activities	$ 2,231	$ (886)	$ 292	$ –	$ 1,637
Cash flows from investing activities:					
Capital expenditures	–	(1,341)	(359)	–	(1,700)
Proceeds from sale of equipment	–	1,370	–	–	1,370
Acquisitions, net of cash acquired	(17)	–	–	–	(17)
Other noncurrent assets	12	(1)	–	–	11
Net cash (used in) provided by investing activities	(5)	28	(359)	–	(336)
Cash flows from financing activities:					
Borrowing	2,000	–	–	–	2,000
Repayments	(3,586)	(7)	–	–	(3,593)
Intercompany advances	(640)	(88)	728	–	–
Cash flows (used in) provided by financing activities	(2,226)	(95)	728	–	(1,593)
Effect of exchange rate changes in cash	–	5	(14)	–	(9)
Net (decrease) increase in cash and cash equivalents	–	(948)	647	–	(301)
Cash and cash equivalents, beginning of year	14	3,394	566	–	3,974
Cash and cash equivalents, end of year	$ 14	$ 2,446	$ 1,213	$ –	$ 3,673

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Some of the information in this Quarterly Report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical facts included in this Form 10-Q, including, without limitation, certain statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations", may constitute forward-looking statements. In some cases you can identify these "forward-looking statements" by words like "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of those words and other comparable words. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those indicated in these statements as a result of certain factors as more fully discussed under the heading "Risk Factors" contained in our annual report on Form 10-K filed on March 15, 2005 with the Securities and Exchange Commission (File No. 333-118675) for the Company's fiscal year ended December 31, 2004. The following discussion and analysis should be read in conjunction with the unaudited condensed consolidated financial statements and notes thereto included herein.

We undertake no obligation to update publicly or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise.

On May 4, 2005, the Company changed its name from Medical Device Manufacturing, Inc. to Accellent Corp. Unless the context indicates otherwise, all references in this quarterly report to "Accellent," the "Company," "we," "our," or "us" mean Accellent Corp. and its subsidiaries. We are a wholly owned subsidiary of Accellent Inc., a Maryland corporation, which we refer to herein as "Accellent Inc." or "our parent."

Overview

We believe we are the largest provider of outsourced precision manufacturing and engineering services in our target markets of the medical device industry. We offer our customers design and engineering, precision component manufacturing, device assembly and supply chain management services. We have extensive resources focused on providing our customers reliable, high quality, cost-efficient, integrated outsourced solutions. We often become the sole supplier of manufacturing and engineering services for the products we provide to our customers.

We primarily focus on the leading companies in three large and growing markets within the medical device industry: cardiovascular, endoscopy, and orthopaedics. Our customers include many of the leading medical device companies, including Abbott Laboratories, Boston Scientific, Guidant, Johnson & Johnson, Medtronic, Smith & Nephew, St. Jude Medical, Stryker, Tyco International and Zimmer. During 2004, our top 10 customers accounted for approximately 55% of net sales with two customers each accounting for greater than 10% of net sales. During the first three months of 2005, our top 10 customers accounted for approximately 57% of net sales with two customers each accounting for greater than 10% of net sales. Although we expect net sales from our largest customers to continue to constitute a significant portion of our net sales in the future, Boston Scientific has informed us that it intends to transfer a number of products currently assembled by us to its own assembly operation. Based on preliminary estimates and our experience to date with this customer, we expect net sales from Boston Scientific to decrease by approximately $35 million, with the substantial majority of the net sales decrease taking place in 2006. While we believe that the transferred business can be replaced with new business from existing and potential new customers to offset the loss, there is no assurance that we will replace such business and the loss will not adversely affect our operating results in 2005 and thereafter. While net sales are aggregated by us to the ultimate parent of a

customer, we typically generate diversified revenue streams within these large customers across separate divisions and multiple products.

We primarily recognize product net sales upon shipment, when title passes to the customer or, if products are shipped on consignment to a particular customer, when the customer uses the product. For services, we recognize net sales at the time the services are rendered. We primarily generate our net sales domestically. In 2004, approximately 85% of our net sales were sold to customers located in the U.S. Since a substantial majority of the leading medical device companies are located in the U.S., we expect our net sales to U.S.-based companies to remain a high percentage of our net sales in the future.

Our operations are based on purchase orders that typically provide for 30 to 90 days delivery from the time the purchase order is received, but which can provide for delivery within 30 days or up to 180 days, depending on the product and the customer's ability to forecast requirements.

Cost of goods sold includes raw materials, labor and other manufacturing costs associated with the products we sell. Some products incorporate precious metals, such as gold, silver and platinum. Changes in prices for those commodities are generally passed through to our customers.

Selling, general and administrative expenses include salaries, sales commissions, and other selling and administrative costs.

Amortization of intangible assets is primarily related to our acquisitions of G&D, Inc. d/b/a Star Guide, Noble-Met, Ltd., UTI Pennsylvania, American Technical Molding, Inc., or ATM, Venusa, Ltd. and Venusa de Mexico, S.A. de C.V. and MedSource. Interest expense is primarily related to indebtedness incurred to finance our acquisitions.

In connection with the MedSource acquisition, we identified $21.1 million of costs associated with eliminating duplicate positions and plant consolidations, which is comprised of $11.6 million in severance payments and $9.5 million in lease termination and other contract termination costs. Severance payments relate to approximately 570 employees in manufacturing, selling and administration and are expected to be paid by mid-year 2006. All other costs are expected to be paid by 2018. The costs of these plant consolidations were reflected in the purchase price of MedSource in accordance with the FASB Emerging Issues Task Force ("EITF") No. 95-3, *Recognition of Liabilities in Connection with a Purchase Business Combination.* These costs include estimates to close facilities and consolidate manufacturing capacity, and are subject to change based on the actual costs incurred to close these facilities. Changes to these estimates could increase or decrease the amount of the purchase price allocated to goodwill in the near term. During the first quarter of fiscal year 2005, we decreased the estimated liability for the MedSource facilities consolidation by $0.4 million, resulting in a decrease to the purchase price allocation to goodwill in the same amount.

The following table summarizes the recorded accruals and activity related to the restructuring (in thousands):

	Employee costs	Other costs	Total
Balance as of December 31, 2004	$ 7,764	$ 9,913	$ 17,677
Adjustment to planned plant closure and severance costs for the MedSource integration	72	(450)	(378)
Restructuring and integration charges incurred	279	571	850
Paid year-to-date	(1,557)	(621)	(2,178)
Balance March 31, 2005	$ 6,558	$ 9,413	$ 15,971

Results of Operations

The following table sets forth percentages derived from the consolidated statements of operations for the three months ended March 31, 2005 and 2004, presented as a percentage of net sales.

	Three Months Ended March 31,	
	2005	2004
STATEMENT OF OPERATIONS DATA:		
Net Sales	100.0%	100.0%
Cost of Sales	70.6	68.7
Gross Profit	29.4	31.3
Selling, General and Administrative Expenses	13.9	15.1
Research and Development Expenses	0.6	1.1
Restructuring and Other Charges	0.8	–
Amortization of Intangibles	1.5	2.4
Income from Operations	12.6	12.7

Three Months Ended March 31, 2005 Compared to Three Months Ended March 31, 2004

Net Sales

Net sales for the first quarter of 2005 were $108.9 million, an increase of $57.1 million or 110% compared to net sales of $51.8 million for the first quarter of 2004. Higher net sales was due to the acquisition of MedSource, which increased net sales by $45.8 million, and an $11.3 million increase primarily due to higher shipments as we were awarded new products and increases in unit shipments on existing products to customers that serve the endoscopic and cardiovascular markets. Two customers, Johnson & Johnson and Boston Scientific each accounted for greater than 10% of net sales for the first quarter of 2005 and the first quarter of 2004.

Gross Profit

Gross profit for the first quarter of 2005 was $32.0 million as compared to $16.3 million for the first quarter of 2004. The $15.7 million increase in gross profit was primarily due to the MedSource acquisition and unit volume increases.

Gross margin was 29.4% of net sales for the first quarter of 2005 as compared to 31.3% of net sales for the first quarter of 2004. MedSource gross margins have historically been lower than gross margins attained by us before the acquisition. The lower MedSource gross margins impacted our gross margins in the first quarter of 2005 by $3.9 million, or 3.5%. This decrease in gross margin was partially offset by increased revenue, which provided increased leverage of our fixed costs.

Selling, General and Administration Expenses

Selling, general and administrative expenses, or SG&A, were $15.2 million for the first quarter of 2005 compared to $7.9 million for the first quarter of 2004. The increase in SG&A costs were primarily due to the acquisition of MedSource. In addition, SG&A costs for the first quarter of 2005 included severance charges of $0.3 million, which was offset by the recovery of $0.3 million of accounts receivable previously determined to be uncollectible.

SG&A expenses were 13.9% of net sales for the first quarter of 2005 versus 15.1% of net sales for the first quarter of 2004. The lower 2005 percentage was driven by sales growth in combination with leveraging the SG&A cost structure.

Research and Development Expenses

Research and development expenses, or R&D, for the first quarter of 2005 were $0.7 million or 0.6% of net sales, compared to $0.6 million or 1.1% of net sales for the first quarter of 2004. The lower 2005 percentage was driven by sales growth in combination with leveraging the R&D cost structure.

Restructuring and Other Charges

We recognized $0.9 million of restructuring charges and acquisition integration costs during the first quarter of fiscal year 2005, including $0.3 million of severance costs and $0.5 million of other exit costs including costs to move production processes from three facilities that are in the process of being closed to our other production facilities. In addition, we incurred $0.1 million of costs for the integration of MedSource, comprised primarily of outside professional services.

Amortization

Amortization was $1.6 million for the first quarter of 2005 compared to $1.2 million for the first quarter of 2004. The higher amortization was primarily due to the acquisition of MedSource.

Interest Expense, net

Interest expense, net increased $4.3 million to $8.0 million for the first quarter of 2005 versus $3.7 million for the first quarter of 2004 primarily due to the increased debt incurred to acquire MedSource. In addition, we wrote off $0.2 million of deferred financing costs during the first quarter of 2005 in connection with the amendment of our senior credit facility. Interest expense, net includes interest income of approximately $2.0 thousand and $5.0 thousand for the first quarter of 2005 and 2004, respectively.

Income Tax Expense

Our effective income tax rate for the first quarter of 2005 was 45.5% and differs from the statutory rate primarily due to $1.2 million of deferred tax expense for tax benefits acquired from MedSource which have been credited to goodwill and not benefited in our statement of operations, and the different book and tax treatment for goodwill. These deferred taxes have been partially offset by net operating loss carryforwards unrelated to MedSource and lower tax rates on certain foreign subsidiary earnings. Our effective income tax rate for the first quarter of 2004 was 18.0% and differs from the statutory rate primarily due to net operating loss carryforwards, which were partially offset by deferred tax expense due to the different book and tax treatment for goodwill.

Liquidity and Capital Resources

Our principal sources of liquidity are cash provided by operations and borrowings under our senior secured credit facility, entered into in conjunction with our June 30, 2004 acquisition of MedSource, which include a five-year undrawn $40.0 million revolving credit facility and a six-year $194.0 million term facility. Additionally, we may borrow up to $40.0 million in additional term loans, with the approval of participating lenders. Our senior secured credit facility is described in greater detail under Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004. We amended our senior secured credit facility on March 25, 2005, resulting in a decrease in the interest rates charged on the term loans, increased the amount of potential additional term loans from $40.0 million to $50.0 million and allowed increased flexibility in, and funds for, acquisitions. Additional term loans require the approval of participating lenders. For a further discussion of the amendment to our senior secured credit facility, see Note 6−"Short-term and

long-term debt." Our principal uses of cash will be to meet debt service requirements, fund working capital requirements and finance capital expenditures and acquisitions. At March 31, 2005, we had $6.2 million of letters of credit outstanding that reduced by such amount the amounts available under our revolving credit facility.

During the quarter of 2005, cash used in operating activities was $4.4 million compared to cash provided by operations of $1.6 million for the first quarter of 2004. The increased use in cash from operations is primarily related to the $9.5 million payment of semi-annual interest on our $175.0 million of 10% senior subordinated notes due 2012, the terms of which are described in greater detail under Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations−Liquidity and Capital Resources" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2004, and an increase in annual incentive compensation payments of approximately $2.9 million. These increases in cash used in operations were partially offset by increased profitability due to the acquisition of MedSource and increased demand for our products.

During the first quarter of 2005, cash used in investing activities totaled $3.2 million compared to $0.3 million for the first quarter of 2004. The increase in cash used in investing activities was attributable to $1.5 million of higher capital spending as a result of the acquisition of MedSource, and $1.4 million of proceeds from the sale of a manufacturing facility during the first quarter of 2004.

During the first quarter of 2005, cash used in financing activities was $1.2 million compared to $1.6 million for the first quarter of 2004. The decrease was due lower net payments on long-term debt. This decrease was partially offset by $0.7 million of deferred financing fees paid in connection with the amendment of our senior credit facility in March 2005.

We anticipate that we will spend approximately $13.0 to $16.0 million on capital expenditures for the remainder of 2005. Our senior secured credit facility contains restrictions on our ability to make capital expenditures. Based on current estimates, our management believes that the amount of capital expenditures permitted to be made under our senior secured credit facility will be adequate to grow our business according to our business strategy and to maintain our continuing operations.

Our ability to make payments on our indebtedness and to fund planned capital expenditures and necessary working capital will depend on our ability to generate cash in the future. This, to a certain extent, is subject to general economic, financial, competitive, legislative, regulatory and other factors that are beyond our control. For example, Boston Scientific has informed us that it intends to transfer a number of products currently assembled by us to its own assembly operation. Based on our current level of operations, we believe our cash flow from operations and available borrowings under our senior secured credit facility will be adequate to meet our liquidity requirements for the next 12 months and the foreseeable future. No assurance can be given, however, that this will be the case.

Off-Balance Sheet Arrangements

We do not have any "off-balance sheet arrangements" (as such term is defined in Item 303 of Regulation S-K) that are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations and Commitments

The following table sets forth our long-term contractual obligations as of March 31, 2005 (in thousands):

	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Senior Secured Credit Facility	$ 192,545	$ 1,940	$ 3,880	$ 3,880	$ 182,845
Notes	175,000	–	–	–	175,000
Capital Leases	16	16	–	–	–
Operating Leases(1)	44,319	6,307	10,784	8,271	18,957
Purchase Commitments	25,998	25,998	–	–	–
Other long-term obligations(2)	13,854	250	926	213	12,465
Total	$ 451,732	$ 34,511	$ 15,590	$ 12,364	$ 389,267

(1) Accrued future rental obligations of $8.8 million included in other long-term liabilities on our consolidated balance sheet as of March 31, 2005 are included in our operating leases in the table of contractual obligations.

(2) Other long-term obligations include environmental remediation obligations of $4.8 million, accrued severance benefits of $0.7 million, accrued compensation and pension benefits of $4.4 million and deferred income taxes of $3.9 million.

Critical Accounting Policies

Our unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial statements. 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. We base our estimates on historical experience, current conditions and various other assumptions that are believed to be reasonable under the circumstances. Estimates and assumptions are reviewed on an ongoing basis and the effects of revisions are reflected in the unaudited consolidated financial statements in the period they are determined to be necessary. Actual results could differ materially from those estimates under different assumptions or conditions. We believe the following critical accounting policies impact our judgments and estimates used in the preparation of our consolidated financial statements.

Revenue Recognition. The amount of product revenue recognized in a given period is impacted by our judgments made in establishing our reserve for potential future product returns. We provide a reserve for our estimate of future returns against revenue in the period the revenue is recorded. Our estimate of future returns is based on such factors as historical return data and current economic condition of our customer base. The amount of revenue we recognize will be directly impacted by our estimates made to establish the reserve for potential future product returns. To date, the amount of estimated returns has not been material to total net revenues. Our provision for sales returns was $1.4 million and $0.8 million at March 31, 2005 and December 31, 2004, respectively.

Allowance for Doubtful Accounts. We estimate the collectibility of our accounts receivable and the related amount of bad debts that may be incurred in the future. The allowance for doubtful accounts results from an analysis of specific customer accounts, historical experience, credit ratings and current

economic trends. Based on this analysis, we provide allowances for specific accounts where collectibility is not reasonably assured.

Provision for Inventory Valuation. Inventory purchases and commitments are based upon future demand forecasts. Excess and obsolete inventory are valued at their net realizable value, which may be zero. We periodically experience variances between the amount of inventory purchased and contractually committed to and our demand forecasts, resulting in excess and obsolete inventory valuation charges.

Valuation of Goodwill. Goodwill is the excess of the purchase price over the fair value of identifiable net assets acquired in business combinations. In accordance with SFAS No. 142, goodwill is assigned to the reporting unit expected to benefit from the synergies of the combination. We have assigned our goodwill to three reporting units. Goodwill for each reporting unit is subject to an annual impairment test, or more often if impairment indicators arise, using a fair-value-based approach. In assessing the fair value of goodwill, we make projections regarding future cash flow and other estimates, and may utilize third party appraisal services. If these projections or other estimates for one or all of these reporting units change, we may be required to record an impairment charge.

Valuation of Long-lived Assets. Long-lived assets are comprised of property, plant and equipment and intangible assets with finite lives. We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable through projected undiscounted cash flows expected to be generated by the asset. When we determine that the carrying value of intangible assets and fixed assets may not be recoverable, we measure impairment by the amount by which the carrying value of the asset exceeds the related fair value. Estimated fair value is generally based on projections of future cash flows and other estimates, and guidance from third party appraisal services.

Self Insurance Reserves. We accrue for costs to provide self insured benefits under our workers' compensation and employee health benefits programs. With the assistance of third party workers' compensation experts, we determine the accrual for workers' compensation losses based on estimated costs to resolve each claim. We accrue for self insured health benefits based on historical claims experience. We maintain insurance coverage to prevent financial losses from catastrophic workers' compensation or employee health benefit claims. Our financial position or results of operations could be materially impacted in a fiscal quarter due to a material increase in claims. Our accruals for self insured workers compensation and employee health benefits at March 31, 2005 and December 31, 2004 were $3.7 million and $3.3 million, respectively.

Environmental Reserves. We accrue for environmental remediation costs when it is probable that a liability has been incurred and a reasonable estimate of the liability can be made. Our remediation cost estimates are based on the facts known at the current time including consultation with a third party environmental specialist and external legal counsel. Changes in environmental laws, improvements in remediation technology and discovery of additional information concerning known or new environmental matters could affect our operating results.

Pension and Other Employee Benefits. Certain assumptions are used in the calculation of the actuarial valuation of our defined benefit pension plans. These assumptions include the weighted average discount rate, rates of increase in compensation levels and expected long-term rates of return on assets. If actual results are less favorable than those projected by management, additional expense may be required.

Income Taxes. We estimate our income taxes in each of the jurisdictions in which we operate. This process involves estimating our actual current tax exposure together with assessing temporary differences resulting from differing treatment of items, such as goodwill amortization, for tax and

accounting purposes. These differences result in deferred tax assets and liabilities, which are included within our consolidated balance sheet. We then assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not likely, we establish a valuation allowance. To the extent we establish a valuation allowance or increase this allowance in a period, we increase or decrease our income tax provision in our consolidated statement of operations. If any of our estimates of our prior period taxable income or loss prove to be incorrect, material differences could impact the amount and timing of income tax benefits or payments for any period.

New Accounting Pronouncements

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs, an amendment of ARB No. 43, Chapter 4." SFAS No. 151 amends Accounting Research Bulletin ("ARB") No. 43, Chapter 4, to clarify that abnormal amounts of idle facility expense, freight, handling costs and wasted materials (spoilage) should be recognized as current-period charges. In addition, SFAS No. 151 requires that allocation of fixed production overhead to inventory be based on the normal capacity of the production facilities. SFAS No. 151 is effective for inventory costs incurred during fiscal years beginning after June 15, 2005. We are currently assessing the impact that SFAS No. 151 will have on our results of operations, financial position or cash flows.

On December 16, 2004, the FASB issued SFAS No. 123 (Revised 2004), "Share-Based Payment." SFAS 123R requires that compensation cost related to share-based payment transactions be recognized in the financial statements. Share-based payment transactions within the scope of SFAS 123R include stock options, restricted stock plans, performance-based awards, stock appreciation rights, and employee share purchase plans. The provisions of SFAS 123R are effective for our first annual period that begins after December 31, 2005. Accordingly, we will implement the revised standard in the first quarter of fiscal year 2006. Currently, we account for share-based payment transactions under the provisions of APB 25, which does not necessarily require the recognition of compensation cost in the financial statements. We are assessing the implications of this revised standard, which may materially impact our results of operations in the first quarter of fiscal year 2006 and thereafter.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market Risk

We are subject to market risk associated with change in interest rates and foreign currency exchange rates.

Interest Rate Risk

We are subject to market risk associated with change in the London Interbank Offered Rate (LIBOR) and the Federal Funds Rate published by the Federal Reserve Bank of New York in connection with our senior secured credit facility. Based on the outstanding balance at March 31, 2005, a hypothetical 10% change in rates under the senior secured credit facility would result in a change to our annual interest expense of approximately $1.0 million.

Foreign Currency Risk

We operate several facilities in foreign countries. At March 31, 2005, approximately $6.9 million of long-lived assets were located in foreign countries. Our principal currency exposures relate to the Euro, British pound and Mexican pesos. We consider the market risk to be low, as the majority of the transactions at these locations are denominated in the local currency.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures. We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit to the Securities and Exchange Commission, or SEC, under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), is recorded, processed, summarized and reported within the time periods specified by the SEC's rules and forms, and that information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure. Based on our management's evaluation (with the participation of our principal executive officer and principal financial officer), as of the end of the period covered by this report, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) are effective.

Changes in Internal Control over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during our first fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Under the direct supervision of senior management, the Company is currently undergoing a comprehensive effort to ensure compliance with the new regulations under Section 404 of the Sarbanes-Oxley Act of 2002 that will be effective with respect to us for our fiscal years ending on and after December 31, 2006. Our effort includes identification and documentation of internal controls in our key business processes, as well as formalization of the Company's overall control environment. We are currently in the process of documenting and evaluating these internal controls.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS

Exhibit Number	Description of Exhibits
4.1	First Amendment to Credit and Guaranty Agreement, dated as of March 25, 2005 among Accellent Corp., as borrower, Accellent Inc., certain subsidiaries of Accellent Corp., and Credit Suisse First Boston, acting through its Cayman Island Branch, as Administrative Agent
10.1	Accellent Inc. 2000 Stock Option and Incentive Plan
10.2	Form of 2000 Stock Option and Incentive Plan Incentive Stock Option Agreement
10.3	Form of 2000 Stock Option and Incentive Plan Non-qualified Stock Option Agreement
31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

SIGNATURES

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

Accellent Corp.

/s/ RON SPARKS

May 9, 2005 By: Ron Sparks
President and Chief Executive Officer

Accellent Corp.

/s/ STEWART A. FISHER

May 9, 2005 By: Stewart A. Fisher
Chief Financial Officer, Vice President, Treasurer and Secretary

EXHIBIT INDEX

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31.1	Rule 13a-14(a) Certification of Chief Executive Officer
31.2	Rule 13a-14(a) Certification of Chief Financial Officer
32.1	Section 1350 Certification of Chief Executive Officer
32.2	Section 1350 Certification of Chief Financial Officer

QuickLinks

Exhibit 4.1

FIRST AMENDMENT TO
CREDIT AND GUARANTY AGREEMENT

This **FIRST AMENDMENT TO CREDIT AND GUARANTY AGREEMENT** (this "**Amendment**"), dated as of March 25, 2005, is among **MEDICAL DEVICE MANUFACTURING, INC.**, a Colorado corporation ("**Company**"), **ACCELLENT INC.** (formerly UTI Corporation), a Maryland corporation ("**Holdings**"), certain Subsidiaries of Company party hereto, and **CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch**, as administrative agent (in such capacity, "**Administrative Agent**").

RECITALS

WHEREAS, Company, Holdings, the Guarantor Subsidiaries party thereto, the Lenders party thereto, Administrative Agent and Credit Suisse First Boston, acting through its Cayman Islands Branch, as sole lead arranger and sole book runner, have entered into the Credit and Guaranty Agreement dated as of June 30, 2004 (the "**Credit Agreement**");

WHEREAS, Company, Holdings and the Guarantor Subsidiaries desire to provide for certain amendments to the Credit Agreement specified herein; and

WHEREAS, the Requisite Lenders and Administrative Agent have agreed to amend the Credit Agreement as provided herein upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises made hereunder, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

Section 1. *Definitions*. Unless otherwise expressly defined herein, all capitalized terms used herein and defined in the Credit Agreement shall be used herein as so defined.

Section 2. *Amendments to Section 1.1*.

(a) The definition of "**Class**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

> "**Class**" means (i) with respect to Lenders, each of the following classes of Lenders: (a) Lenders having Tranche C Term Loan Exposure, (b) Lenders having Revolving Exposure (including Swing Line Lender) and (c) Lenders having New Term Loan Exposure of each Series, and (ii) with respect to Loans, each of the following classes of Loans: (a) Tranche C Term Loans, (b) Revolving Loans (including Swing Line Loans) and (c) each Series of New Term Loans.

(b) The definition of "**Commitment**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

> "**Commitment**" means any Revolving Commitment, Tranche C Term Loan Commitment or New Term Loan Commitment.

(c) The definition of "**Existing Letters of Credit**" contained in *Section 1.1* of the Credit Agreement is hereby deleted.

(d) The definition of "**Issuing Bank**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Issuing Bank**" means (i) CSFB as Issuing Bank hereunder, together with its permitted successors and assigns in such capacity, and (ii) any other Lender or Affiliate of a Lender which, at the request of Company, agrees to become an Issuing Bank.

(e) The definition of "**Letter of Credit**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Letter of Credit**" means a commercial or standby letter of credit issued or to be issued by Issuing Bank pursuant to this Agreement.

(f) The definition of "**Loan**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Loan**" means a Tranche C Term Loan, a Revolving Loan, a Swing Line Loan and a New Term Loan.

(g) The definition of "**Note**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Note**" means a Tranche C Term Loan Note, a Revolving Loan Note or a Swing Line Note.

(h) The definition of "**Pro Rata Share**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Pro Rata Share**" means (i) with respect to all payments, computations and other matters relating to the Tranche C Term Loan of any Lender, the percentage obtained by dividing (a) the Tranche C Term Loan Exposure of that Lender by (b) the aggregate Tranche C Term Loan Exposure of all Lenders; (ii) with respect to all payments, computations and other matters relating to the Revolving Commitment or Revolving Loans of any Lender or any Letters of Credit issued or participations purchased therein by any Lender or any participations in any Swing Line Loans purchased by any Lender, the percentage obtained by dividing (a) the Revolving Exposure of that Lender by (b) the aggregate Revolving Exposure of all Lenders; and (iii) with respect to all payments, computations, and other matters relating to New Term Loan Commitments or New Term Loans of a particular Series, the percentage obtained by dividing (a) the New Term Loan Exposure of that Lender with respect to that Series by (b) the aggregate New Term Loan Exposure of all Lenders with respect to that Series. For all other purposes with respect to each Lender, "**Pro Rata Share**" means the percentage obtained by dividing (a) an amount equal to the sum of the Tranche C Term Loan Exposure, the Revolving Exposure and the New Term Loan Exposure of that Lender, by (b) an amount equal to the sum of the aggregate Tranche C Term Loan Exposure, the aggregate Revolving Exposure and the aggregate New Term Loan Exposure of all Lenders.

(i) The definition of "**Requisite Class Lenders**" contained in *Section 1.1*of the Credit Agreement is hereby deleted and replaced with the following:

"**Requisite Class Lenders**" means, at any time of determination, (i) for the Class of Lenders having Tranche C Term Loan Exposure, Lenders holding more than 50% of the aggregate Tranche C Term Loan Exposure of all Lenders; (ii) for the Class of Lenders having Revolving Exposure, Lenders holding more than 50% of the aggregate Revolving Exposure of all Lenders; and (iii) for each Class of Lenders having New Term Loan Exposure, Lenders holding more than 50% of the aggregate New Term Loan Exposure of that Class.

(j) The definition of "Requisite Lenders" contained in Section 1.1 of the Credit Agreement is hereby deleted and replaced with the following:

"**Requisite Lenders**" means one or more Lenders having or holding Tranche C Term Loan Exposure, New Term Loan Exposure and/or Revolving Exposure and representing more than 50% of the sum of (i) the aggregate Tranche C Term Loan Exposure of all Lenders,

(ii) the aggregate Revolving Exposure of all Lenders, and (iii) the aggregate New Term Loan Exposure of all Lenders.

(k) The definition of "**Term Loan**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Term Loan**" means a Tranche C Term Loan or a New Term Loan, as applicable.

(l) The definition of "**Term Loan Commitment**" contained in *Section 1.1* of the Credit Agreement is hereby deleted and replaced with the following:

"**Term Loan Commitment**" means the Tranche C Term Loan Commitment or the New Term Loan Commitment of a Lender, and "**Term Loan Commitments**" means such commitments of all Lenders.

(m) The definition of "**Term Loan Maturity Date**" contained in *Section 1.1*of the Credit Agreement is hereby deleted and replaced with the following:

"**Term Loan Maturity Date**" means the Tranche C Term Loan Maturity Date and the New Term Loan Maturity Date of any Series of New Term Loans, as applicable.

(n) The following definitions are hereby added to *Section 1.1* of the Credit Agreement in the appropriate alphabetical order:

"**Converted Term Loan**" as defined in *Section 2.1(c)*.

"**Existing Term Loans**" means the term loans outstanding under the Credit Agreement immediately prior to the effectiveness of the First Amendment.

"**First Amendment**" means that certain First Amendment to Credit and Guaranty Agreement, dated as of March 25, 2005, among Company, Holdings, the Guarantor Subsidiaries and Administrative Agent with the consent of Requisite Lenders.

"**First Amendment Effective Date**" means March 25, 2005.

"**Tranche C Term Loan**" as defined in *Section 2.1(a)*.

"**Tranche C Term Loan Commitment**" means the commitment of a Lender to make or otherwise fund a Tranche C Term Loan, and "**Tranche C Term Loan Commitments**" means such commitments of all Lenders in the aggregate. The amount of each Lender's Tranche C Term Loan Commitment, if any, is set forth on *Appendix A-1* or in the applicable Assignment Agreement, subject to any adjustment or reduction pursuant to the terms and conditions hereof. The aggregate amount of the Tranche C Term Loan Commitments as of the First Amendment Effective Date is $193,030,000.00.

"**Tranche C Term Loan Exposure**" means, with respect to any Lender, as of any date of determination, the outstanding principal amount of the Tranche C Term Loans of such Lender; *provided,* at any time prior to the making of the Tranche C Term Loans, the Tranche C Term Loan Exposure of any Lender shall be equal to such Lender's Tranche C Term Loan Commitment.

"**Tranche C Term Loan Maturity Date**" means the earlier of (i) the sixth anniversary of the Closing Date and (ii) the date that all Term Loans shall become due and payable in full hereunder, whether by acceleration or otherwise.

"**Tranche C Term Loan Note**" means a promissory note in the form of *Exhibit B-1*, as it may be amended, supplemented or otherwise modified from time to time.

(o) The definitions of "**Tranche B Term Loan**" "**Tranche B Term Loan Commitment**", "**Tranche B Term Loan Exposure**", "**Tranche B Term Loan Maturity Date**" and "**Tranche B Term Loan Note**" are hereby deleted from *Section 1.1* of the Credit Agreement.

Section 3. *Amendment to Section 2.1*. *Section 2.1* of the Credit Agreement is hereby deleted and replaced in its entirety with the following:

"**2.1 Tranche C Term Loans**

(a) *Tranche C Term Loan Commitments*. Subject to the terms and conditions hereof, each Lender with a Tranche C Term Loan Commitment severally agrees to make, or pursuant to *Section 2.1(c)*, elects to convert all or a portion of such Lender's Existing Term Loans into, a loan (each such loan or conversion, a "**Tranche C Term Loan**") on the First Amendment Effective Date to Company in an amount equal to such Lender's Tranche C Term Loan Commitment. Company may make only one borrowing under the Tranche C Term Loan Commitment which shall be on the First Amendment Effective Date. Any amount borrowed under this *Section 2.1(a)* and subsequently repaid or prepaid may not be reborrowed. Subject to *Sections 2.13(a)* and *2.14*, all amounts owed hereunder with respect to the Tranche C Term Loans shall be paid in full no later than the Tranche C Term Loan Maturity Date.

(b) *Borrowing Mechanics for Tranche C Term Loans*.

(i) Company shall deliver to Administrative Agent a fully executed Funding Notice no later than two Business Days prior to the First Amendment Effective Date. Promptly upon receipt by Administrative Agent of such Funding Notice, Administrative Agent shall notify each Lender of the proposed borrowing.

(ii) Each Lender shall make its Tranche C Term Loan (and not its Converted Term Loan), as the case may be, available to Administrative Agent not later than 10:00 a.m. (New York City time) on the First Amendment Effective Date, by wire transfer of same day funds in Dollars, at Administrative Agent's Principal Office. Upon satisfaction or waiver of the conditions precedent specified herein, Administrative Agent shall make the proceeds of the Tranche C Term Loans available to Company on the First Amendment Effective Date by causing an amount of same day funds in Dollars equal to the proceeds of all such Loans received by Administrative Agent from Lenders to be credited to the account of Company at Administrative Agent's Principal Office or to such other account as may be designated in writing to Administrative Agent by Company.

(c) *Conversion of Existing Term Loans*. In connection with the making of the Tranche C Term Loans pursuant to *Section 2.1(a)*, by delivering written notice to Administrative Agent, any holder of Existing Term Loans who has agreed to make a Tranche C Term Loan hereunder may elect to make all or any portion of its Tranche C Term Loans requested by Company to be made on the First Amendment Effective Date by converting all or a portion of the outstanding principal amount of the Existing Term Loans held by such Lender into Tranche C Term Loans hereunder in a principal amount equal to the amount of Existing Term Loans so converted (each such Existing Term Loan, to the extent it is to be converted, a "**Converted Term Loan**"). On the First Amendment Effective Date, the Converted Term Loans shall be converted for all purposes of this Agreement into Tranche C Term Loans, and Administrative Agent shall record in the Register the aggregate amounts of Converted Term Loans converted into Tranche C Term Loans. Any written notice to Administrative Agent delivered by the applicable Lender pursuant to this *Section 2.1(c)* shall specify the amount of such Lender's Converted Term Loans."

Section 4. *Amendment to Section 2.4(a)*. *Section 2.4(a)* of the Credit Agreement is hereby amended by deleting the last sentence thereof.

Section 5. *Amendment to Section 2.4(e)*. *Section 2.4(e)* of the Credit Agreement is hereby amended by deleting the first sentence thereof and replacing such sentence with the following:

"Immediately upon the issuance of each Letter of Credit, each Lender having a Revolving Commitment shall be deemed to have purchased, and hereby agrees to irrevocably purchase, from Issuing Bank a participation in such Letter of Credit and any drawings honored thereunder in an amount equal to such Lender's Pro Rata Share (with respect to the Revolving Commitments) of the maximum amount which is or at any time may become available to be drawn thereunder."

Section 6. *Amendment to Section 2.6*. *Section 2.6* of the Credit Agreement is hereby amended by inserting the following sentence immediately following the first sentence of such *Section 2.6*:

"The proceeds of the Tranche C Term Loans made on the Closing Date shall be applied by Company to repay Existing Term Loans in full on the First Amendment Effective Date."

Section 7. *Amendment to Section 2.7(c)*. *Section 2.7(c)* of the Credit Agreement is hereby amended by replacing the reference to "Tranche B Term Loan" contained therein and with a reference to "Tranche C Term Loan".

Section 8. *Amendment to Section 2.8(a)*. *Section 2.8(a)* of the Credit Agreement is hereby amended by deleting clause (iii) contained therein and replacing such clause with the following:

"(iii) in the case of Tranche C Term Loans:

(a) if a Base Rate Loan, at the Base Rate *plus* 1.25% per annum; or

(b) if a Eurodollar Rate Loan, at the Adjusted Eurodollar Rate *plus* 2.25% per annum."

Section 9. *Amendment to Section 2.8(b)*. The first sentence of *Section 2.8(b)* of the Credit Agreement is hereby deleted and replaced in its entirety with the following:

"The basis for determining the rate of interest with respect to any Loan (except a Swing Line Loan which can be made and maintained as Base Rate Loans only), and the Interest Period with respect to any Eurodollar Rate Loan, shall be selected by Company and notified to Administrative Agent and Lenders pursuant to the applicable Funding Notice or Conversion/Continuation Notice, as the case may be."

Section 10. *Amendment to Section 2.12*. *Section 2.12* of the Credit Agreement is hereby deleted and replaced in its entirety with the following:

"The principal amounts of the Tranche C Term Loans shall be repaid in consecutive quarterly installments (each, an "**Installment**") in the aggregate amounts set forth below on the last day of each calendar quarter (each, an "**Installment Date**"), commencing March 31, 2005:

Installment Date		Installment
March 31, 2005	$	485,000.00
June 30, 2005	$	485,000.00
September 30, 2005	$	485,000.00
December 31, 2005	$	485,000.00
March 31, 2006	$	485,000.00
June 30, 2006	$	485,000.00
September 30, 2006	$	485,000.00
December 31, 2006	$	485,000.00
March 31, 2007	$	485,000.00
June 30, 2007	$	485,000.00
September 30, 2007	$	485,000.00
December 31, 2007	$	485,000.00
March 31, 2008	$	485,000.00
June 30, 2008	$	485,000.00
September 30, 2008	$	485,000.00
December 31, 2008	$	485,000.00
March 31, 2009	$	485,000.00
June 30, 2009	$	485,000.00
Tranche C Term Loan Maturity Date	$	184,300,000.00

Notwithstanding the foregoing, (x) such Installments shall be reduced in connection with any voluntary or mandatory prepayments of the Tranche C Term Loans in accordance with *Sections 2.13*, *2.14* and *2.15*, as applicable; and (y) the Tranche C Term Loans, together with all other amounts owed hereunder with respect thereto, shall, in any event, be paid in full no later than the Tranche C Term Loan Maturity Date."

Section 11. *Amendments to Section 2.13*.

(a) *Section 2.13(a)* of the Credit Agreement is hereby amended by adding the following after the last sentence of such *Section 2.13(a)*:

"Any such voluntary prepayment shall be made without premium or penalty, except as set forth in *Section 2.13(c)* and subject to the provisions of *Section 2.18(c)*."

(b) *Section 2.13* of the Credit Agreement is hereby amended by adding the following after the last sentence of such *Section 2.13*:

"(c) *Tranche C Term Loan Call Protection*. In the event that the Tranche C Term Loans are prepaid in whole or in part in connection with a transaction involving any change in interest rate margins applicable to the Term Loans (other than in connection with and upon or following the consummation of an IPO) prior to the date falling twelve (12) months after the First Amendment Effective Date, Company shall pay to Lenders having Tranche C Term Loan Exposure a prepayment premium of 1.00% on the amount so prepaid."

Section 12. *Amendments to Section 2.16*.

(a) *Section 2.16(a)* of the Credit Agreement is hereby amended by inserting a reference to "premium," after the reference to "interest," contained therein.

(b) *Section 2.16(b)* of the Credit Agreement is hereby amended by inserting a reference to "and premium, if any is due," after the reference to "payment of accrued interest" contained therein.

(c) *Section 2.16(c)* of the Credit Agreement is hereby amended by inserting replacing the reference to "principal and interest" contained therein with a reference to "principal, interest and any premium".

(d) *Section 2.16(f)* of the Credit Agreement is hereby amended by inserting a reference to "premium," after the reference to "interest," contained therein.

Section 13. *Amendment to Section 2.23*. *Section 2.23* of the Credit Agreement is hereby amended by replacing clause (A) contained therein with the following:

"(A) an amount equal to the principal of, and all accrued interest and premium (if any) on, all outstanding Loans of the Terminated Lender,"

Section 14. *Amendment to Section 2.24*. *Section 2.24* of the Credit Agreement is hereby amended by: (a) replacing the reference to "Tranche B Term Loan Maturity Date" contained in the first sentence therein with a reference to "Tranche C Term Loan Maturity Date"; (b) replacing the reference to "$40.0 million" contained in the first sentence therein with a reference to "$50.0 million"; and (c) replacing each reference to "Tranche B Term Loans" contained in such *Section 2.24* with a reference to "Tranche C Term Loans".

Section 15. *Addition of Section 5.16*. The following new *Section 5.16* to the Credit Agreement is hereby added to the Credit Agreement immediately following *Section 5.15* thereof:

"*Section 5.16. Conditions Subsequent Relating to Real Estate Assets.* Within thirty (30) days after the date of the First Amendment (which time period may be extended in the sole discretion of Administrative Agent), Company shall, and/or shall cause the applicable Guarantor to, furnish to Administrative Agent:

(a) evidence that a mortgage amendment (a **"Mortgage Amendment"**), with respect to each Mortgage encumbering a Closing Date Mortgaged Property or a Post-Closing Mortgaged Leasehold Property, has been duly executed, acknowledged and delivered by a duly authorized officer of each party thereto on or before such date and are in form suitable for filing and recording in all filing or recording offices that Administrative Agent may reasonably deem necessary or desirable (each such Mortgage Amendment shall confirm that the Mortgage being amended thereby continues to secure all of the Obligations under the Credit Agreement, as amended by the First Amendment, and shall otherwise be in form and substance reasonably acceptable to Administrative Agent);

(b) with respect to each Title Policy issued in connection with the Mortgages encumbering the Closing Date Mortgaged Properties and the Post-Closing Mortgaged Leasehold Properties, an endorsement (a **"Date Down Endorsement"**) (i) insuring the Lien of the applicable Mortgage, as amended by the Mortgage Amendment, against the applicable Real Estate Asset, (ii) bringing forward the effective date of the coverage of such Title Policy to the date of recordation of the applicable Mortgage Amendment and (iii) showing no new exceptions to coverage under such Title Policy unless the same are Permitted Liens; and

(c) evidence that all expenses have been paid in connection with the preparation, execution, filing and recordation of the Mortgage Amendments, the issuance of the Date Down

Endorsements and the other matters described in this *Section 5.16*, including, without limitation, attorneys' fees, filing and recording fees, title insurance company fees and premiums and documentary stamp, mortgage and intangible taxes.

Administrative Agent may waive any one or more of the requirements set forth in this *Section 5.16* with respect to any applicable Real Estate Assets if Administrative Agent determines, in its reasonable discretion, that the cost of any mortgage recording or intangibles, documentary or similar tax that is expected to be incurred in connection with the recordation of the applicable Mortgage Amendment(s) plus the cost of any date down endorsement is substantially higher than the cost of such items in other jurisdictions and that the waiver of such requirement will not materially affect the value of the Collateral as a whole. Administrative Agent and Collateral Agent are authorized by the Lenders to enter into the Mortgage Amendments.'

Section 16. *Amendment to Section 6.7*. *Section 6.7* of the Credit Agreement is hereby amended by deleting clause (l) thereof and replacing such clause with the following:

"(l) other Investments, including, but not limited to, Investments constituting Permitted Acquisitions, Investments in, or loans or Investments to or expenditures relating to, joint ventures or other Persons engaged primarily in one or more businesses in which Company and its Subsidiaries are engaged or any related or ancillary business; *provided* that (i) the aggregate amount of Investments permitted pursuant to this *Section 6.7(l)*shall in no event exceed $100.0 million at any one time outstanding and (ii) after giving effect to each Investment hereunder, Company and its Subsidiaries shall be in *pro forma* compliance with the financial covenant set forth in *Section 6.8(c)* of this Agreement (*provided* that, for purposes of determining compliance with this clause (ii), such financial covenant shall be deemed to be 25 basis points more restrictive to Company and its Subsidiaries than the applicable ratio set forth in such *Section 6.8(c)*); and"

Section 17. *Amendment to Section 10.6*. *Section 10.6(c)* of the Credit Agreement is hereby amended by replacing the reference to "Tranche B Term Loan" contained in clause (ii) thereof with a reference to "Tranche C Term Loan".

Section 18. *Deletion of Schedule 1.1*. *Schedule 1.1* to the Credit Agreement is hereby deleted.

Section 19. *Replacement of Appendix and Exhibit*. *Appendix A-1* and *Exhibit B-1* to the Credit Agreement are hereby deleted and replaced with *Appendix A-1* and *Exhibit B-1* attached hereto.

Section 20. *Extension of Time Period for German Subsidiary Stock Pledge*. Notwithstanding *Section 4.4.1(b)* of the Pledge and Security Agreement, it is hereby agreed that the Credit Parties shall not be required to deliver evidence of the pledge under German law of 65% of the equity interests in UTISFM Feinmechanik GmbH, a German limited liability company, until the date that is the earlier of (A) the second anniversary of the Closing Date and (B) 60 days after a determination by the Credit Parties not to actively pursue the sale of UTISFM Feinmechanik GmbH or substantially all its assets.

Section 21. *Conditions Precedent*. This Amendment shall become effective on the date upon which Administrative Agent shall have received: (i) this Amendment, executed by Company, Holdings and each Guarantor Subsidiary; (ii) executed Lender Consents, substantially in the form attached hereto as *Annex I* ("**Lender Consents**"), from the Requisite Lenders; (iii) executed copies of the favorable written opinions of each of Hogan & Hartson LLP, counsel for Credit Parties, and such other local counsel for Credit Parties as Administrative Agent may reasonably request, in each case covering such matters as Administrative Agent may reasonably request, in form and substance reasonably satisfactory to Administrative Agent (and each Credit Party hereby instructs such counsel to deliver such opinions to Administrative Agent and Lenders); (iv) a notice of prepayment pursuant to *Section 2.13* of the Credit Agreement, regarding the prepayment in full of the Existing Term Loans on the First Amendment Effective Date; (v) payment of all reasonable expenses of Administrative Agent for which invoices have

been presented (including the invoices of Skadden, Arps, Slate, Meagher & Flom LLP); and (vi) such other documents, agreements, UCC financing statements, resolutions, certificates and information as Administrative Agent shall reasonably request.

Section 22. *Representations and Warranties*. Company hereby represents and warrants to Administrative Agent and the Lenders that, as of the date hereof and after giving effect to this Amendment:

(a) all representations and warranties set forth in the Credit Agreement and in each other Credit Document are true and correct in all material respects as if made again on and as of such date (except those, if any, which by their terms specifically relate only to an earlier date, in which case such representations and warranties are true and correct in all material respects as of such earlier date);

(b) no Default or Event of Default has occurred and is continuing;

(c) each of the Credit Parties has all corporate power and authority to enter into this Amendment and to carry out the transactions contemplated by, and to perform its obligations under, this Amendment and the Credit Agreement as amended hereby, as applicable;

(d) the execution and delivery of this Amendment and the performance of this Amendment and the Credit Agreement as amended hereby have been duly authorized by all necessary corporate or other action on the part of each of the Credit Parties party thereto;

(e) the Credit Agreement (as amended by this Amendment) and all other Credit Documents are and remain legal, valid, binding and enforceable obligations in accordance with the terms thereof, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally or by general equitable principles; and

(f) the execution and delivery of this Amendment and the performance of this Amendment and the Credit Agreement as amended hereby do not and will not conflict with or violate (i) any provision of any law or any governmental rule or regulation applicable to Holdings or any of its Subsidiaries, (ii) any of the Organizational Documents of Holdings or any of its Subsidiaries, (iii) any order, judgment or decree of any court or other agency of government binding on Holdings or any of its Subsidiaries, or (iv) any material indenture, agreement or instrument to which any of the Credit Parties is a party or by which it is bound, or require any consent or approval of any Person.

Section 23. *Confirmation; Security Interests*. Each of the undersigned Credit Parties hereby acknowledges that it has reviewed the terms and provisions of this Amendment and consents to the amendments and modifications to the Credit Agreement effected thereby. Each of the undersigned Credit Parties hereby (a) confirms and continues the pledge and security interest in the Collateral granted by it pursuant to the Pledge and Security Agreement, (b) acknowledges and agrees that the pledge and security interest in the Collateral granted by it pursuant to the Pledge and Security Agreement shall be in favor of the Collateral Agent and shall continue to secure the Secured Obligations, including but not limited to the Tranche C Term Loans, (c) pledges and grants to the Collateral Agent, for the benefit of the Secured Parties, a lien on and security interest in and to all of the right, title and interest of such Grantor in, to and under the Collateral to secure the payment and performance in full of all the Secured Obligations and (d) except in the case of Company, confirms and agrees that it is bound by the Credit Agreement as a guarantor thereunder, by virtue of its having been an original signatory thereto, a successor to such an original signatory or a signatory to a supplement thereto. The Pledge and Security Agreement and the other Collateral Documents are and shall continue to be in full force and effect and are hereby in all respects ratified and confirmed by each of the undersigned Credit Parties. Without limiting the generality of the foregoing, the Collateral

Documents and all of the Collateral described therein do and shall continue to secure the payment of all Secured Obligations under and as defined therein. Each of the undersigned Credit Parties hereby further agrees that (i) the Tranche C Term Loans made to the Company by the applicable Lenders and all Obligations owing to such Lenders shall be subject to and shall benefit from all of the provisions of the Credit Agreement, including without limitation Section 7 thereunder, and the other Credit Documents applicable to the Tranche C Term Loans and the other Loans, and (ii) the Lenders providing Tranche C Term Loans are "Secured Parties" under the Pledge and Security Agreement.

Section 24. *Reference to Agreement*. Each of the Credit Documents, including the Credit Agreement, and any and all other agreements, documents or instruments now or hereafter executed and/or delivered pursuant to the terms hereof or pursuant to the terms of the Credit Agreement as amended hereby, are hereby amended so that any reference in such Credit Documents to the Credit Agreement, whether direct or indirect, shall mean a reference to the Credit Agreement as amended hereby. This Amendment shall constitute a Credit Document under the Credit Agreement.

Section 25. *Costs and Expenses*. Company shall pay on demand all reasonable costs and expenses of Administrative Agent (including the reasonable fees, costs and expenses of counsel to Administrative Agent) incurred in connection with the preparation, execution and delivery of this Amendment.

Section 26. *Governing Law*. **THIS AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.**

Section 27. *Execution*. This Amendment may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart of a signature page to this Amendment by telecopier shall be effective as delivery of a manually executed counterpart of this Amendment.

Section 28. *Severability*. Any provision of this Amendment held to be invalid, illegal, ineffective or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality, ineffectiveness or unenforceability without affecting the validity, legality, effectiveness and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

Section 29. *Limited Effect*. This Amendment relates only to the specific matters expressly covered herein, shall not be considered to be a waiver of any rights or remedies any Lender may have under the Credit Agreement or under any other Credit Document, and shall not be considered to create a course of dealing or to otherwise obligate in any respect any Lender to execute similar or other amendments under the same or similar or other circumstances in the future. Except as expressly amended hereby, the Credit Agreement shall remain in full force and effect, and is hereby ratified and confirmed.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by their respective officers thereunto duly authorized, as of the date first above written.

MEDICAL DEVICE MANUFACTURING, INC.,
a Colorado corporation

By: /s/ STEWART A. FISHER

Name: Stewart A. Fisher
Title: Chief Financial Officer, Vice President, Treasurer and Secretary

ACCELLENT INC.,
a Maryland corporation

By: /s/ STEWART A. FISHER

Name: Stewart A. Fisher
Title: Chief Financial Officer, Vice President, Treasurer and Secretary

AMERICAN TECHNICAL MOLDING, INC.,
a California corporation
BRIMFIELD ACQUISITION CORP.,
a Delaware corporation
BRIMFIELD PRECISION, LLC,
a Delaware limited liability company
CYCAM, INC.,
a Pennsylvania corporation
ELX, INC.,
a Pennsylvania corporation
G&D, INC.,
a Colorado corporation
HAYDEN PRECISION INDUSTRIES, LLC,
a Delaware limited liability company
KELCO ACQUISITION, LLC,
a Delaware limited liability company
MEDSOURCE TECHNOLOGIES, INC.,
a Delaware corporation
MEDSOURCE TECHNOLOGIES, LLC,
a Delaware limited liability company
MEDSOURCE TECHNOLOGIES NEWTON, INC.,
a Delaware corporation
MEDSOURCE TECHNOLOGIES PITTSBURGH, INC.,
a Delaware corporation
MEDSOURCE TRENTON, INC.,
a Delaware corporation
MICRO-GUIDE, INC.,
a California corporation
NATIONAL WIRE & STAMPING, INC.,
a Colorado corporation
NOBLE-MET, LTD.,
a Virginia corporation
PORTLYN, LLC,
a Delaware limited liability company
SPECTRUM MANUFACTURING, INC.,
a Nevada corporation
TENAX, LLC,
a Delaware limited liability company
TEXCEL, INC.,
a Massachusetts corporation
THERMAT ACQUISITION CORP.,
a Delaware corporation
UTI CORPORATION,
a Pennsylvania corporation
UTI HOLDING COMPANY,
a Delaware corporation
VENUSA, LTD.,
a New York corporation

By: /s/ STEWART A. FISHER

Name: Stewart A. Fisher
Title: Chief Financial Officer, Vice President, Treasurer and Secretary

CREDIT SUISSE FIRST BOSTON,
acting through its Cayman Islands Branch,
as Administrative Agent

By: /s/ JAMES MORAN

Name: James Moran
Title: Managing Director

By: /s/ DENISE L. ALVAREZ

Name: Denise L. Alvarez
Title: Associate

Annex I

LENDER CONSENT

March , 2005

Reference is made to that certain Credit and Guaranty Agreement, dated as of June 30, 2004, among Medical Device Manufacturing, Inc., Accellent Inc. (formerly UTI Corporation), the Guarantor Subsidiaries party thereto, the Lenders party thereto, and Credit Suisse First Boston, acting through its Cayman Islands Branch, as administrative agent, collateral agent, sole lead arranger and sole book runner (the "**Credit Agreement**"; the terms defined therein being used herein as therein defined).

The undersigned, as a Lender, hereby consents to the First Amendment to Credit and Guaranty Agreement (the "**Amendment**") in the form delivered to the undersigned Lender on or prior to the date hereof.

Pursuant to Section 10.5 of the Credit Agreement, the undersigned Lender hereby (i) consents to the execution by Credit Suisse First Boston, acting through its Cayman Islands Branch, as Administrative Agent, of the Amendment, and, (ii) if the undersigned Lender holds any Existing Term Loans, elects to convert all of the outstanding principal amount of the Existing Term Loans held by such undersigned Lender into Tranche C Term Loans.

(Name of Lender)

By:

Name:
Title:

APPENDIX A-1
TO CREDIT AND GUARANTY AGREEMENT

Tranche C Term Loan Commitments

[*on file with Administrative Agent*]

Lender		Tranche C Term Loan Commitment	Pro Rata Share
	$		%
	$		%
	$		%
	$		%
Total	$	193,030,000.00	100.00%

EXHIBIT B-1 TO
CREDIT AND GUARANTY AGREEMENT

TRANCHE C TERM LOAN NOTE

$[1]**[, ,]**
[2]**[mm/dd/yy]**

FOR VALUE RECEIVED, **MEDICAL DEVICE MANUFACTURING, INC.**, a Colorado corporation ("**Company**"), promises to pay **[NAME OF LENDER]** ("**Payee**") or its registered assigns the principal amount of [1]**[DOLLARS]**($[1]**[, ,]**) in the installments referred to below.

Company also promises to pay interest on the unpaid principal amount hereof, from the date hereof until paid in full, at the rates and at the times which shall be determined in accordance with the provisions of that certain Credit and Guaranty Agreement, dated as of June 30, 2004 (as it may be amended, restated, amended and restated, supplemented or otherwise modified, the "**Credit Agreement**"; the terms defined therein and not otherwise defined herein being used herein as therein defined), by and among Company, **ACCELLENT INC.** (formerly UTI Corporation), certain Subsidiaries of Company, as Guarantors, the Lenders party thereto from time to time, **CREDIT SUISSE FIRST BOSTON, acting through its Cayman Islands Branch**, as Lead Arranger, Administrative Agent and Collateral Agent, **WACHOVIA BANK, NATIONAL ASSOCIATION**, as Syndication Agent, and **ANTARES CAPITAL CORPORATION** and **NATIONAL CITY BANK**, as Co-Documentation Agents.

Company shall make principal payments on this Note as set forth in Section 2.12 of the Credit Agreement.

This Note is one of the "Tranche C Term Loan Notes" in the aggregate principal amount of $193,030,000.00 and is issued pursuant to and entitled to the benefits of the Credit Agreement, to which reference is hereby made for a more complete statement of the terms and conditions under which the Tranche C Term Loan evidenced hereby was made and is to be repaid.

All payments of principal and interest in respect of this Note shall be made in lawful money of the United States of America in same day funds at the Principal Office of Administrative Agent or at such other place as shall be designated in writing for such purpose in accordance with the terms of the Credit Agreement. Unless and until an Assignment Agreement effecting the assignment or transfer of the obligations evidenced hereby shall have been accepted by Administrative Agent and recorded in the Register, Company, each Agent and Lenders shall be entitled to deem and treat Payee as the owner and holder of this Note and the obligations evidenced hereby. Payee hereby agrees, by its acceptance hereof, that before disposing of this Note or any part hereof it will make a notation hereon of all principal payments previously made hereunder and of the date to which interest hereon has been paid; provided, the failure to make a notation of any payment made on this Note shall not limit or otherwise affect the obligations of Company hereunder with respect to payments of principal of or interest on this Note.

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[1] Lender's Tranche C Term Loan Commitment

[2] Date of Issuance

This Note is subject to mandatory prepayment and to prepayment at the option of Company, each as provided in the Credit Agreement.

THIS NOTE AND THE RIGHTS AND OBLIGATIONS OF COMPANY AND PAYEE HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

Upon the occurrence of an Event of Default, the unpaid balance of the principal amount of this Note, together with all accrued and unpaid interest thereon, may become, or may be declared to be, due and payable in the manner, upon the conditions and with the effect provided in the Credit Agreement.

The terms of this Note are subject to amendment only in the manner provided in the Credit Agreement.

No reference herein to the Credit Agreement and no provision of this Note or the Credit Agreement shall alter or impair the obligations of Company, which are absolute and unconditional, to pay the principal of and interest on this Note at the place, at the respective times, and in the currency herein prescribed.

Company promises to pay all costs and expenses, including reasonable attorneys' fees, all as provided in the Credit Agreement, incurred in the collection and enforcement of this Note. Company and any endorsers of this Note hereby consent to renewals and extensions of time at or after the maturity hereof, without notice, and hereby waive diligence, presentment, protest, demand notice of every kind and, to the full extent permitted by law, the right to plead any statute of limitations as a defense to any demand hereunder.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, Company has caused this Note to be duly executed and delivered by its officer thereunto duly authorized as of the date and at the place first written above.

MEDICAL DEVICE MANUFACTURING, INC.

By: _____

Name:
Title:

QuickLinks

Exhibit 10.1

MDMI HOLDINGS, INC.

2000 STOCK OPTION AND INCENTIVE PLAN

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FIRST AMENDMENT TO MDMI HOLDINGS, INC. 2000 STOCK OPTION AND INCENTIVE PLAN

Effective August 12, 2000 and subject to approval by the Plan by the stockholders, Section 4 of the MDMI Holdings, Inc. 2000 Stock Option and Incentive Plan shall read as follows:

Subject to adjustment as provided in **Section 18** hereof, the number of shares of Stock available for issuance under the Plan shall be SIX HUNDRED FORTY THOUSAND FIFTY-SIX (640,056). Stock issued or to be issued under the Plan shall be authorized but unissued shares. If any shares covered by a Grant are not purchased or are forfeited, or if a Grant otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Grant shall, to the extent of any such forfeiture or termination, again be available for making Grants under the Plan.

SECOND AMENDMENT TO MDMI HOLDINGS, INC. 2000 STOCK OPTION AND INCENTIVE PLAN

Effective December 6, 2000 and subject to approval by the Plan by the stockholders, Section 4 of the MDMI Holdings, Inc. 2000 Stock Option and Incentive Plan shall read as follows:

Subject to adjustment as provided in **Section 18** hereof, the number of shares of Stock available for issuance under the Plan shall be EIGHT HUNDRED FORTY THOUSAND (840,000). Stock issued or to be issued under the Plan shall be authorized but unissued shares. If any shares covered by a Grant are not purchased or are forfeited, or if a Grant otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Grant shall, to the extent of any such forfeiture or termination, again be available for making Grants under the Plan.

MDMI HOLDINGS, INC.
2000 STOCK OPTION AND INCENTIVE PLAN

MDMI Holdings, Inc., a Colorado corporation (the "Company"), sets forth herein the terms of its 2000 Stock Option and Incentive Plan (the "Plan") as follows:

1. PURPOSE

The Plan is intended to enhance the Company's and its affiliates' (as defined herein) ability to attract and retain highly qualified officers, directors, key employees, and other persons, and to motivate such officers, directors, key employees, and other persons to serve the Company and its affiliates and to expend maximum effort to improve the business results and earnings of the Company, by providing to such officers, key employees and other persons an opportunity to acquire or increase a direct proprietary interest in the operations and future success of the Company. To this end, the Plan provides for the grant of stock options, restricted stock and restricted stock units in accordance with the terms hereof. Stock options granted under the Plan may be non-qualified stock options or incentive stock options, as provided herein.

2. DEFINITIONS

For purposes of interpreting the Plan and related documents (including Award Agreements), the following definitions shall apply:

2.1 "affiliate" of, or person "affiliated" with, a person means any company or other trade or business that controls, is controlled by or is under common control with such person within the meaning of Rule 405 of Regulation C under the Securities Act, including, without limitation, any Subsidiary.

2.2 "Award Agreement" means the stock option agreement, restricted stock agreement, restricted stock unit agreement or other written agreement between the Company and a Grantee that evidences and sets out the terms and conditions of a Grant.

2.3 "Benefit Arrangement" shall have the meaning set forth in **Section 15** hereof.

2.4 "Board" means the Board of Directors of the Company.

2.5 "Change of Control" means (i) the dissolution or liquidation of the Company or a merger, consolidation, or reorganization of the Company with one or more other entities in which the Company is not the surviving entity, (ii) a sale of substantially all of the assets of the Company to another entity, or (iii) any transaction (including without limitation a merger or reorganization in which the Company is the surviving entity) which results in any person or entity (other than persons who are shareholders or affiliates of the Company at the time the Plan is approved by the Company's shareholders) owning 80% or more of the combined voting power of all classes of stock of the Company.

2.6 "Code" means the Internal Revenue Code of 1986, as now in effect or as hereafter amended.

2.7 "Committee" means a committee of, and designated from time to time by resolution of, the Board, which shall consist of no fewer than two members of the Board, none of whom shall be an officer or other salaried employee of the Company or any affiliate of the Company.

2.8 "Company" means MDMI Holdings, Inc.

2.9 "Effective Date" means February 3, 2000, the date the Plan is approved by the Board.

2.10 "Exchange Act" means the Securities Exchange Act of 1934, as now in effect or as hereafter amended.

2.11 "Fair Market Value" means the value of a share of Stock, determined as follows: if on the Grant Date or other determination date the Stock is listed on an established national or regional stock exchange, is admitted to quotation on The Nasdaq Stock Market, Inc., or is publicly traded on an established securities market, the Fair Market Value of a share of Stock shall be the closing price of the Stock on such exchange or in such market (the highest such closing price if there is more than one such exchange or market) on the Grant Date or such other determination date (or if there is no such reported closing price, the Fair Market Value shall be the mean between the highest bid and lowest asked prices or between the high and low sale prices on such trading day) or, if no sale of Stock is reported for such trading day, on the next preceding day on which any sale shall have been reported. If the Stock is not listed on such an exchange, quoted on such system or traded on such a market, Fair Market Value shall be the value of the Stock as determined by the Board in good faith.

2.12 "Family Member" means a person who is a spouse, child, stepchild, grandchild, parent, stepparent, grandparent, niece, nephew, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, of the Grantee, any person sharing the Grantee's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Grantee) control the management of assets, and any other entity in which these persons (or the Grantee) own more than fifty percent of the voting interests.

2.13 "Grant" means an award of an Option, Restricted Stock or Restricted Stock Units under the Plan.

2.14 "Grant Date" means, as determined by the Board or authorized Committee, (1) the date as of which the Board or such Committee approves a Grant, (ii) the date on which the recipient of a Grant first becomes eligible to receive a Grant under **Section 6** hereof, or (iii) such other date as may be specified by the Board or such Committee.

2.15 "Grantee" means a person who receives or holds an Option, Restricted Stock or Restricted Stock Units under the Plan.

2.16 "Incentive Stock Option" means an "incentive stock option" within the meaning of Section 422 of the Code, or the corresponding provision of any subsequently enacted tax statute, as amended from time to time.

2.17 "Option" means an option to purchase one or more shares of Stock pursuant to the Plan.

2.18 "Option Period" means the period during which Options may be exercised as set forth in **Section 10** hereof.

2.19 "Option Price" means the purchase price for each share of Stock subject to an Option.

2.20 "Other Agreement" shall have the meaning set forth in **Section 15** hereof.

2.21 "Plan" means this MDMI Holdings, Inc. 2000 Stock Option and Incentive Plan.

2.22 "Reporting Person" means a person who is required to file reports under Section 16(a) of the Exchange Act.

2.23 "Restricted Period" means the period during which Restricted Stock or Restricted Stock Units are subject to restrictions or conditions pursuant to **Section 12.2** hereof.

2.24 "Restricted Stock" means shares of Stock, awarded to a Grantee pursuant to **Section 12** hereof, that are subject to restrictions and to a risk of forfeiture.

2.25 "Restricted Stock Unit" means a unit awarded to a Grantee pursuant to **Section 12** hereof, which represents a conditional right to receive a share of Stock in the future, and which is subject to restrictions and to a risk of forfeiture.

2.26 "Securities Act" means the Securities Act of 1933, as now in effect or as hereafter amended.

2.27 "Service Provider" means a director, consultant or adviser to the Company or an affiliate, a manager of the Company's or an affiliate's properties or affairs, or other similar service provider or affiliate of the Company, and employees of any of the foregoing, as such persons may be designated from time to time by the Board pursuant to **Section 6** hereof.

2.28 "Stock" means the common stock, $.01 par value per share, of the Company.

2.29 "Subsidiary" means any "subsidiary corporation" of the Company within the meaning of Section 424(f) of the Code.

2.30 "Termination Date" means the date upon which an Option shall terminate or expire, as set forth in **Section 10.2** hereof.

3. ADMINISTRATION OF THE PLAN

3.1. Board.

The Board shall have such powers and authorities related to the administration of the Plan as are consistent with the Company's certificate of incorporation and by-laws and applicable law. The Board shall have full power and authority to take all actions and to make all determinations required or provided for under the Plan, any Grant or any Award Agreement, and shall have full power and authority to take all such other actions and make all such other determinations not inconsistent with the specific terms and provisions of the Plan that the Board deems to be necessary or appropriate to the administration of the Plan, any Grant or any Award Agreement. All such actions and determinations shall be by the affirmative vote of a majority of the members of the Board present at a meeting or by unanimous consent of the Board executed in writing in accordance with the Company's certificate of incorporation and by-laws and applicable law. The interpretation and construction by the Board of any provision of the Plan, any Grant or any Award Agreement shall be final and conclusive. As permitted by law, the Board may delegate its authority under the Plan to a member of the Board or an executive officer of the Company who is a member of the Board.

3.2. Committee.

The Board from time to time may delegate to a Committee such powers and authorities related to the administration and implementation of the Plan, as set forth in **Section 3.1** above and in other applicable provisions, as the Board shall determine, consistent with the certificate of incorporation and by-laws of the Company and applicable law. In the event that the Plan, any Grant or any Award Agreement entered into hereunder provides for any action to be taken by or determination to be made by the Board, such action may be taken by or such determination may be made by the Committee if the power and authority to do so has been delegated to the Committee by the Board as provided for in this Section. Unless otherwise expressly determined by the Board, any such action or determination by the Committee shall be final, binding and conclusive. As permitted by law, the Committee may delegate its authority under the Plan to a member of the Board or an executive officer of the Company who is a member of the Board.

3.3. Grants.

Subject to the other terms and conditions of the Plan, the Board shall have full and final authority (i) to designate Grantees, (ii) to determine the type or types of Grant to be made to a Grantee, (iii) to determine the number of shares of Stock to be subject to a Grant, (iv) to establish the terms and conditions of each Grant (including, but not limited to, the exercise price of any Option, the nature and duration of any restriction or condition (or provision for lapse thereof) relating to the vesting, exercise, transfer, or forfeiture of a Grant or the shares of Stock subject thereto, and any terms or conditions that may be necessary to qualify Options as Incentive Stock Options), (v) to prescribe the

form of each Award Agreement evidencing a Grant, and (vi) to amend, modify, or supplement the terms of any outstanding Grant. Such authority specifically includes the authority, in order to effectuate the purposes of the Plan but without amending the Plan, to modify Grants to eligible individuals who are foreign nationals or are individuals who are employed outside the United States to recognize differences in local law, tax policy, or custom. As a condition to any Grant, the Board shall have the right, at its discretion, to require Grantees to return to the Company Grants previously awarded under the Plan. Subject to the terms and conditions of the Plan, any such subsequent Grant shall be upon such terms and conditions as are specified by the Board at the time the new Grant is made. The Company may retain the right in an Award Agreement to cause a forfeiture of the gain realized by a Grantee on account of actions taken by the Grantee in violation or breach of or in conflict with any non-competition agreement, any agreement prohibiting solicitation of employees or clients of the Company or any affiliate thereof or any confidentiality obligation with respect to the Company or any affiliate thereof or otherwise in competition with the Company, to the extent specified in such Award Agreement applicable to the Grantee. Furthermore, the Company may annul a Grant if the Grantee is an employee of the Company or an affiliate thereof and is terminated "for cause" as defined in the applicable Award Agreement. The Board may permit or require the deferral of any award payment, subject to such rules and procedures as it may establish, which may include provisions for the payment or crediting of interest or dividend equivalents, including converting such credits into deferred Stock equivalents.

3.4. No Liability.

No member of the Board or of the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Grant or Award Agreement.

4. STOCK SUBJECT TO THE PLAN

Subject to adjustment as provided in **Section 18** hereof, the number of shares of Stock available for issuance under the Plan shall be SIX HUNDRED THOUSAND (600,000). Stock issued or to be issued under the Plan shall be authorized but unissued shares. If any shares covered by a Grant are not purchased or are forfeited, or if a Grant otherwise terminates without delivery of any Stock subject thereto, then the number of shares of Stock counted against the aggregate number of shares available under the Plan with respect to such Grant shall, to the extent of any such forfeiture or termination, again be available for making Grants under the Plan.

5. EFFECTIVE DATE AND TERM OF THE PLAN

5.1. Effective Date.

The Plan shall be effective as of the Effective Date, subject to approval of the Plan within one year of the Effective Date, by a majority of the votes cast on the proposal at a meeting of shareholders, provided that a quorum is present or by the written consent of the holders of a majority of the Company's shares of Stock entitled to vote. Upon approval of the Plan by the shareholders of the Company as set forth above, all Grants made under the Plan on or after the Effective Date shall be fully effective as if the shareholders of the Company had approved the Plan on the Effective Date. If the shareholders fail to approve the Plan within one year after the Effective Date, any Grants made hereunder shall be null and void and of no effect.

5.2. Term.

The Plan has no termination date; however, no Incentive Stock Option may be granted under the Plan on or after the tenth anniversary of the Effective Date.

6. OPTION GRANTS

6.1. Employees; Service Providers; or Other Persons.

Grants (including Grants of Incentive Stock Options, subject to **Section 7.1**) may be made under the Plan to: (i) any employee**,** officer or director of, or other Service Provider providing, or who has provided, services to, the Company or any affiliate, including any such employee who is an officer or director of the Company or of any affiliate, as the Board shall determine and designate from time to time; or (ii) any other individual whose participation in the Plan is determined to be in the best interests of the Company by the Board.

6.2. Successive Grants.

An eligible person may receive more than one Grant, subject to such restrictions as are provided herein.

7. LIMITATIONS ON GRANTS

7.1. Limitations on Incentive Stock Options.

An Option shall constitute an Incentive Stock Option only (i) if the Grantee of such Option is an employee of the Company or any Subsidiary of the Company; (ii) to the extent specifically provided in the related Award Agreement; and (iii) to the extent that the aggregate Fair Market Value (determined at the time the Option is granted) of the shares of Stock with respect to which all Incentive Stock Options held by such Grantee become exercisable for the first time during any calendar year (under the Plan and all other plans of the Grantee's employer and its affiliates**)** does not exceed $100,000. This limitation shall be applied by taking Options into account in the order in which they were granted.

7.2. Limitation on Shares of Stock Subject to Grants.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, the maximum number of shares of Stock subject to Options that can be awarded under the Plan to any person eligible for a Grant under Section 6 hereof is FORTY THOUSAND (40,000) per year.

8. AWARD AGREEMENT

Each Grant pursuant to the Plan shall be evidenced by an Award Agreement, in such form or forms as the Board shall from time to time determine. Award Agreements granted from time to time or at the same time need not contain similar provisions but shall be consistent with the terms of the Plan. Each Award Agreement evidencing a Grant of Options shall specify whether such Options are intended to be non-qualified stock options or Incentive Stock Options, and in the absence of such specification such options shall be deemed non-qualified stock options.

9. OPTION PRICE

The Option Price of each Option shall be fixed by the Board and stated in the Award Agreement evidencing such Option. In the case of an Incentive Stock Option the Option Price shall be not less than the Fair Market Value on the Grant Date of a share of Stock; provided, however, that in the event that a Grantee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to ownership of more than ten percent of the Company's outstanding shares of Stock), the Option Price of an Option granted to such Grantee that is intended to be an Incentive Stock Option shall be not less than the greater of the par value or 110 percent of the Fair Market Value of a share of Stock on the Grant Date. In no case shall the Option Price of any Option be less than the par value of a share of Stock.

10. VESTING, TERM AND EXERCISE OF OPTIONS

10.1. Vesting and Option Period.

Subject to **Sections 10.2** and **18.3** hereof, each Option granted under the Plan shall become exercisable at such times and under such conditions as shall be determined by the Board and stated in the Award Agreement. For purposes of this **Section 10.1**, fractional numbers of shares of Stock subject to an Option shall be rounded down to the next nearest whole number. The period during which any Option shall be exercisable shall constitute the "Option Period" with respect to such Option.

10.2. Term.

Each Option granted under the Plan shall terminate, and all rights to purchase shares of Stock thereunder shall cease, upon the expiration of ten years from the date such Option is granted, or under such circumstances and on such date prior thereto as is set forth in the Plan or as may be fixed by the Board and stated in the Award Agreement relating to such Option; provided, however, that in the event that the Grantee would otherwise be ineligible to receive an Incentive Stock Option by reason of the provisions of Sections 422(b)(6) and 424(d) of the Code (relating to ownership of more than ten percent of the outstanding shares of Stock), an Option granted to such Grantee that is intended to be an Incentive Stock Option shall not be exercisable after the expiration of five years from its Grant Date.

10.3. Acceleration.

Any limitation on the exercise of an Option contained in any Award Agreement may be rescinded, modified or waived by the Board, in its sole discretion, at any time and from time to time after the Grant Date of such Option, so as to accelerate the time at which the Option may be exercised. Notwithstanding any other provision of the Plan, no Option shall be exercisable in whole or in part prior to the date the Plan is approved by the shareholders of the Company as provided in **Section 5.1** hereof.

10.4. Termination of Employment or Other Relationship.

Unless otherwise provided by the Board, upon the termination of a Grantee's employment or other relationship with the Company or any affiliate other than by reason of death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), any Option or portion thereof held by such Grantee that has not vested in accordance with the provisions of **Section 10.1** hereof shall terminate immediately, and any Option or portion thereof that has vested in accordance with the provisions of **Section 10.1** hereof but has not been exercised shall terminate at the close of business on the 90th day following the Grantee's termination of employment or other relationship (or, if such 90th day is a Saturday, Sunday or holiday, at the close of business on the next preceding day that is not a Saturday, Sunday or holiday). Upon termination of an Option or portion thereof, the Grantee shall have no further right to purchase shares of Stock pursuant to such Option or portion thereof. Whether a termination of employment or other relationship shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final and conclusive. For purposes of the Plan, a termination of employment, service or other relationship shall not be deemed to occur if the Grantee is immediately thereafter a director of the Company or an affiliate.

10.5. Rights in the Event of Death.

Unless otherwise provided by the Board, if a Grantee dies while employed by or providing services to the Company, any Option or portion thereof held by such Grantee that has not vested in accordance with the provisions of **Section 10.1** hereof shall terminate, and the executors or administrators or legatees or distributees of such Grantee's estate shall have the right, at any time within one year after the date of such Grantee's death and prior to termination of the Option pursuant to **Section 10.2** above, to exercise any Option or portion thereof that has vested as of the date of such Grantee's death.

10.6. Rights in the Event of Disability.

Unless otherwise provided by the Board, if a Grantee's employment or other relationship with the Company or an affiliate is terminated by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Grantee, any Option or portion thereof held by such Grantee that has not vested in accordance with the provisions of **Section 10.1** hereof shall terminate, and the Grantee shall have the right, at any time within one year after the date of such Grantee's permanent and total disability and prior to termination of the Option pursuant to **Section 10.2** above, to exercise any Option or portion thereof that has vested as of the date of such Grantee's termination. Whether a termination of employment or service is to be considered by reason of "permanent and total disability" for purposes of the Plan shall be determined by the Board, which determination shall be final and conclusive.

10.7. Limitations on Exercise of Option.

Notwithstanding any other provision of the Plan, in no event may any Option be exercised, in whole or in part, prior to the date the Plan is approved by the shareholders of the Company as provided herein, or after ten years following the date upon which the Option is granted, or after the occurrence of an event referred to in **Section 18** hereof which results in termination of the Option.

10.8. Method of Exercise.

An Option that is exercisable may be exercised by the Grantee's delivery to the Company of written notice of exercise on any business day, at the Company's principal office, addressed to the attention of the Board. Such notice shall specify the number of shares of Stock with respect to which the Option is being exercised and shall be accompanied by payment in full of the Option Price of the shares for which the Option is being exercised. The minimum number of shares of Stock with respect to which an Option may be exercised, in whole or in part, at any time shall be the lesser of (i) 100 shares or such lesser number set forth in the applicable Award Agreement and (ii) the maximum number of shares available for purchase under the Option at the time of exercise. Payment of the Option Price for the shares purchased pursuant to the exercise of an Option shall be made (i) in cash or in cash equivalents acceptable to the Company; (ii) to the extent permitted by law and at the Board's discretion, through the tender to the Company of shares of Stock, which shares, if acquired from the Company, shall have been held for at least six months at the time of tender and which shall be valued, for purposes of determining the extent to which the Option Price has been paid thereby, at their Fair Market Value on the date of exercise; (iii) to the extent permitted by law and at the Board's discretion, through the withholding of shares of Stock otherwise issuable upon the exercise of the Option, for purposes of determining the extent to which the Option Price has been paid thereby, at their Fair Market Value on the date of exercise; or (iv) to the extent permitted by law and at the Board's discretion, by a combination of the methods described in (i), (ii) and (iii).

From and after the time the shares of Stock become publicly traded with the meaning of **Section 13.4**, payment in full of the Option Price need not accompany the written notice of exercise provided that the notice of exercise directs that the certificate or certificates for the shares of Stock for which the Option is exercised be delivered to a licensed broker acceptable to the Company as the agent for the individual exercising the Option and, at the time such certificate or certificates are delivered, the broker tenders to the Company cash (or cash equivalents acceptable to the Company) equal to the Option Price for the shares of Stock purchased pursuant to the exercise of the Option plus the amount (if any) of federal and/or other taxes which the Company may in its judgment, be required to withhold with respect to the exercise of the Option. An attempt to exercise any Option granted hereunder other than as set forth above shall be invalid and of no force and effect. Unless otherwise stated in the applicable Award Agreement, an individual holding or exercising an Option shall have none of the rights of a shareholder (for example, the right to receive cash or dividend payments or distributions attributable to the subject shares of Stock or to direct the voting of the subject shares of Stock) until

the shares of Stock covered thereby are fully paid and issued to such individual. Except as provided in **Section 18** hereof, no adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date of such issuance.

10.9. Delivery of Stock Certificates.

Promptly after the exercise of an Option by a Grantee and the payment in full of the Option Price, such Grantee shall be entitled to the issuance of a stock certificate or certificates evidencing such Grantee's ownership of the shares of Stock subject to the Option.

11. TRANSFERABILITY OF OPTIONs

11.1. Transferability of Options.

Except as provided in **Section 11.2**, during the lifetime of a Grantee, only the Grantee (or, in the event of legal incapacity or incompetency, the Grantee's guardian or legal representative) may exercise an Option. Except as provided in **Section 11.2**, no Option shall be assignable or transferable by the Grantee to whom it is granted, other than by will or the laws of descent and distribution.

11.2. Transfers.

11.2.1. Family Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer, not for value, all or part of an Option which is not an Incentive Stock Option to any Family Member. For the purpose of this **Section 11.2**, a "not for value" transfer is a transfer which is (i) a gift, (ii) a transfer under a domestic relations order in settlement of marital property rights; or (iii) a transfer to an entity in which more than fifty percent of the voting interests are owned by Family Members (or the Grantee) in exchange for an interest in that entity. Following a transfer under this **Section 11.2**, any such Option shall continue to be subject to the same terms and conditions as were applicable immediately prior to transfer. Subsequent transfers of transferred Options are prohibited except to Family Members of the original Grantee in accordance with this **Section 11.2** or by will or the laws of descent and distribution. The events of termination of employment or other relationship of **Section 10.4** hereof shall continue to be applied with respect to the original Grantee, following which the Option shall be exercisable by the transferee only to the extent, and for the periods specified in **Sections 10.4**, **10.5**, or **10.6**.

11.2.2. Company Approved Transfers.

If authorized in the applicable Award Agreement, a Grantee may transfer all or part of an option which is not an Incentive Stock Option to any employee or co-worker of such Grantee after written approval of the Board.

12. RESTRICTED STOCK AND RESTRICTED STOCK UNITS

12.1. Grant of Restricted Stock or Restricted Stock Units.

The Board may from time to time grant Restricted Stock or Restricted Stock Units to persons eligible to receive Grants under **Section 6** hereof, subject to such restrictions, conditions and other terms as the Board may determine.

12.2. Restrictions.

At the time a Grant of Restricted Stock or Restricted Stock Units is made, the Board shall establish a period of time (the "Restricted Period") applicable to such Restricted Stock or Restricted Stock Units. Each Grant of Restricted Stock or Restricted Stock Units may be subject to a different Restricted Period. The Board may, in its sole discretion, at the time a Grant of Restricted Stock or

Restricted Stock Units is made, prescribe restrictions in addition to or other than the expiration of the Restricted Period, including the satisfaction of corporate or individual performance objectives, which may be applicable to all or any portion of the Restricted Stock or Restricted Stock Units. Such performance objectives shall be established in writing by the Board prior to the ninetieth day of the year in which the Grant is made and while the outcome is substantially uncertain. Performance objectives shall be based on a number of factors including, but not limited to, Stock price, market share, sales, earnings per share, return on equity or costs. Performance objectives may include positive results, maintaining the status quo or limiting economic losses. Subject to the fourth sentence of this **Section 12.2**, the Board also may, in its sole discretion, shorten or terminate the Restricted Period or waive any other restrictions applicable to all or a portion of the Restricted Stock or Restricted Stock Units. Neither Restricted Stock nor Restricted Stock Units may be sold, transferred, assigned, pledged or otherwise encumbered or disposed of during the Restricted Period or prior to the satisfaction of any other restrictions prescribed by the Board with respect to such Restricted Stock or Restricted Stock Units.

12.3. Restricted Stock Certificates.

The Company shall issue, in the name of each Grantee to whom Restricted Stock has been granted, stock certificates representing the total number of shares of Restricted Stock granted to the Grantee, as soon as reasonably practicable after the Grant Date. The Board may provide in an Award Agreement that either (i) the Secretary of the Company shall hold such certificates for the Grantees benefit until such time as the Restricted Stock is forfeited to the Company**,** or the restrictions lapse, or (ii) such certificates shall be delivered to the Grantee, provided, however, that such certificates shall bear a legend or legends that complies with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under the Plan and the Award Agreement.

12.4. Rights of Holders of Restricted Stock.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock shall have the right to vote such Stock and the right to receive any dividends declared or paid with respect to such Stock. The Board may provide that any dividends paid on Restricted Stock must be reinvested in shares of Stock, which may or may not be subject to the same vesting conditions and restrictions applicable to such Restricted Stock. All distributions, if any, received by a Grantee with respect to Restricted Stock as a result of any stock split, stock dividend, combination of shares, or other similar transaction shall be subject to the restrictions applicable to the original Grant.

12.5. Rights of Holders of Restricted Stock Units.

Unless the Board otherwise provides in an Award Agreement, holders of Restricted Stock Units shall have no rights as stockholders of the Company. The Board may provide in an Award Agreement evidencing a Grant of Restricted Stock Units that the holder of such Restricted Stock Units shall be entitled to receive, upon the Company's payment of a cash dividend on its outstanding Stock, a cash payment for each Restricted Stock Unit held equal to the per-share dividend paid on the Stock. Such Award Agreement may also provide that such cash payment will be deemed reinvested in additional Restricted Stock Units at a price per unit equal to the Fair Market Value of a share of Stock on the date that such dividend is paid.

12.6. Termination of Employment or Other Relationship.

Unless otherwise provided by the Board, upon the termination of a Grantee's employment or other relationship with the Company or an affiliate other than by reason of death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), any shares of Restricted Stock or Restricted Stock Units held by such Grantee that have not vested, or with respect to which all applicable restrictions and conditions have not lapsed, shall immediately be deemed forfeited. Upon forfeiture of Restricted Stock or Restricted Stock Units, the Grantee shall have no further rights with

respect to such Grant, including but not limited to any right to vote Restricted Stock or any right to receive dividends with respect to shares of Restricted Stock or Restricted Stock Units. Whether a termination of employment or other relationship shall have occurred for purposes of the Plan shall be determined by the Board, which determination shall be final and conclusive. For purposes of the Plan, a termination of employment, service or other relationship shall not be deemed to occur if the Grantee is immediately thereafter a director of the Company or an affiliate.

12.7. Rights in the Event of Death.

Unless otherwise provided by the Board, if a Grantee dies while employed by the Company or an affiliate, all Restricted Stock or Restricted Stock Units granted to such Grantee shall fully vest on the date of death, and the shares of Stock represented thereby shall be deliverable in accordance with the terms of the Plan to the executors, administrators, legatees or distributees of the Grantee's estate.

12.8. Rights in the Event of Disability.

Unless otherwise provided by the Board, if a Grantee's employment or other relationship with the Company or an affiliate is terminated by reason of the "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of such Grantee, such Grantee's Restricted Stock or Restricted Stock Units shall continue to vest in accordance with the applicable Award Agreement for a period of one year after such termination of employment or service, subject to the earlier forfeiture of such Restricted Stock or Restricted Stock Units in accordance with the terms of the applicable Award Agreement. Whether a termination of employment or service is to be considered by reason of "permanent and total disability" for purposes of the Plan shall be determined by the Board, which determination shall be final and conclusive.

12.9. Delivery of Stock and Payment Therefor.

Upon the expiration or termination of the Restricted Period and the satisfaction of any other conditions prescribed by the Board, the restrictions applicable to shares of Restricted Stock or Restricted Stock Units shall lapse, and, unless otherwise provided in the Award Agreement, upon payment by the Grantee to the Company, in cash or by check, of the greater of (i) the aggregate par value of the shares of Stock represented by such Restricted Stock or Restricted Stock Units or (ii) the purchase price, if any, specified in the Award agreement relating to such Restricted Stock or Restricted Stock Units, a stock certificate for such shares shall be delivered, free of all such restrictions, to the Grantee or the Grantee's beneficiary or estate, as the case may be.

13. NONTRANSFERABILITY OF SHARES; REPURCHASE RIGHTS

13.1. Nontransferability of Shares.

Subject to **Section 13.4** below, a Grantee (or such other individual who is entitled to exercise an Option or otherwise acquire shares pursuant to a Grant) shall not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to a Grant to any person or entity without first offering such shares to the Company for purchase on the same terms and conditions as those offered the proposed transferee. The Company may assign its right of first refusal under this **Section 13** in whole or in part, to (1) any holder of stock or other securities of the Company (a "Stockholder"), (2) any affiliate or (3) any other person or entity that the Board of Directors of the Company determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the Grantee of any such assignment of its rights. The restrictions of this **Section 13.1** apply to any person to whom Stock that was originally acquired pursuant to a Grant is sold, pledged, assigned, bequeathed, gifted, transferred or otherwise disposed of, without regard to the number of such subsequent transferees or the manner in which they acquire the Stock, but the restrictions of this **Section 13.1** do not apply to a transfer of Stock that occurs as a result of the death of the Grantee or of any subsequent transferee (but shall apply to the executor, the administrator or personal representative, the estate, and the legatees, beneficiaries and assigns thereof).

13.2. Repurchase Rights.

Unless otherwise provided in the applicable Award Agreement, subject to **Section 13.4** below, upon the termination of a Grantee's employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such termination, to repurchase any or all of the shares of Stock acquired by the individual pursuant to this Plan under a Grant (including shares of Stock that were previously transferred pursuant to **Sections 11.1**, **11.2** or **13.1** above), at a price equal to the Fair Market Value of such shares of Stock on the date of termination. Upon the exercise of an Option following termination of a Grantee's employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such exercise, to repurchase any or all such shares of Stock acquired by the Grantee pursuant to such exercise of such Option at a price that is equal to the Fair Market Value of such shares (including shares that were previously transferred pursuant to **Sections 11.1**, **11.2** or **13.1** above) on the date of exercise (or at such other price or the Fair Market Value on such other date as shall have been specified by the Board at the time of grant and set out in the appropriate Award Agreement with respect to the grant). In the event that the Company determines that it cannot or will not exercise its rights to purchase Stock under this **Section 13.2** and the applicable Award Agreement, in whole or in part, the Company may assign its rights, in whole or in part, to (1) any Stockholder (2) any affiliate or (3) any other person or entity that the Board of Directors of the Company determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the individual of any assignment of its rights.

13.3. Installment Payments.

In the case of any purchase of Stock or an Option under this **Section 13**, the Company or its permitted assignee may pay the Grantee, transferee of the Option or other registered owner of the Stock the purchase price in three or fewer annual installments. Interest shall be credited on the installments at the applicable federal rate (as determined for purposes of Section 1274 of the Code) in effect on the date on which the purchase is made. The Company or its permitted assignee shall pay at least one-third of the total purchase price each year, plus interest on the unpaid balance, with the first payment being made on or before the 60th day after the purchase.

13.4. Publicly Traded Stock.

If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or is publicly traded in an established securities market, the foregoing transfer restrictions of **Sections 13.1** and **13.2** shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

13.5. Legend.

In order to enforce the restrictions imposed upon shares of Stock under this Plan or as provided in an Award Agreement, the Board may cause a legend or legends to be placed on any certificate representing shares issued pursuant to this Plan that complies with the applicable securities laws and regulations and makes appropriate reference to the restrictions imposed under it.

14. CERTAIN PROVISIONS APPLICABLE TO AWARDS

14.1. Stand-Alone, Additional, Tandem, and Substitute Grants.

Grants under the Plan may, in the discretion of the Board, be granted either alone or in addition to, in tandem with, or in substitution or exchange for, any other Grant or any award granted under another plan of the Company, any affiliate, or any business entity to be acquired by the Company or an affiliate, or any other right of a Grantee to receive payment from the Company or any affiliate. Such additional, tandem, and substitute or exchange Grants may be awarded at any time. If a Grant is

awarded in substitution or exchange for another Grant, the Board shall require the surrender of such other Grant in consideration for the new Grant. In addition, Grants may be made in lieu of cash compensation, including in lieu of cash amounts payable under other plans of the Company or any affiliate, in which the value of Stock subject to the Grant is equivalent in value to the cash compensation (for example, Restricted Stock), or in which the exercise price, grant price or purchase price of the Grant in the nature of a right that may be exercised is equal to the Fair Market Value of the underlying Stock minus the value of the cash compensation surrendered (for example, Options granted with an exercise price "discounted" by the amount of the cash compensation surrendered).

14.2. Term of Grant.

The term of each Grant shall be for such period as may be determined by the Board; provided that in no event shall the term of any Option exceed a period of ten years (or such shorter term as may be required in respect of an Incentive Stock Option under Section 422 of the Code).

14.3. Form and Timing of Payment Under Grants; Deferrals.

Subject to the terms of the Plan and any applicable Award Agreement, payments to be made by the Company or an affiliate upon the exercise of an Option or other Grant may be made in such forms as the Board shall determine, including, without limitation, cash, Stock, other Grants or other property, and may be made in a single payment or transfer, in installments, or on a deferred basis. The settlement of any Grant may be accelerated, and cash paid in lieu of Stock in connection with such settlement, in the discretion of the Board or upon occurrence of one or more specified events. Installment or deferred payments may be required by the Board or permitted at the election of the Grantee on terms and conditions established by the Board. Payments may include, without limitation, provisions for the payment or crediting of a reasonable interest rate on installment or deferred payments or the grant or crediting of dividend equivalents or other amounts in respect of installment or deferred payments denominated in Stock.

15. PARACHUTE LIMITATIONS

Notwithstanding any other provision of this Plan or of any other agreement, contract, or understanding heretofore or hereafter entered into by a Grantee with the Company or any affiliate, except an agreement, contract, or understanding hereafter entered into that expressly modifies or excludes application of this paragraph (an "Other Agreement"), and notwithstanding any formal or informal plan or other arrangement for the direct or indirect provision of compensation to the Grantee (including groups or classes of participants or beneficiaries of which the Grantee is a member), whether or not such compensation is deferred, is in cash, or is in the form of a benefit to or for the Grantee (a "Benefit Arrangement"), if the Grantee is a "disqualified individual," as defined in Section 280G(c) of the Code, any Option, Restricted Stock or Restricted Stock Unit held by that Grantee and any right to receive any payment or other benefit under this Plan shall not become exercisable or vested (i) to the extent that such right to exercise, vesting, payment, or benefit, taking into account all other rights, payments, or benefits to or for the Grantee under this Plan, all Other Agreements, and all Benefit Arrangements, would cause any payment or benefit to the Grantee under this Plan to be considered a "parachute payment" within the meaning of Section 280G(b)(2) of the Code as then in effect (a "Parachute Payment") and (ii) if, as a result of receiving a Parachute Payment, the aggregate after-tax amounts received by the Grantee from the Company under this Plan, all Other Agreements, and all Benefit Arrangements would be less than the maximum after-tax amount that could be received by the Grantee without causing any such payment or benefit to be considered a Parachute Payment. In the event that the receipt of any such right to exercise, vesting, payment, or benefit under this Plan, in conjunction with all other rights, payments, or benefits to or for the Grantee under any Other Agreement or any Benefit Arrangement would cause the Grantee to be considered to have received a Parachute Payment under this Plan that would have the effect of decreasing the after-tax amount

received by the Grantee as described in clause (ii) of the preceding sentence, then the Grantee shall have the right, in the Grantee's sole discretion, to designate those rights, payments, or benefits under this Plan, any Other Agreements, and any Benefit Arrangements that should be reduced or eliminated so as to avoid having the payment or benefit to the Grantee under this Plan be deemed to be a Parachute Payment.

16. REQUIREMENTS OF LAW

16.1. General.

The Company shall not be required to sell or issue any shares of Stock under any Grant if the sale or issuance of such shares would constitute a violation by the Grantee, any other individual exercising a right emanating from such Grant, or the Company of any provision of any law or regulation of any governmental authority, including without limitation any federal or state securities laws or regulations. If at any time the Company shall determine, in its discretion, that the listing, registration or qualification of any shares subject to a Grant upon any securities exchange or under any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the issuance or purchase of shares hereunder, no shares of Stock may be issued or sold to the Grantee or any other individual exercising an Option pursuant to such Grant unless such listing, registration, qualification, consent or approval shall have been effected or obtained free of any conditions not acceptable to the Company, and any delay caused thereby shall in no way affect the date of termination of the Grant. Specifically, in connection with the Securities Act, upon the exercise of any right emanating from such Grant or the delivery of any shares of Restricted Stock or Stock underlying Restricted Stock Units, unless a registration statement under such Act is in effect with respect to the shares of Stock covered by such Grant, the Company shall not be required to sell or issue such shares unless the Board has received evidence satisfactory to it that the Grantee or any other individual exercising an Option may acquire such shares pursuant to an exemption from registration under the Securities Act. Any determination in this connection by the Board shall be final, binding, and conclusive. The Company may, but shall in no event be obligated to, register any securities covered hereby pursuant to the Securities Act. The Company shall not be obligated to take any affirmative action in order to cause the exercise of an Option or the issuance of shares of Stock pursuant to the Plan to comply with any law or regulation of any governmental authority. As to any jurisdiction that expressly imposes the requirement that an Option shall not be exercisable until the shares of Stock covered by such Option are registered or are exempt from registration, the exercise of such Option (under circumstances in which the laws of such jurisdiction apply) shall be deemed conditioned upon the effectiveness of such registration or the availability of such an exemption.

16.2. Rule 16b-3.

During any time when the Company has a class of equity security registered under Section 12 of the Exchange Act, it is the intent of the Company that Grants pursuant to the Plan and the exercise of Options granted hereunder will qualify for the exemption provided by Rule 16b-3 under the Exchange Act. To the extent that any provision of the Plan or action by the Board does not comply with the requirements of Rule 16b-3, it shall be deemed inoperative to the extent permitted by law and deemed advisable by the Board, and shall not affect the validity of the Plan. In the event that Rule 16b-3 is revised or replaced, the Board may exercise its discretion to modify this Plan in any respect necessary to satisfy the requirements of, or to take advantage of any features of, the revised exemption or its replacement.

17. AMENDMENT AND TERMINATION OF THE PLAN

The Board may, at any time and from time to time, amend, suspend, or terminate the Plan as to any shares of Stock as to which Grants have not been made; provided, however, that the Board shall

not, without approval of the Company's shareholders, amend the Plan such that it does not comply with the Code. Except as permitted under this **Section 17** or **Section 18** hereof, no amendment, suspension, or termination of the Plan shall, without the consent of the Grantee, alter or impair rights or obligations under any Grant theretofore awarded under the Plan.

18. EFFECT OF CHANGES IN CAPITALIZATION

18.1. Changes in Stock.

If the number of outstanding shares of Stock is increased or decreased or the shares of Stock are changed into or exchanged for a different number or kind of shares or other securities of the Company on account of any recapitalization, reclassification, stock split, reverse split, combination of shares, exchange of shares, stock dividend or other distribution payable in capital stock, or other increase or decrease in such shares effected without receipt of consideration by the Company occurring after the Effective Date, the number and kinds of shares for which Grants of Options, Restricted Stock and Restricted Stock Units may be made under the Plan shall be adjusted proportionately and accordingly by the Company. In addition, the number and kind of shares for which Grants are outstanding shall be adjusted proportionately and accordingly so that the proportionate interest of the Grantee immediately following such event shall, to the extent practicable, be the same as immediately before such event. Any such adjustment in outstanding Options shall not change the aggregate Option Price payable with respect to shares that are subject to the unexercised portion of an Option outstanding but shall include a corresponding proportionate adjustment in the Option Price per share. The conversion of any convertible securities of the Company shall not be treated as an increase in shares effected without receipt of consideration.

18.2. Reorganization in Which the Company Is the Surviving Entity and in Which No Change of Control Occurs.

Subject to **Section 18.3** hereof, if the Company shall be the surviving entity in any reorganization, merger, or consolidation of the Company with one or more other entities and in which no Change of Control occurs, any Option theretofore granted pursuant to the Plan shall pertain to and apply to the securities to which a holder of the number of shares of Stock subject to such Option would have been entitled immediately following such reorganization, merger, or consolidation, with a corresponding proportionate adjustment of the Option Price per share so that the aggregate Option Price thereafter shall be the same as the aggregate Option Price of the shares remaining subject to the Option immediately prior to such reorganization, merger, or consolidation. Subject to any contrary language in an Award Agreement evidencing a Grant of Restricted Stock, any restrictions applicable to such Restricted Stock shall apply as well to any replacement shares received by the Grantee as a result of the reorganization, merger or consolidation.

18.3. Reorganization, Sale of Assets or Sale of Stock Which Involves a Change of Control.

Subject to the exceptions set forth in the last sentence of this **Section 18.3**, (i) upon the occurrence of a Change of Control, all outstanding shares of Restricted Stock and Restricted Stock Units shall be deemed to have vested, and all restrictions and conditions applicable to such shares of Restricted Stock and Restricted Stock Units shall be deemed to have lapsed, immediately prior to the occurrence of such Change of Control, and (ii) fifteen days prior to the scheduled consummation of a Change of Control, all Options outstanding hereunder shall become immediately exercisable and shall remain exercisable for a period of fifteen days. Any exercise of an Option during such fifteen-day period shall be conditioned upon the consummation of the event and shall be effective only immediately before the consummation of the event. Upon consummation of any Change of Control, the Plan and all outstanding but unexercised Options shall terminate. The Board shall send written notice of an event that will result in such a termination to all individuals who hold Options not later than the time at which the Company gives notice thereof to its shareholders. This **Section 18.3** shall not apply to any

Change of Control to the extent that (A) provision is made in writing in connection with such Change of Control for the assumption of the Options, Restricted Stock and Restricted Stock Units theretofore granted, or for the substitution for such Options, Restricted Stock and Restricted Stock Units of new options, restricted stock and restricted stock units covering the stock of a successor entity, or a parent or subsidiary thereof, with appropriate adjustments as to the number and kinds of shares or units and exercise prices, in which event the Plan and Options, Restricted Stock and Restricted Stock Units theretofore granted shall continue in the manner and under the terms so provided or (B) a majority of the full Board determines that such Change of Control shall not trigger application of the provisions of this **Section 18.3**, subject to **Section 26**.

18.4. Adjustments.

Adjustments under this **Section 18** related to shares of Stock or securities of the Company shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. No fractional shares or other securities shall be issued pursuant to any such adjustment, and any fractions resulting from any such adjustment shall be eliminated in each case by rounding downward to the nearest whole share.

18.5. No Limitations on Company.

The making of Grants pursuant to the Plan shall not affect or limit in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure or to merge, consolidate, dissolve, or liquidate, or to sell or transfer all or any part of its business or assets.

19. DISCLAIMER OF RIGHTS

No provision in the Plan or in any Grant or Award Agreement shall be construed to confer upon any individual the right to remain in the employ or service of the Company or any affiliate, or to interfere in any way with any contractual or other right or authority of the Company either to increase or decrease the compensation or other payments to any individual at any time, or to terminate any employment or other relationship between any individual and the Company. In addition, notwithstanding anything contained in the Plan to the contrary, unless otherwise stated in the applicable Award Agreement, no Grant awarded under the Plan shall be affected by any change of duties or position of the Grantee, so long as such Grantee continues to be a director, officer, consultant or employee of the Company or any affiliate. The obligation of the Company to pay any benefits pursuant to this Plan shall be interpreted as a contractual obligation to pay only those amounts described herein, in the manner and under the conditions prescribed herein. The Plan shall in no way be interpreted to require the Company to transfer any amounts to a third party trustee or otherwise hold any amounts in trust or escrow for payment to any participant or beneficiary under the terms of the Plan. No Grantee shall have any of the rights of a shareholder with respect to the shares of Stock subject to an Option except to the extent the certificates for such shares of Stock shall have been issued upon the exercise of the Option.

20. NONEXCLUSIVITY OF THE PLAN

Neither the adoption of the Plan nor the submission of the Plan to the shareholders of the Company for approval shall be construed as creating any limitations upon the right and authority of the Board to adopt such other incentive compensation arrangements (which arrangements may be applicable either generally to a class or classes of individuals or specifically to a particular individual or particular individuals) as the Board in its discretion determines desirable, including, without limitation, the granting of stock options otherwise than under the Plan.

21. WITHHOLDING TAXES

The Company or any affiliate, as the case may be, shall have the right to deduct from payments of any kind otherwise due to a Grantee any Federal, state, or local taxes of any kind required by law to be withheld with respect to the vesting of or other lapse of restrictions applicable to Restricted Stock or Restricted Stock Units or upon the issuance of any shares of Stock upon the exercise of an Option. At the time of such vesting, lapse, or exercise, the Grantee shall pay to the Company or affiliate, as the case may be, any amount that the Company or affiliate may reasonably determine to be necessary to satisfy such withholding obligation. Subject to the prior approval of the Company or the affiliate, which may be withheld by the Company or the affiliate, as the case may be, in its sole discretion, the Grantee may elect to satisfy such obligations, in whole or in part, (i) by causing the Company or the affiliate to withhold shares of Stock otherwise issuable to the Grantee or (ii) by delivering to the Company or the affiliate shares of Stock already owned by the Grantee. The shares of Stock so delivered or withheld shall have an aggregate Fair Market Value equal to such withholding obligations. The Fair Market Value of the shares of Stock used to satisfy such withholding obligation shall be determined by the Company or the affiliate as of the date that the amount of tax to be withheld is to be determined. A Grantee who has made an election pursuant to this **Section 21** may satisfy his or her withholding obligation only with shares of Stock that are not subject to any repurchase, forfeiture, unfulfilled vesting, or other similar requirements.

22. CAPTIONS

The use of captions in this Plan or any Award Agreement is for the convenience of reference only and shall not affect the meaning of any provision of the Plan or such Award Agreement.

23. OTHER PROVISIONS

Each Grant awarded under the Plan may contain such other terms and conditions not inconsistent with the Plan as may be determined by the Board, in its sole discretion.

24. NUMBER AND GENDER

With respect to words used in this Plan, the singular form shall include the plural form, the masculine gender shall include the feminine gender, etc., as the context requires.

25. SEVERABILITY

If any provision of the Plan or any Award Agreement shall be determined to be illegal or unenforceable by any court of law in any jurisdiction, the remaining provisions hereof and thereof shall be severable and enforceable in accordance with their terms, and all provisions shall remain enforceable in any other jurisdiction.

26. POOLING

In the event any provision of the Plan or the Award Agreement would prevent the use of pooling of interests accounting in a corporate transaction involving the Company and such transaction is contingent upon pooling of interests accounting, then that provision shall be deemed amended or revoked to the extent required to preserve such pooling of interests. The Company may require in an Award Agreement that a Grantee who receives a Grant under the Plan shall, upon advice from the Company, take (or refrain from taking, as appropriate) all actions necessary or desirable to ensure that pooling of interests accounting is available.

27. GOVERNING LAW

The validity and construction of this Plan and the instruments evidencing the Grants awarded hereunder shall be governed by the laws of the State of Colorado (excluding the choice of law rules thereof).

28. BLUE SKY PROVISIONS

28.1. California Provisions.

Notwithstanding the foregoing sections, any Grant made under the Plan to a Grantee who is a resident of the State of California on the Grant Date shall be subject to the following additional terms and conditions:

A. For the purpose of Grants which are not Incentive Stock Options, Fair Market Value shall be determined in a manner not inconsistent with Section 260.140.50 of the California Code of Regulations or any successor statute, and the exercise price of any non-incentive stock option shall not be less than 85% of Fair Market Value on the date of grant.

B. Grants may not be made under the Plan to Grantees ten years after the earlier of: (i) the date the Plan was adopted by the Board or (ii) the date the Plan was approved by the shareholders of the Company.

C. An Option granted under the Plan to a Grantee who is a person who owns stock possessing more than ten percent of the combined voting power of all classes of stock of the Company or its parent or its Subsidiary corporations shall have an Option Price of at least 110% of the Fair Market Value of a share of Stock on the Grant Date.

D. Any Option granted under the Plan to a Grantee who is not an officer, director, or consultant of the Company or affiliates shall become exercisable at a rate of at least twenty percent (20%) of the shares of Stock subject to such Grant per year for a period of five years from the Grant Date; provided, that, such Option shall be subject to such reasonable forfeiture conditions as the Board may choose to impose and which are not inconsistent with Section 260.140.41 of the California Code of Regulations or any successor statute.

E. The Company shall deliver to the Grantee financial statements on an annual basis regarding the Company. The financial statements so provided shall comply with Section 260.140.46 of the California Code of Regulations or any successor statute, but need not comply with Section 260.613 of the California Code of Regulations or any successor statute.

F. Any transfer of an Option granted under the Plan authorized by the Board in an Award Agreement must comply with Section 260.140.41(d) of the California Code of Regulations or any successor statute.

G. A Grant which authorizes a Grantee to purchase Stock under the Plan (other than a non-qualified stock option) shall not be transferable other than by will or the laws of descent and distribution.

H. Unless a Grantee's employment is terminated for cause as defined by applicable law, the Grantee shall have the right to exercise an Option, prior to the termination of the Option in accordance with **Section 10** and only to the extent that the Grantee was entitled to exercise such Option on the date employment terminates, as follows: (i) at least six (6) months after the date of termination if the termination was caused by the Grantee's death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code), and (ii) at least thirty (30) days after the date of termination if termination was caused by other than death or "permanent and total disability" (within the meaning of Section 22(e)(3) of the Code) of the Grantee.

I. The purchase price for a grant of Restricted Stock or Restricted Stock Units shall be at least 85% of the Fair Market Value of the Stock on the Grant Date and at least 100% of the Fair Market Value of Stock on the Grant Date in the case of a person who owns stock possessing more than ten percent of the combined voting power of all classes of stock of the Company or its parent or its Subsidiary corporations.

J. At no time shall the total number of shares of Stock issuable upon exercise of all outstanding Options and the total number of shares provided for under all stock bonus or similar plans of the Company exceed the applicable percentage as calculated in accordance with the conditions and exclusions of Section 260.140.45 of the California Code of Regulations or any successor statute.

K. Grants may be made only to persons who are employees, directors, or consultants of the Company or its affiliates.

If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or is publicly traded in an established securities market, the restrictions of this **Section 28.1** shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

28.2. Limitations on Grants to Non-Employees.

Notwithstanding **Section 6**, to the extent required to comply with restrictions in state laws, including laws regulating the sale or issuance of securities, a person**:** who is not an employee of the Company or an employee of any wholly-owned subsidiary of the Company shall not be eligible to receive a Grant under the Plan. Grants may be made to such individuals under another plan of the Company.

* * *

The Plan was duly adopted and approved by the Board of Directors of the Company as of the 3rd day of February, 2000.

The Plan was duly approved by the stockholders of the Company on the 31st day of January, 2001.

QuickLinks

Exhibit 10.2

UTI Corporation
2000 Stock Option and Incentive Plan
Incentive Stock Option Agreement

Option Number:

Grant Date:

Stock Option Exercise Price:

Last Date to Exercise: [1]/

Number of Shares of Common Stock
Covered by Grant of Options:

We are pleased to inform you that the Board of Directors (the "Board") has granted you an option to purchase common stock, par value $0.01 per share ("Stock") of UTI Corporation, a Maryland corporation (the "Company"). Your grant has been made under the Company's 2000 Stock Option and Incentive Plan (the "Plan"), which, together with the terms contained in this Agreement, sets forth the terms and conditions of your grant and is incorporated herein by reference. A copy of the Plan is attached. Please review it carefully. If any provisions of the Agreement should appear to be inconsistent with the Plan, the Plan will control.

This stock option grant has been executed and delivered effective as of _____ on behalf of UTI Corporation.

Name:
Title:

ACCEPTED AND AGREED TO:

This is not a stock certificate or a negotiable instrument. Non-Transferable.

1

Certain events can cause an earlier termination of the Option. See "Exercise" below.

1. Vesting:

Subject to the terms of the Plan, the Option becomes vested as to 20% of the shares of Stock purchasable pursuant to the Option on the first anniversary of date of grant of the Option, if you have been providing services to the Company or an affiliate continuously from the Option's date of grant to the first anniversary of the date of grant (the "Anniversary Date") and, so long as continuous provision of services has not been interrupted, the Option becomes vested as to an additional 20% of the shares of Stock subject to the Option on each of the next four (4) Anniversary Dates. Section 18 of the Plan contains a description of certain events involving a change in control of the Company which may cause vesting of your Option to accelerate.

2. Exercise:

You may exercise this Option, in whole or in part, to purchase a whole number of vested shares of not less than 100 shares, unless the number of shares purchased is the total number available for purchase under the Option, by following the exercise procedures as set forth in the Plan. All exercises must take place before the Last Date to Exercise, or such earlier date following your death, disability or your ceasing to provide services as described below under "Service Requirements." The number of shares you may purchase as of any date cannot exceed the total number of shares vested by that date, less any shares you have previously acquired by exercising this Option. Section 18 of the Plan provides a description of certain events involving a change in control of the Company that may cause your Option to terminate before the Last Date to Exercise.

3. Service Requirements:

If you cease to provide services to the Company or its affiliates for a reason other than your death or permanent and total disability, all further vesting of shares under this grant stops, all unvested shares are canceled, and you will have ninety (90) days after your provision of services ceases to exercise your vested options (unless your services are terminated for "Cause"). In the event you cease to provide services to the Company or its affiliates because of your death or permanent and total disability, you or your estate will have a period of one year to exercise this Option to the extent the Option was vested and otherwise exercisable at the time of your death or permanent and total disability. Your Option will terminate upon termination of your services for Cause, or if earlier, upon your receipt of notice that the Company or any of its affiliates has terminated your services for Cause. Cause means, as determined by the Board and unless otherwise provided in an applicable employment agreement with the Company or any of its affiliates, (i) gross negligence or willful misconduct in connection with the performance of duties; (ii) conviction of a criminal offense (other than minor traffic offenses); or (iii) material breach of any term of any employment, consulting or other services, confidentiality, intellectual property or non-competition agreements, if any, between you and the Company or any of its affiliates. The Board shall have the authority, in its sole discretion, to determine if you have ceased to provide services to the Company or its affiliates.

4. Taxes and Withholding:

This Option shall constitute an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. In the event that the Company or any of its affiliates determines that any federal, state, local or foreign tax or withholding payment is required relating to the exercise or sale of shares arising from this grant, the Company shall have the right to require such payments from you, or withhold such amounts from other payments due to you from the Company or an affiliate.

5. Non-transferability:

a. *General.* During your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the Option and no Option shall be assignable or transferable by you, other than by will or the laws of descent and distribution.

b. *Right of First Refusal.* You (or such other individual who is entitled to exercise an Option) may not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to an Option to any person or entity without first offering such shares to the Company for purchase on the same terms and conditions as those offered the proposed transferee. The Company may assign its right of first refusal under this **Section 5(b)** in whole or in part, to (1) any holder of stock or other securities of the Company (a "Stockholder"), (2) any affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to you of any such assignment of its rights. The restrictions of this **Section 5(b)** re-apply to any person to whom Stock that was originally acquired pursuant to an Option is sold, pledged, assigned, bequeathed, gifted, transferred or otherwise disposed of, without regard to the number of such subsequent transferees or the manner in which they acquire the Stock, but the restrictions of this **Section 5(b)** do not apply to a transfer of Stock that occurs as a result of your death or the death of any subsequent transferee (but shall apply to the executor, the administrator or personal representative, the estate, and the legatees, beneficiaries and assigns thereof). Notwithstanding the foregoing, prior to such time that the Company is subject to the reporting requirements under the Securities Exchange Act of 1934, as amended, you (or such other individual who is entitled to exercise an Option) may not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to an Option to any person or entity other than (1) to the Company, (2) in the event of your death, pursuant to the laws of testate or intestate succession or (3) in the event of your total and permanent disability, to your representative.

c. *Repurchase Rights.* Upon the termination of your employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such termination, to repurchase any or all of the shares acquired by you or your transferee pursuant to this Option (including shares that were previously transferred pursuant to **Sections 5(b)** above), at a price equal to the fair market value of such shares on the date of termination. Upon the exercise of an Option following termination of your employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such exercise, to repurchase any or all such shares of Stock acquired by you pursuant to such exercise of such Option at a price that is equal to the fair market value of such shares (including shares that were previously transferred pursuant to **Section 5(b)** above) on the date of exercise. In the event that the Company determines that it cannot or will not exercise its rights to purchase Stock under this **Section 5(b)**, in whole or in part, the Company may assign its rights, in whole or in part, to (1) any Stockholder, (2) any affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the individual of any assignment of its rights.

d. *Installment Payments.* In the case of any purchase of Stock under this **Section 5**, at the option of the Company or its permitted assignee, the Company or its permitted assignee may pay you, the transferee of the Option or other registered owner of the Stock the purchase price in three or fewer annual installments. Interest shall be credited on the installments at the applicable federal rate (as determined for purposes of Section 1274 of the Code) in effect on the date on which the purchase is made. The Company or its permitted assignee shall pay at least one-third of the total purchase price each year, plus interest on the unpaid balance, with the first payment being made on or before the 60th day after the purchase.

e. *Publicly Traded Stock.* If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or is publicly traded in an established securities market, the foregoing transfer restrictions of **Sections 5(b)** and **5(c)** shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

6. Market Standoff Agreement:

In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing such underwritten offering of the Company's securities, you (or your transferee) agree not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares of Stock acquired pursuant to this Option (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 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering.

7. Forfeiture of Rights:

If you should take actions in competition with the Company, the Company shall have the right to cause a forfeiture of your rights, including, but not limited to, the right to cause you to forfeit: (i) any outstanding Option, and (ii) any gain recognized by you upon the exercise of an Option during the period commencing twelve (12) months prior to your termination of employment or other relationship with the Company due to taking actions in competition with the Company and ending twelve (12) months following such termination of employment or other relationship. Unless otherwise specified in an employment or other agreement between the Company and you, you take actions in competition with the Company if you directly or indirectly, own, manage, operate, join or control, or participate in the ownership, management, operation or control of, or are a proprietor, director, officer, stockholder, member, partner or an employee or agent of, or a consultant to any business, firm, corporation, partnership or other entity which competes with any business in which the Company or any of its affiliates is engaged during your employment or other relationship with the Company or its affiliates or at the time of your termination of employment or other relationship.

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Exhibit 10.3

UTI Corporation
2000 Stock Option and Incentive Plan
Non-Incentive Stock Option Agreement

Option Number:

Grant Date:

Stock Option Exercise Price:

Last Date to Exercise: [1]/

Number of Shares of Common Stock
Covered by Grant of Options:

Name of Optionee:

We are pleased to inform you that the Board of Directors (the "Board") has granted you an option to purchase UTI Corporation common stock, par value $.01 ("Stock"). Your grant has been made under the UTI Corporation 2000 Stock Option and Incentive Plan (the "Plan"), which, together with the terms contained in this Agreement, sets forth the terms and conditions of your grant and is incorporated herein by reference. A copy of the Plan is attached. Please review it carefully. If any provisions of the Agreement should appear to be inconsistent with the Plan, the Plan will control.

This stock option grant has been executed and delivered as of
_____on behalf of UTI Corporation

_____

Name:
Title:

ACCEPTED AND AGREED TO:

_____

This is not a stock certificate or a negotiable instrument. Non-Transferable.

1

Certain events can cause an earlier termination of the Option. See "Exercise" below.

1. Vesting:

The Option is vested as to 100% of the shares of Stock purchasable pursuant to the Option upon execution of this Agreement.

2. Exercise:

You may exercise this Option, in whole or in part, to purchase a whole number of vested shares of not less than 100 shares, unless the number of shares purchased is the total number available for purchase under the Option, by following the exercise procedures as set forth in the Plan. All exercises must take place before the Last Date to Exercise, or such earlier date following your death, disability or your ceasing to provide services as described below under "Service Requirements." The number of shares you may purchase as of any date cannot exceed the total number of shares vested by that date, less any shares you have previously acquired by exercising this Option. Section 18 of the Plan provides a description of certain events involving a change in control of the Company that may cause your Option to terminate before the Last Date to Exercise.

3. Service Requirements:

If you cease to provide services to the Company or its affiliates, you or your estate will have twelve (12) months from the later of (i) the cessation of your provision of services to the Company and (ii) the date the Stock become publicly traded as described in **Section 5(f)**. The Board shall have the authority, in its sole discretion, to determine if you have ceased to provide services to the Company or its affiliates.

4. Taxes and Withholding:

This Option shall not constitute an Incentive Stock Option within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended. In the event that the Company or any of its affiliates determines that any federal, state, local or foreign tax or withholding payment is required relating to the exercise or sale of shares arising from this grant, the Company shall have the right to require such payments from you, or withhold such amounts from other payments due to you from the Company or an affiliate.

5. Non-transferability:

a. *General.* During your lifetime, only you (or, in the event of your legal incapacity or incompetency, your guardian or legal representative) may exercise the Option and no Option shall be assignable or transferable by you, other than by will or the laws of descent and distribution.

b. *Right of First Refusal.* You (or such other individual who is entitled to exercise an Option) may not sell, pledge, assign, gift, transfer, or otherwise dispose of any shares of Stock acquired pursuant to an Option to any person or entity without first offering such shares to the Company for purchase on the same terms and conditions as those offered the proposed transferee. The Company may assign its right of first refusal under this **Section 5(b)**, in whole or in part, to (1) any holder of stock or other securities of the Company (a "Stockholder"), (2) any affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to you of any such assignment of its rights. The restrictions of this **Section 5(b)** re-apply to any person to whom Stock that was originally acquired pursuant to an Option is sold, pledged, assigned, bequeathed, gifted, transferred or otherwise disposed of, without regard to the number of such subsequent transferees or the manner in which they acquire the Stock, but the restrictions of this **Section 5(b)** do not apply to a transfer of Stock that occurs as a result of your death or the death of any subsequent transferee (but shall apply to the executor, the administrator or personal representative, the estate, and the legatees, beneficiaries and assigns thereof).

c. *Company's Repurchase Rights.* Upon the termination of your employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such termination, to repurchase any or all of the shares acquired by you or your transferee pursuant to this Option (including shares that were previously transferred pursuant to **Sections 5(b)** above), at a price equal to the fair market value, as defined in Section 5(e) hereof, of such shares on the date of termination. Upon the exercise of an Option following termination of your employment or other relationship with the Company or an affiliate, the Company shall have the right, for a period of up to twelve months following such exercise, to repurchase any or all such shares of Stock acquired by you pursuant to such exercise of such Option at a price that is equal to the fair market value, as defined in Section 5(e) hereof, of such shares (including shares that were previously transferred pursuant to **Section 5(b)** above) on the date of exercise. In the event that the Company determines that it cannot or will not exercise its rights to purchase Stock under this **Section 5(b)**, in whole or in part, the Company may assign its rights, in whole or in part, to (1) any Stockholder, (2) any affiliate or (3) any other person or entity that the Board determines has a sufficient relationship with or interest in the Company. The Company shall give reasonable written notice to the individual of any assignment of its rights.

d. *Installment Payments.* In the case of any purchase of Stock under this **Section 5**, at the option of the Company or its permitted assignee, the Company or its permitted assignee may pay you, the transferee of the Option or other registered owner of the Stock the purchase price in three or fewer annual installments. Interest shall be credited on the installments at the applicable federal rate (as determined for purposes of Section 1274 of the Code) in effect on the date on which the purchase is made. The Company or its permitted assignee shall pay at least one-third of the total purchase price each year, plus interest on the unpaid balance, with the first payment being made on or before the 60th day after the purchase.

e. *Fair Market Value*. As used in this Section 5 and notwithstanding anything to the contrary in the Plan, the term "fair market value" shall mean the price per share established pursuant to an applicable appraisal, as hereinafter defined, prepared by a Board-appointed independent appraiser who satisfies the requirements that would be applicable under section 401(a)(28)(C) of the Code if this was an employee stock ownership plan. To be an applicable appraisal, the appraisal must have been completed as of a date no more than six (6) months before or after the date of the event giving rise to the necessity of determining the fair market value of shares of Stock hereunder, as the Board shall determine in good faith.

f. *Publicly Traded Stock.* If the Stock is listed on an established national or regional stock exchange or is admitted to quotation on the National Association of Securities Dealers Automated Quotation System, or is publicly traded in an established securities market, the foregoing transfer restrictions of **Sections 5(b)** and **5(c)** shall terminate as of the first date that the Stock is so listed, quoted or publicly traded.

6. Market Standoff Agreement:

In connection with the initial public offering of the Company's securities and upon request of the Company or the underwriters managing such underwritten offering of the Company's securities, you (or your transferee) agree not to sell, make any short sale of, loan, grant any option for the purchase of, or otherwise dispose of any shares of Stock acquired pursuant to this Option (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 180 days) from the effective date of such registration as may be requested by the Company or such managing underwriters and to execute an agreement reflecting the foregoing as may be requested by the underwriters at the time of the Company's initial public offering.

* * * * *

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Exhibit 31.1

CERTIFICATIONS

I, Ron Sparks, Chief Executive Officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Accellent Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ Ron Sparks

Ron Sparks
Chief Executive Officer

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Exhibit 31.2

CERTIFICATIONS

I, Stewart A. Fisher, Chief Financial Officer of the registrant, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Accellent Corp.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and;

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 9, 2005

/s/ Stewart A. Fisher

Stewart A. Fisher
Chief Financial Officer

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Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Accellent Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Ron Sparks, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2005

/s/ Ron Sparks

Ron Sparks
Chief Executive Officer

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Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Accellent Corp. (the "Company") on Form 10-Q for the quarter ended March 31, 2005 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Stewart A. Fisher, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company.

Date: May 9, 2005

/s/ Stewart A. Fisher

Stewart A. Fisher
Chief Financial Officer

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